

Notice of Reduction in Adjustable Benefits under Section 432(e) of the Internal Revenue Code

A. Introduction

You were previously notified that the Sheet Metal Workers Local 46 Pension Fund (“Fund”) was certified to be in “critical status” for the Plan Year beginning 7/1/2020 and, as required by federal law, the Board of Trustees of the Fund adopted a Rehabilitation Plan (“RP”), with schedules of contribution increases and benefit reductions designed to improve the Fund’s funded status over a specified period of time. The RP includes schedules of contribution rate increases, reductions in future pension credit accruals and the reduction or elimination of specified benefits, referred to as adjustable benefits, under the Sheet Metal Workers Local 46 Pension Plan (“Plan”). Upon the expiration of each collective bargaining agreement (“CBA”) under which the Plan is maintained, employers and the local union (“Union”) are required to adopt one of the Schedules in the RP. If an employer and the Union do not agree on a Schedule within 180 days of the expiration of the applicable CBA, a Schedule, referred to as the Default Schedule, is imposed by law.

We previously advised you that the bargaining parties adopted the Preferred Schedule of the RP, and we provided you a notice explaining the effect of the Preferred Schedule, including the reduction and elimination of certain adjustable benefits under the Plan and reductions in future pension credit accruals. Since that time, the Trustees have adopted certain changes and clarifications to the Preferred Schedule. Consistent with federal law, the purpose of this Notice is to explain the effect of those changes and clarifications. The Fund is required by law to provide this Notice to affected participants, beneficiaries, contributing employers and the union at least 30 days prior to the general effective date of any reductions to adjustable benefits.

If you are currently receiving a pension, or if your pension effective date is on or before January 1, 2021, and you do not return to work in Covered Employment, your benefits will not be affected by the changes described in this Notice.

These changes modify your Summary Plan Description (“SPD”), which is the booklet that describes the rules of the Plan in detail. Please keep this notice with your SPD. If you have any questions, please contact the Fund Office.

B. Reductions in Adjustable Benefits

The explanations below indicate how each of the changes will affect the benefits provided under the Plan. The following changes are made to benefits, regardless of when you terminated covered employment or otherwise ceased to be an active participant, as of the effective dates indicated below.

The following clarifying changes are effective for pension effective dates after January 1, 2021:

1. Changes to Certain Hours of Service Requirements to Reflect Increase in Hours of Service Required for Pension Credit

As we advised in the notice we sent to you in December 2020, the Preferred Schedule increased the number of hours a participant must work to earn pension credit under the Plan. For hours worked before January 1, 2021, participants must be credited with at least 1,500

hours for which contributions are due on their behalf in a calendar year to receive one full pension credit, and 150 hours for each one tenth of pension credit. Under the Preferred Schedule, for hours worked on and after January 1, 2021, participants must be credited with at least 1,750 hours for which contributions are due on their behalf in a calendar year to receive one full pension credit, and 175 hours for each one tenth of pension credit. To reflect this change, the Trustees have adopted the following clarifying changes to the Preferred Schedule.

a. Change to Maximum Monthly Credit for Non-Working Periods

Under the Plan, participants receive credit for certain non-working periods at the rate of 40 hours per week, up to a monthly maximum. The monthly maximum is based on 1/12 of the hours of service needed to earn one full pension credit under the Plan, and has therefore been increased to reflect the additional amount of hours required to earn one full pension credit under the Preferred Schedule.

Under the current Plan, as described on page 9 of the SPD, periods of absence from Covered Employment due to qualified military service or certain periods of disability will be credited as hours of service at the rate of 40 hours per week, up to a maximum of 125 hours per calendar month.

Under the Preferred Schedule, for calendar years ending after December 31, 2020, periods of absence from Covered Employment due to qualified military service or certain periods of disability will be credited as hours of service at the rate of 40 hours per week, up to a maximum of 146 hours per calendar month.

b. Change to One-Year Break in Service

Under the Plan, a participant may lose pension credit and vesting service for a period of service if he or she has a “one-year break in service” before qualifying for a vested benefit, as described on pages 10-12 of the SPD. The number of hours of service the participant needs to work in a calendar year to avoid a one-year break in service is based on 1/10 of the hours of service needed to earn one full pension credit under the Plan, and has therefore been increased to reflect the additional amount of hours required to earn one full pension credit under the Preferred Schedule.

Under the current Plan, as described on page 10 of the SPD, a one-year break in service occurs during the calendar year in which a participant fails to complete at least 150 hours of work in Covered Employment.

Under the Preferred Schedule, for calendar years ending after December 31, 2020, a one-year break in service occurs during the calendar year in which a participant fails to complete at least 175 hours of work in Covered Employment.

2. Change to Applicable Age for Determining Amount of Pre-Retirement Death Benefit

As we advised in the notice we sent to you in December 2020, the Preferred Schedule increased the applicable age for participants with 10 or more pension credits to receive an unreduced Early Retirement Pension or Vested Pension from age 58 to age 62. To reflect this change, the age used to determine the amount of a participant’s Pre-Retirement Death Benefit has been increased.

Under the current Plan, as described on page 29 of the SPD, if a participant is not married when he or she dies, but was actively engaged in Covered Employment and had at least 10 Pension Credits or 10 years of Vesting Service, the participant's designated beneficiary will be eligible for a Pre-Retirement Death Benefit. This Death Benefit will be a 60-month guaranteed benefit equal to 50% of the monthly amount to which the participant would have been entitled if he or she was age 58 at the time of his or her death.

Under the Preferred Schedule, for calendar years ending after December 31, 2020, the Pre-Retirement Death Benefit will be a 60-month guaranteed benefit equal to 50% of the monthly amount to which the participant would have been entitled if he or she was age 62 at the time of his or her death.

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| The following changes are effective for pension effective dates after April 1, 2021: |
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1. Change to Hours of Service Requirement for Early Retirement Pension and Vested Pensions with Monthly Guarantee

Participants must work a minimum number of hours in Covered Employment in the 24-month period immediately preceding the effective date of their pension in order to be eligible for an Early Retirement Pension or a Vested Pension with a 60-month, 120-month, or 180-month payment guarantee. The number of hours you need to work in Covered Employment in order to be eligible for these pension benefits has increased to reflect the additional amount of hours required to earn one full pension credit under the Preferred Schedule.

Under the current Plan, as described on pages 16 and 23-24 of the SPD, a participant must have worked at least 150 hours in Covered Employment in the 24-month period immediately preceding the effective date of his or her pension in order to be eligible for an Early Retirement Pension or a Vested Pension with a 60-month, 120-month, or 180-month payment guarantee.

Under the Preferred Schedule, for participants with pension effective dates after April 1, 2021, a participant must have worked at least 175 hours in Covered Employment in the 24-month period immediately preceding the effective date of his or her pension in order to be eligible for an Early Retirement Pension or a Vested Pension with a 60-month, 120-month, or 180-month payment guarantee.

2. Change to Eligibility for a Vested Pension for Participants with Less Than 10 Pension Credits (for Participants not retiring from Active Service)

The Plan offers a "Vested Pension" for eligible participants who are not active participants, as described on pages 18-19 of the SPD. Previously, eligible participants with less than 10 pension credits could receive a Vested Pension as early as at age 60. Now, for pension effective dates after April 1, 2021, that age has been increased to age 65 to be consistent with the pension eligibility requirements for active participants.

Under the current Plan, as described on page 18 of the SPD, a participant who is not an active participant and has less than 10 pension credits is eligible to receive a Vested Pension after the participant has attained age 60.

Under the Preferred Schedule, for participants with pension effective dates after April 1, 2021, a participant who is not an active participant and has less than 10 pension credits is eligible to receive a Vested Pension after the participant has attained age 65.

C. Rights and Remedies for Participants and Beneficiaries

Federal law requires that this Notice contain information as to the rights and remedies of Participants and Beneficiaries. For a complete statement of the rights of Participants and Beneficiaries under ERISA, including the right to examine or receive certain Plan documents or to file suit under ERISA, consult page 41 of your SPD. In addition, page 35 of the SPD describes your right to file an appeal should you experience a denial of benefits under the Plan, the Plan's procedures governing such appeals, and your right to file suit in a federal court. A copy of the SPD is available on the Fund's website at www.smw46benefits.com.

To contact the Board of Trustees, write to:

Board of Trustees
Sheet Metal Workers Local 46 Pension Fund
244 Paul Road
Rochester, NY 14624

If you need further assistance understanding your rights under ERISA, you can contact the nearest office of the Employee Benefits Security Administration ("EBSA"), U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, EBSA, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also contact EBSA by calling 1-866-444-EBSA [3272] or visiting the EBSA's website at: www.askebsa.dol.gov.

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