

NEW FOR 2025

# New Employer Pension Options

The IAM National Pension Fund is offering new options designed to encourage New Employers to join the Fund so their employees can earn lifetime pension benefits.

## ADVANTAGES FOR NEW EMPLOYERS

- Provide employees with a pension payable for life – unlike a 401(k) plan
- No required contribution rate increases – unlike for current employers in the Fund
- Choice between a traditional benefit formula and a variable (hybrid) benefit formula
- Benefits designed to have zero withdrawal liability

## How do we sign up as a New Employer?

An employer that does not currently participate in the Fund can join as a New Employer by adopting the plan option in the applicable collective bargaining agreement (CBA). The CBA must specify either the Fixed Benefit Option or the Variable Benefit Option for all covered employees.

## Are there contribution requirements for New Employers?

The minimum contribution rate for New Employers is \$0.50 per hour. Unlike for current employers, there is no requirement for future contribution rate increases, and any voluntary negotiated contribution rate increases will result in greater benefit accruals for the covered employees.

## Can New Employers have withdrawal liability?

Both the Fixed Benefit Option and the Variable Benefit Option are designed to have zero withdrawal liability, with a significant buffer against unfavorable experience. In addition, under a special methodology, New Employers will be insulated from legacy withdrawal liability.

## What is the special withdrawal liability methodology?

The special methodology tracks withdrawal liability separately between New Employers and current employers. There is also separate tracking between New Employers that have elected the Variable Benefit Option versus those that have elected the Fixed Benefit Option. The Trustees have applied for approval of this special methodology by the PBGC.

## Why elect the Fixed Benefit Option?

The Fixed Benefit Option has a higher benefit accrual rate than the Variable Benefit Option. While benefit amounts do not change once they are accrued, this option was designed to have a significant buffer against adverse experience, including both investment volatility and demographic factors.

### New Employer Pension Options Frequently Asked Questions

# FAQs

## Why elect the Variable Benefit Option?

Like a 401(k) plan, the Variable Benefit Option the employer bears no risk of underfunded benefits due to investment volatility. Unlike a 401(k) plan, the Variable Benefit Option provides guaranteed lifetime income in retirement. Benefit amounts will vary based on Fund investment returns, and they will grow over time if returns exceed the 5% Hurdle Rate.

## Can new employer sign up under the Preferred Schedule?

Yes. New employers have had the ability to sign up under the Preferred Schedule since 2019, and that option will continue going forward. It is important to keep in mind, however, that the Preferred Schedule requires annual contribution rate increases of 2.5% that do not earn additional benefits.