



SHEET METAL WORKERS'
International Association • Local Union No. 73
4530 Roosevelt Road | Hillside, Illinois 60162 | 708-449-7373 | Fax 708-449-7333



Welfare and Pension Funds

January 21, 2020

To: Current Pension Recipients & Pension Eligible Members

Re: SMW Local 73 Pension Fund

Dear Participant:

The Trustees of the Sheet Metal Workers Local 73 Pension Fund (“Pension Fund”) are pleased to announce benefit improvements and other changes designed to protect the long-term health and sustainability of the Pension Fund while enhancing benefits for members and retirees.

2020 Benefit Improvements

The Trustees are pleased to announce the following benefit improvements in 2020:

First, the Trustees have approved the payment of a 13th check for all retirees and beneficiaries in pay status as of January 1, 2020. This 13th check will be paid in the next several weeks.

Second, the Trustees have approved a \$13.00 increase in the value of each pension credit earned after January 1, 2020. The value of each pension credit earned for work performed on and after January 1, 2020 will increase from \$45.50 to \$58.50.

Future Benefit Improvements Subject to Funding Requirement

The Trustees have also agreed to approve additional benefit improvements in 2021, 2022 and 2023 if the Pension Fund remains above 110% funded and there are no “unfunded vested benefits” projected for the following four years. All of the Pension Fund’s Trustees – Union and Management – want you to receive the pension benefits you have earned. The Pension Fund must maintain a high level of assets in relation to its liabilities in order to fulfill this promise. Establishing this ongoing funding requirement allows the Trustees and Pension Fund participants like you to be confident that all promised benefits will be paid and that the Trustees have ample time to react to any market changes that may affect the Pension Fund.

Please note that these future benefit improvements remain subject to the satisfaction of very specific funding requirement guidelines that the Trustees have established. As such, these additional improvements are not final at this time and are not yet part of your accrued benefit. Nonetheless, based on funding projections from the Pension Fund’s actuary, the Trustees are very optimistic that the funding requirement will be met through 2023, and well into the future. The Trustees will issue future announcements if and when the funding requirement is met in future years and these future benefit improvements are implemented. If the funding requirement is not

met in a particular year, the applicable benefit improvement will not be implemented until the funding requirement is met. Any delayed benefit improvement will be implemented if and when the funding requirement is later met, and will not have retroactive effect.

2021 Benefit Improvement

If the funding requirement described above continues to be met, the value of each pension credit earned after January 1, 2021 will increase by \$13.00. In that event, each pension credit earned for work performed on and after January 1, 2021 would increase from \$58.50 to \$71.50.

2022 Benefit Improvement

If the funding requirement described above continues to be met, the value of each pension credit earned after January 1, 2021 will increase by \$13.00. In that event, each pension credit earned for work performed on and after January 1, 2021 would increase from \$71.50 to \$84.50.

2023 Benefit Improvement

If the funding requirement described above continues to be met, a 13th check will be paid to all retirees and beneficiaries in pay status as of January 1, 2023.

Change to Plan Asset Smoothing Method

The Trustees have also agreed to change the Pension Fund's actuarial smoothing method to recognize more of the Pension Fund's current assets when calculating the Pension Fund's funding level. There has been a large gap between the higher market value of the Pension Fund's assets and the lower actuarial value of those assets for projecting future years. The Trustees have decided to adopt a different actuarial smoothing method that recognizes more of the current market value of the Pension Fund's assets when calculating the Pension Fund's funding level. Using this smoothing method, **the Pension Fund's current funding level is expected to be well over 110% as of July 1, 2019.** You will continue to receive an Annual Funding Notice after the end of each plan year that provides the Pension Fund's certified funding level for that year.

Please contact the Fund Office if you have any questions.

Raymond Suggs
Union Co-Chairman

James Billard
Management Co-Chairman