IAM NATIONAL
PENSION FUND

Rehabilitation Plan

Adopted April 17, 2019

I. INTRODUCTION

The Pension Protection Act of 2006 ("PPA") requires an annual actuarial status determination for multiemployer pension plans including the IAM National Pension Fund (the "Fund"). On March 29, 2019, the Fund's actuary certified to the U.S. Department of the Treasury, and also to the Fund's Board of Trustees ("Board"), that the Fund is in endangered status for the plan year beginning January 1, 2019, and that it is projected to be in critical status in one of the succeeding five plan years. On April 17, 2019, to improve the Fund's financial health the Board voluntarily elected for the Fund to be in critical status effective for the plan year beginning January 1, 2019 as permitted under the law.

The PPA requires that the board of trustees of a multiemployer pension plan in critical status develop a rehabilitation plan that is intended to improve a plan's funding over a period of years. A rehabilitation plan sets forth the actions (including increases in employer contributions to, and/or reductions in benefits under, the plan) that, based on reasonably anticipated experience and reasonable actuarial assumptions, are formulated to enable the plan to emerge from critical status no later than the end of a 10-year "rehabilitation period."[1] The rehabilitation plan must be based on reasonably anticipated experience and reasonable actuarial assumptions regarding investment income and other experience of the Fund over the rehabilitation period.[2]

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[1] The 10-year rehabilitation period begins with the first plan year that begins two years after adoption of the RP or, if earlier, the first plan year after expiration of collective bargaining agreements (in effect when the actuarial certification for the first critical year was due) covering at least 75% of the Fund's active participants, although the RP may be effective before the 10-year rehabilitation period begins. In the case of the Fund, the 10-year rehabilitation period begins January 1, 2022 and goes through December 31, 2031.

[2] All of these requirements are set forth in Section 305(e)(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 432(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code").

II. OVERVIEW OF REHABILITATION PLAN

Key Date Summary

• Notice of Critical Status:	4/26/2019
• Lump Sum Benefit and Social Security Option Modifications Effective:	4/26/2019
• Employer Surcharges Imposed:	6/1/2019 (5%); 1/1/2020 (10%)
• RP Effective Date:	9/1/2019
• RP Schedule Adoption Deadline:	180 days from expiration of CBA in effect on 9/1/2019 (or 3/2/2020 if CBA had expired on or before 9/1/2019)

The Board is adopting this Rehabilitation Plan ("RP") to emerge from critical status within the 10-year rehabilitation period. The Board has determined that the RP is in the best interest of the Fund and its participants and beneficiaries.

The Board is adopting the RP effective September 1, 2019 ("RP Effective Date").

The RP consists of two schedules, the "Preferred Schedule" and the "Default Schedule", that set forth both benefit modifications and employer contribution requirements. Under the PPA, the collective bargaining parties are responsible for selecting and adopting one of the two schedules consistent with the RP (an "RP Schedule").

Collective bargaining parties are not required to select and adopt an RP Schedule until the expiration of their collective bargaining agreement in effect on or after the RP Effective Date. Nevertheless, the Board anticipates that some collective bargaining parties will adopt the RP earlier than the RP Effective Date to avoid or minimize the employer surcharge described in Section V, by agreeing to one of the RP Schedules as soon as June 1, 2019. In that circumstance, the RP will become effective upon the adoption of a schedule by the bargaining parties.

The Board reserves the right to not accept any collective bargaining agreement that the Board determines, in its sole and absolute discretion, fails to comply with, or is intended to evade or avoid, the RP.

The main elements of the RP are as follows:

A. Under the Preferred Schedule:

1. <u>Benefit Modifications</u>. The Preferred Schedule eliminates the following adjustable benefits and benefit alternatives previously available under the Fund: (i) early retirement subsidy; (ii) unreduced age and service pensions, including the 20 and age 62 pension and 30 and out pension; (iii) the unreduced disability pension; and (iv) normal form of payment for unmarried participants.

   These modifications, which are described in more detail in Section III below, will generally apply to participants for whom the Fund office receives a completed pension application on or after the later of: (i) January 1, 2022 or (ii) the date that a participant's employer and union incorporate the Preferred Schedule into their collective bargaining agreement ("Preferred Schedule Participant Effective Date"). The date on which the Fund office receives a participant's completed pension application is referred to as the participant's "Completed Application Date." The benefit modifications under the Preferred Schedule are applied to benefits earned both before and after the Preferred Schedule Participant Effective Date.

2. Contribution Increases. Under the Preferred Schedule, effective for contributions earned on or after September 1, 2019, unless adopted earlier, the employer contribution rate will increase by 2.5% annually during the rehabilitation period. The employer contribution requirements are described in more detail in Section IV below.

B. Under the Default Schedule:

1. Benefit Modifications. The Default Schedule eliminates the following adjustable benefits and benefit alternatives previously available under the Fund: (i) early retirement subsidy; (ii) unreduced age and service pensions, including the 20 and age 62 pension and the 30 and out pension; (iii) unreduced disability pension; and (iv) normal form of payment for unmarried participants.

   The Default Schedule also eliminates the 60 monthly payments pre-retirement death benefit and the "pop-up" benefit. Lastly, the Default Schedule reduces the benefit accrual rate to 1% of benefit-bearing contributions.

   These modifications are described in more detail in Section III below and will generally apply to participants with a Completed Application Date (and to benefits earned) on or after the later of: (i) June 1, 2019 or (ii) the date that a participant's employer and union incorporate the Default Schedule into their collective bargaining agreement or the Default Schedule is imposed on them ("Default Schedule Participant Effective Date").

2. Contribution Increases. Under the Default Schedule, effective for contributions earned on or after September 1, 2019, unless adopted earlier, the employer contribution rate will increase by 6% annually during the rehabilitation period. The employer contribution requirements are described in more detail in Section IV below.

C. Benefit Modifications Applicable to all Participants:

As described in more detail in Section III below, payments in excess of the monthly amount paid under a single life annuity (and similar payments) are eliminated as of April 26, 2019, regardless of the Preferred Schedule Participant Effective Date or the Default Schedule Participant Effective Date.

III. BENEFIT MODIFICATIONS

A. Preferred Schedule

Benefit modifications under the Preferred Schedule apply to participants with a Completed Application Date on or after the Preferred Schedule Participant Effective Date, effective for all benefits earned by such participants – that is, both before and after the Preferred Schedule Participant Effective Date. Deferred vested participants will be covered by the RP Schedule elected by (or imposed on) their last covered employer of record. Orphaned deferred vested participants (whose employers no longer contribute to the Fund) will be covered by the Preferred Schedule as of the RP Effective Date.

Preferred Schedule benefit modifications include:

1. Reduction of Early Retirement Pension. The Early Retirement Pension will be in an amount determined based on the Normal Pension Benefit to which the participant would be entitled if he had attained his Normal Retirement Age at the time of his retirement, reduced using the actuarially equivalent factors set forth in Appendix A ("Early Retirement Reduction Factors") for the years, or portion of years, by which the participant is younger than age 65 on the Effective Date of his Early Retirement Pension.

2. Elimination of Unreduced Age/Service Pensions; 20 and Age 62 Pension and 30 and Out Pension. Unreduced benefits under the 20 and Age 62 Pension and 30 and Out Pension benefits are eliminated. A participant may receive an early retirement benefit before age 65, but it is a reduced benefit based on the Early Retirement Reduction Factors.

3. Elimination of Unreduced Disability Pension. The unreduced Disability Pension benefit is eliminated. A participant may receive a benefit due to a disability before age 65, but it is a reduced benefit based on the Early Retirement Reduction Factors.

4. Normal Form of Payment for Unmarried Participants. The Fund's normal form of payment for unmarried participants will be a single life annuity providing equal monthly payments for life, with no benefit payable after the participant's death.

B. Default Schedule

Benefit modifications under the Default Schedule apply to participants with a Completed Application Date on or after the Default Schedule Participant Effective Date, generally effective for benefits earned by such participants on or after the Default Schedule Participant Effective Date. Deferred vested participants will be covered by the RP Schedule elected by (or imposed on) their last covered employer of record.

Default Schedule benefit modifications include:

1. Reduction of Early Retirement Pension. The Early Retirement Pension will be in an amount determined based on the Normal Pension Benefit to which the participant would be entitled if he had attained his Normal Retirement Age at the time of his retirement, reduced using the Early Retirement Reduction Factors for the years, or portion of years, by which the participant is younger than age 65 on the Effective Date of his Early Retirement Pension.

2. Elimination of Unreduced Age/Service Pensions; 20 and Age 62 Pension and 30 and Out Pension. Unreduced benefits under the 20 and Age 62 Pension and 30 and Out Pension benefits are eliminated. A participant may receive an early retirement benefit before age 65, but it is a reduced benefit based on the Early Retirement Reduction Factors.

3. Elimination of Unreduced Disability Pension. The unreduced Disability Pension benefit is eliminated. A participant can receive a benefit due to a disability before age 65, but it is a reduced benefit based on the Early Retirement Reduction Factors.

4. Normal Form of Payment for Unmarried Participants. The Fund's normal form of payment for unmarried participants will be a single life annuity providing equal monthly payments for life, with no benefit payable after the participant's death.

5. Elimination of 60 Payments Death Benefit. The 60 monthly payments pre-retirement death benefit is eliminated.

6. Elimination of "Pop-Up" Benefit. The Fund will no longer provide a "pop-up" benefit under which, if a spouse of a pensioner who is receiving a 50%, 75%, or 100% Spouse Pension Option dies before the pensioner, the monthly amount payable to the pensioner is increased to the full monthly amount that would have been payable if the 50%, 75%, or 100% Spouse Pension Option had not been in effect.

7. Reduction of Benefit Accruals. Prospectively, benefits will accrue at a rate of 1% of benefit-bearing contributions.

C. Amendments Applicable to all Participants in the Fund

The following benefits are eliminated for all participants with a Completed Application Date on or after April 26, 2019:

1. Disability Pension – Auxiliary Benefit, under which a participant whose effective date for a Disability Pension is after the first day of the seventh month of total and permanent disability receives a payment for the first month equal to the monthly benefit amount plus an additional auxiliary amount equal to the monthly benefit times the number of months (to a maximum of 12) between the effective date of the Disability Pension and such first day of the seventh month.

2. Social Security Option, under which eligible participants may elect to have their monthly benefits actuarially adjusted so that they receive a higher amount payable to age 62 and a reduced amount thereafter.

3. Partial Lump Sum Option, under which eligible participants may elect to have the amount of their monthly benefit reduced by not more than 10% in return for the payment of a lump sum.

4. Lump Sum Elections, under which the recipient of a pension with an Actuarial Present Value in excess of $5,000 but not greater than $10,000 may elect to receive it in a single sum.

5. Return to Employment lump sum, under which a participant who retires before Normal Retirement Age and then returns to Covered Employment and earns subsequent benefits with an Actuarial Present Value of $7,500 or less may elect to receive such benefits in a lump sum payment.

In addition, the Pre-Retirement Lump Sum Death Benefit is eliminated effective with respect to all deaths on and after April 26, 2019.

D. Merged Plans

Fund participants who have accrued adjustable benefits (as defined in Code section 432(e)(8)) as employees of an employer that maintained a plan that subsequently merged with the Fund prior to the RP Effective Date ("Merged Plan") will have their adjustable benefits under a Merged Plan modified consistent with the schedule adopted by or imposed on that employer (or the Preferred Schedule, in the case of orphaned deferred vested participants). Additional details regarding the specific benefits affected and the effective date will be provided in a future addendum to the RP.

In addition, all lump-sum benefits (excluding those under $5,000) and other forms of benefits that result in payments in excess of the monthly amount paid under the single life annuity otherwise payable under a Merged Plan will be eliminated as of April 26, 2019 for all participants regardless of which schedule is adopted by or imposed on the employer.

IV. SCHEDULE OF CONTRIBUTION INCREASES

A. Employer Contribution Increases Required under the Rehabilitation Plan

The RP requires contributing employers to increase the amount of contributions made to the Fund. Although the bargaining parties are not required to agree to an RP Schedule until the expiration of a collective bargaining agreement in effect on September 1, 2019, as described in Section IV(B) below, if the bargaining parties do not agree to the increased contributions in this RP by June 1, 2019, the employer will be subject to a surcharge required by law, as described in Section V, in addition to scheduled contribution increases.

The required increase in the employer contributions is as follows:

1. Preferred Schedule. Effective for contributions earned on or after September 1, 2019, unless adopted earlier (or upon adoption of the Preferred Schedule, if later), the contribution rate will increase by 2.5% over the contribution rate otherwise in effect under the applicable collective bargaining agreement. Effective for contributions earned on or after January 1 of each subsequent year for the remainder of the rehabilitation period, the contribution rate will increase by an additional 2.5% over the contribution rate otherwise in effect (that is, the contribution rate under the applicable collective bargaining agreement plus previous increases under this RP).

2. Default Schedule. Effective for contributions earned on or after September 1, 2019, unless adopted earlier (or upon adoption of the Default Schedule, if later), the contribution rate will increase by 6% over the contribution rate otherwise in effect under the applicable collective bargaining agreement. Effective for contributions earned on or after January 1 of each subsequent year for the remainder of the rehabilitation period, the contribution rate will increase by an additional 6% over the contribution rate otherwise in effect (that is, the contribution rate under the applicable collective bargaining agreement plus previous increases under this RP).

The increased contributions are payable on the same schedule as the contributions on which the increase is based. However, increased RP contributions will not generate benefit accruals.

B. Effective Date of Contribution Increases

Unless otherwise specifically provided herein, the contribution increases required by the RP become effective upon the *earlier of*:

1. the effective date of a collective bargaining agreement (or an amendment to that collective bargaining agreement) that adopts terms consistent with an RP Schedule, or

2. 180 days after the expiration date of a collective bargaining agreement providing for contributions to the Fund that was in effect on September 1, 2019, *if* by such date the bargaining parties have failed to adopt a collective bargaining agreement that contains terms consistent with the RP Schedule.

If the collective bargaining agreement had an expiration date before September 1, 2019 and no successor agreement was yet in effect on that date, the RP Schedule must be adopted by March 2, 2020 (180 days from September 1, 2019).

If the bargaining parties fail to adopt a collective bargaining agreement that contains terms consistent with an RP Schedule within 180 days after the expiration date of a collective bargaining agreement providing for contributions to the Fund that was in effect on September 1, 2019 (or by March 2, 2020, if the collective bargaining agreement expired before September 1, 2019), the Default Schedule will automatically be imposed effective immediately upon expiration of the 180 days (or, if later, on March 2, 2020).

Any collective bargaining agreement providing for contributions to the Fund with an evergreen provision that was entered into before April 17, 2019 will be deemed to expire on January 1, 2020. Any collective bargaining agreement governed by the Railway Labor Act will be deemed to expire on the amendable date of the collective bargaining agreement.

V. EMPLOYER SURCHARGES

PPA requires that mandatory "surcharges" be imposed on every contributing employer beginning 30 days after the date on which the notice of critical status is provided to the employer – in this case, beginning June 1, 2019 – and continuing until the employer's collective bargaining agreement(s) (or other agreement(s) pursuant to which it is contributing) is amended to incorporate an RP Schedule.

The amount of the surcharge is as follows:

1. Effective for contributions earned on or after June 1, 2019 and before January 1, 2020, the surcharge is 5% of the employer's contributions to the Fund; and

2. Effective for contributions earned on or after January 1, 2020, the surcharge is 10% of the employer's contributions to the Fund. The 10% surcharge remains in effect for each plan year in which the Fund remains in critical status.

The surcharge is due and payable on the same schedule as the contributions on which the surcharges are based. Surcharges are over and above the required employer contributions and, consistent with law, will not generate any benefit accruals for participants.

The employer remains subject to all surcharges imposed under the PPA until such time as the bargaining parties adopt provisions (or, if later, such time as those provisions take effect) in the employer's collective bargaining agreement that contain terms consistent with one of the RP Schedules. An RP Schedule may not be adopted retroactively. If the Fund receives an executed agreement that contains terms consistent with an RP Schedule more than thirty business days after the date of adoption set forth in the executed agreement, the Fund will treat the date of receipt as the adoption date and the surcharge will be imposed through that date.

The law provides that employers on whom the Default Schedule is imposed (e.g., because the bargaining parties have not adopted an RP Schedule within 180 days after expiration of the collective bargaining agreement) will remain subject to the surcharges imposed under the PPA until such time as the collective bargaining parties adopt provisions in their collective bargaining agreements that contain terms consistent with an RP Schedule. <u>Thus, under the law, such employers will be subject to **both** the Default Schedule and the surcharge.</u>

VI. DELINQUENT EMPLOYER CONTRIBUTIONS/WITHDRAWAL

A contributing employer's failure to contribute to the Fund timely at the rates required by the applicable RP Schedule (once agreed to or imposed) will result in the deficient amounts being treated as delinquent employer contributions under the Fund.

Additionally, this may result in a determination by the Board that the employer has failed to maintain (and thus has withdrawn from) the Fund, in which case such employer will then be subject to withdrawal liability under the terms of the governing Fund documents and Title IV of ERISA. Further, under the PPA, any failure to make a surcharge payment will also be treated as a delinquent contribution.

VII. NOTICE GIVEN BEFORE BENEFIT REDUCTIONS BECOME EFFECTIVE

Pursuant to Section 432(e)(8)(C) of the Code, notice was given at least 30 days before the general effective date of the reduction in adjustable benefits under the Fund.

VIII. NON-COLLECTIVELY BARGAINED PARTICIPANTS

Special rules apply for non-bargained employees participating in the Fund. In the case of an employer that contributes to the Fund for both collectively bargained employees and non-bargained employees, benefits of and contributions for the non-bargained employees are determined as if those non-bargained employees were covered under the first to expire of the employer's collective bargaining agreements in effect on September 1, 2019.

Employers that contribute to the Fund only for non-bargained employees are treated as if the employer were the bargaining party and its participation agreement with the Fund were a collective bargaining agreement with a term ending on the first day of the plan year beginning after the employer is provided the RP (January 1, 2020).

IX. APPLICATION OF RP TO FUTURE AGREEMENTS

If a collective bargaining agreement providing for contributions to the Fund in accordance with an RP Schedule expires while the Fund is still in critical status and the bargaining parties to the agreement fail to adopt a collective bargaining agreement with terms consistent with an updated RP Schedule, then the RP Schedule under the expired collective bargaining agreement (as updated and in effect on the date the collective bargaining agreement expires) is implemented 180 days after the date on which the collective bargaining agreement expires.

Any new collective bargaining agreement entered into by the bargaining parties or any other agreement providing for participation in the Fund on or after the RP Effective Date must reflect the terms of the most recently issued RP.

X. RP STANDARDS

The Fund's rehabilitation period under the PPA funding rehabilitation rules will begin on January 1, 2022 and will continue for 10 years. The Fund's rehabilitation period may end earlier than the end of 10 years if the Fund actuary certifies during the rehabilitation period that the Fund is not projected to have an accumulated funding deficiency for a plan year or any of the 9 succeeding plan years and the Fund is not projected to become insolvent for any of the 30 succeeding plan years.

Based on reasonably anticipated experience and reasonable actuarial assumptions regarding investment income and other experience of the Fund over that period, the Fund actuary currently projects that, under the RP, the Fund will emerge from critical status within the rehabilitation period. The Board recognizes the possibility that the Fund's actual experience could be more or less favorable than the assumptions used as the basis for developing the RP. The Board also recognizes the need to review and update the RP on an annual basis. Consequently, the Board will rely on an annual updated assessment regarding this projection as the basis for evaluating the Fund's progress under this RP, and the annual standard for meeting the requirements of the RP will be a demonstration, based on the updated actuarial projections each year using reasonable assumptions, that the RP (as amended from time to time and as then currently in effect) will as implemented continue to allow the Fund to emerge from critical status.

XI. ANNUAL REVIEW AND UPDATE OF RP

The Fund's actuary will annually report to the Board regarding the Fund's progress in meeting this annual standard. The Board may make any changes to this RP that it deems necessary or advisable.

XII. CONSTRUCTION AND MODIFICATIONS TO THIS RP

This RP is intended to present only a summary of the law, the Fund and the changes to the Fund. It is not intended to serve as an exhaustive, complete description of the law, the Fund or the modifications discussed herein.[3]

The Board reserves the right, in its sole and absolute discretion, to construe, interpret and/or apply the terms and provisions of this RP in a manner that is consistent with the PPA and other applicable law. Any and all constructions, interpretations and/or applications of the Fund (and other Fund documents) or the RP by the Board, in its sole and absolute discretion, will be final and binding on all parties affected thereby. Subject to the PPA and other applicable law, and notwithstanding anything herein to the contrary, the Board further reserves the right to make any modifications to this RP that the Board, in its sole and absolute discretion, determines are necessary and/or appropriate (including, without limitation in the event of any omission or the issuance of any future legislative, regulatory or judicial guidance).

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[3] The terms of the official plan documents will govern in the event of any contradiction between this RP and the plan documents as adopted to incorporate the changes described herein. All capitalized terms within this RP not otherwise defined have the meaning set forth in the plan documents.

APPENDIX A

Early Retirement Reduction Factors based on Actuarial Equivalence

RETIREMENT AGE	EARLY RETIREMENT FACTOR	SAMPLE $1,000 ACCRUED BENEFIT
20	.023	$23
21	.024	$24
22	.026	$26
23	.028	$28
24	.030	$30
25	.033	$33
26	.035	$35
27	0.038	$38
28	0.041	$41
29	0.044	$44
30	0.048	$48
31	0.051	$51
32	0.056	$56
33	0.06	$60
34	0.065	$65
35	0.07	$70
36	0.076	$76
37	0.082	$82
38	0.088	$88
39	0.096	$96
40	0.103	$103
41	0.112	$112
42	0.121	$121
43	0.132	$132
44	0.143	$143
45	0.155	$155
46	0.168	$168
47	0.182	$182
48	0.198	$198
49	0.216	$216
50	0.235	$235
51	0.256	$256
52	0.28	$280
53	0.305	$305
54	0.334	$334
55	0.366	$366
56	0.401	$401
57	0.441	$441
58	0.485	$485
59	0.534	$534
60	0.59	$590
61	0.653	$653
62	0.723	$723
63	0.804	$804
64	0.895	$895
65	1	$1,000

Actuarial Equivalence Basis

Interest Rate: 7.50%

Mortality Table: RP-2000 Combined Healthy Male Mortality with Blue Collar Adjustment