

# Sheet Metal Workers' Local No. 73 Pension Fund

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## Relative Value of Benefit Payment Options

Our Plan offers several optional forms of payment to eligible participants, in addition to the normal form of payment available under our Plan. In most cases, these optional forms of payment have relatively the same value as the normal form of payment with some exceptions, details of which are shown below.

The remainder of this notice explains why you need to know this, what this means, and how this was determined.

### ***What Is Relative Value?***

Relative value means the actuarial present value of each optional form of payment compared to the actuarial present value of the normal form of payment under a plan. Actuarial values of benefits are determined using:

- Mortality assumptions, which are based on standardized tables developed by actuarial organizations and life insurance companies. Information is analyzed about large groups of people to project the rates at which groups of individuals at different ages are expected to die. These statistical mortality projections are used to develop “average life expectancies.”
- Interest assumptions, which estimate the likely investment earnings, over time, of the money put aside to pay benefits. This is important in the determination of actuarial value because investment earnings provide some of the money used to pay benefits.

### ***What Are The Relative Values Under Our Plan?***

Under our Plan, the normal forms of payment are the:

- Qualified Joint and Survivor Annuity (QJSA), which under the Plan is a 50% Joint and Survivor Annuity for married participants
- Single Life Annuity with 60 months guaranteed for single participants

The generally available optional forms of payment are the:

- Level Income Option assuming Social Security benefits start at 62 and 65, payable either to the participant only or with a survivor option (not available to disabled participants)
- Partial Lump Sum Payment Option (not available to disabled participants)
- Single Life Annuity with 60 months guaranteed (married only)
- 75% Joint and Survivor option (married only)
- 100% Joint and Survivor option (married only)

With the exceptions listed below, all forms of payment available under our Plan have approximately the same actuarial present value:

***Ratio of the Present Value of the Optional Forms of Payment to the QJSA for Married Participants***

Commencement Age	Level Income Option Payable Only to the Participant Commencing:		Partial Lump Sum
	At Age 62	At Age 65	
55	106.12%	106.11%	106.06%
60	Actuarially equivalent	105.03%	Actuarially equivalent
65	N/A	N/A	Actuarially equivalent

***How Was This Determined?***

The valuation and reporting methodologies used were based on IRS regulations, which can be found in Treasury Regulations Section 1.417(a)(3)-1. These methodologies are fairly technical and can be difficult to understand. However, IRS regulations require that we provide this information to you.

The values were calculated, for comparison purposes, assuming the Fund would earn 7.0% interest and that, on average, non-disabled participants and spouses would live as long as predicted under the 1983 Group Annuity Mortality Table and the 1965 Railroad Retirement Board for disabled participants. We also assumed for married participants that the spouse is the same age as the participant. For the Level Income Option and the Partial Lump Sum Option, the interest assumption was this year’s applicable yield curve rates of 3.12% for the first five years, 4.97% for the next fifteen years and 5.47% thereafter and the 2010 Lump Sums Unisex table, as required by the IRS regulation.

***What Does This Mean To Me?***

As stated earlier, basically, this means most generally available optional forms of payment have relatively the same value as the normal form of payment under our Plan. However, it is important that you realize that this is not a guarantee or even a prediction of what you will actually be eligible to receive when you retire. The actual value of the different forms of payment will vary depending on how long the individual and spouse or beneficiary in fact live and on their ages when payments start.

Upon your written request, you will be provided with a similar comparison, based on your own age and estimated benefits, between your normal form of payment and on any other forms of payment that you are eligible for. You may want to consult a financial advisor when you are nearing retirement to determine what is right for you.

*For plan year beginning July 1, 2010*