



FEBRUARY 2010

Your Future • Your Choice

NEWS FROM THE IAM NATIONAL PENSION FUND

Celebrating 50 Years of Excellence: 1960 – 2010

Since its establishment in 1960, the IAM National Pension Fund has been in the business of providing our pensioners and beneficiaries with reliable “defined benefit” (DB) pensions in the form of known lifetime monthly benefits. The Fund has grown impressively under the stewardship of the Board of Trustees to become one of the largest and most secure multiemployer pension plans in the nation. This record is all the more remarkable considering that it has happened in an era in which DB pensions were widely seen as a thing of the past.

Strength in Numbers

Originally named the IAM Labor-Management Pension Fund, the National Pension Plan ended 1960, its first year of operation, covering approximately 3,000 employees working under IAM collective

bargaining agreements with 90 employers. Today the National Pension Plan covers 104,000 active participants at over 1,750 contributing employer locations. It pays over 77,000 monthly benefit checks totaling nearly \$35,000,000 to pensioners and beneficiaries. The Fund’s assets have grown from \$42,600 in 1960 to approximately \$7,300,000,000 today.

In 2001 the Fund introduced the IAM National 401(k) Plan, which today has over 22,000 participants eligible to supplement their DB plan with pre-tax savings.

Good People Make a Difference

Key to the Fund’s success is its strong leadership. The Fund is under the direction of an active Board of Trustees composed of an

equal number of labor and management representatives. The Board takes an active role in monitoring the Fund’s investment performance, setting policy, and administering the Fund.



Looking Toward the Future

Looking ahead, our mission remains as it always has been — to provide the best possible pension benefits on a secure basis for our current *and future* participants. This is a commitment you can count on in our 50th anniversary year and in the future. We’ll have more to say on this topic in our Annual Funding Notice magazine coming in late April.

GVP Robert Roach, Jr. Joins Board of Trustees



Robert Roach, Jr., General Vice President of Transportation, was appointed to the IAM National Pension Fund Board of Trustees in September 2009.

He joins the Board following the retirement of Lee Pearson, former GVP for the Western Territory.

Robert Roach started in the IAM as a ramp serviceman for TWA and a member of Local Lodge 1056 in New York. Elected a Local Lodge 1445 Shop Steward in 1976, he has been a union representative since 1979, serving as Grievance Committee Chairman from 1979 through 1992, and eventually being elected to the positions of trustee, vice president and president of Local Lodge

1445. He was elected District Lodge 142 Trustee in 1984 and became a District 142 General Chairman in 1992.

He was appointed Transportation Department Special Representative in 1994 and was promoted to a Grand Lodge Representative in 1996. As General Vice President of the Transportation Department, he has been a member of the IAM Executive Council since 1999. He is a member of the Executive Committee of the AFL-CIO’s Transportation Trades Department, an Executive Board member of the AFL-CIO’s Maritime Trades Department and a member of the International Transport Workers’ Federation Executive Board and Management Committees.

As GVP of Transportation, Robert is responsible for all matters related to IAM members employed in the transportation

industry. He oversees 150 collective bargaining agreements covering U.S. rail and air carriers, foreign flag airlines and airline service companies. He guided the IAM’s airline membership through the post-9/11 industry consolidation and was instrumental in preserving defined benefit pensions through the IAM National Pension Fund’s National Pension Plan for IAM members when no other airline employee groups emerged with ongoing pension plans.

Robert holds a B.S. degree in Labor and Management Relations from the Empire State Labor College and is a graduate of the Labor Studies and Arbitration and Essentials of Conflict Resolution programs at the Cornell University School of Industrial and Labor Relations.

Withdrawal Liability

Keeping Things in Perspective

For most of the time since 1980, when Congress created withdrawal liability as a legal concept — that is, since 1984 — the National Pension Plan has had no withdrawal liability.

What exactly is it? Withdrawal liability exists when a multiemployer pension plan has *unfunded vested benefits*. That happens if the value of benefits already vested is greater than the plan's assets. Withdrawal liability is an employer's share of the unfunded vested benefits.

What are the implications? The calculations behind withdrawal liability are complicated, both in determining if it exists and how to respond to it. But in short, if an employer stops participating for any reason in a multiemployer pension plan with unfunded vested benefits, the law requires the employer to pay a pro-rata share of the plan's unfunded vested benefits. That's withdrawal liability.

But here's the key point: For employers who do *not* withdraw from a plan with unfunded vested benefits, withdrawal liability is not owed. If they don't withdraw, they have no withdrawal liability.

Impact of the Worldwide Economic Downturn

Until the market reversals of 2008, the IAM National Pension Fund had a spotless record of having no withdrawal liability since 1984. But like most investors, the Fund experienced losses in 2008. Those losses have resulted in the Fund's having unfunded vested benefits as of December 31, 2008. After that date, a contributing employer who withdraws from the Fund — completely or partially, according to the terms of the law — is subject to withdrawal liability. Smaller employers may be fully or partially exempt under the law's *de minimis* rule, enacted to ease the burden on small businesses.

Employers who *remain* contributing employers, as we've said, do not owe withdrawal liability.

The Free Look

For employers hesitant to begin contributing to the Fund during a period of withdrawal liability, the "free look" provision keeps it simple. Employers are entitled to participate for a period of five years without incurring any withdrawal liability if they withdraw. *None*.

So Keep Things in Perspective

No one is happy about the National Pension Plan having withdrawal liability. It's a reminder of a downturn that we continue to feel. But there's no need to panic. The Plan has weathered bad times before and emerged strong and healthy, and we'll do it again. We are *already* doing it again — while we can't erase the financial impact of 2008 in just one strong year, the IAM National Pension Fund's 2009 investment performance has been one of our best ever.

When the Plan had withdrawal liability during the years 1980-1984, the Trustees managed the Plan with the express purpose of eliminating the withdrawal liability. The relative briefness of this period is testament to the Trustees' firm intention of resolving this issue quickly.

But remember the most important point: a contributing employer experiences withdrawal liability only if it withdraws from the Plan. For employers who remain, withdrawal liability is not owed.

New Fund Representative



Beth Hall, Manager of the IAM National Pension Fund's Education and Communication Department, announces the appointment of Parris Celestine as a new Fund Representative in the department. Formerly a processor in the Pensions Department at the

Fund, Parris is a 2006 graduate of Oklahoma State University at Stillwater (an Oklahoma native, he's also a former rodeo cowboy). As a member of the Education and Communication Department, he will assist in the department's workings with the IAM pension coordinators and in providing communication services to IAM representatives. We're very pleased to welcome him to the department.

For more information about the recently distributed "Notice of Application for an Extension of an Amortization Period," see the FAQs on the Fund's website at www.iamnnpf.org.

Welcome

Thanks go to these representatives for bringing in 1,487 new participants to the National Pension Plan.

Joseph Eccardt, Business Representative, District Lodge 9, GBC Metals LLC dba Olin Brass, East Alton, IL, 1,197 IAM employees and 225 special class union employees

Stephen P. Jordan, Business Representative, District Lodge 75, Ahntech Inc., Tyndall AFB, FL, 22 employees

Donald D. Crosatto, Area Director, District Lodge 190, Transbay Container Terminal Inc., Oakland, CA, 24 employees

Jesse Cote, Business Representative, Local Lodge 751, Doss Aviation Inc., Yakima, WA and Ft. Lewis, WA, 12 employees

Ernest Dow, Directing Business Representative, Local Lodge 794, American Federation of Teachers, Albuquerque, NM, 7 employees

Your Future Your Choice is an educational publication of the IAM National Pension Fund. It is published for the benefit of representatives of the IAM and is intended for their use and to assist the members they represent. Additional copies are available on request. All questions and letters should be sent to the address below. Attn: Editor, Your Future Your Choice.

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