

**FIFTH AMENDMENT**  
**to the Amended and Restated Plan Effected January 1, 2023**  
**for the IAM National Pension Fund**

**WHEREAS**, Section 10.01 of the IAM National Pension Fund (the "Plan") gives the Board of Trustees of the Plan (the "Trustees") the power to amend the Plan at any time; and

**WHEREAS**, on April 17, 2019 the Trustees adopted a rehabilitation plan (the "RP") as the Eighth Amendment to the restated Plan effective January 1, 2015 and Appendix I to the Plan that included a Preferred Schedule and a Default Schedule; and

**WHEREAS**, the Plan's actuary will annually report to the Trustees regarding the Plan's progress in meeting the RP's annual standard and the Trustees may make any changes to this RP that it deems necessary or advisable; and

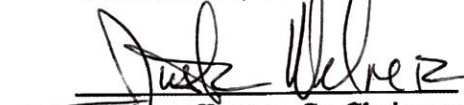
**NOW THEREFORE**, the Trustees have agreed to amend the Plan, effective January 1, 2025, to incorporate the attached RP addendum that contains modifications to the annual standard and establishes a new schedule for new employers.

**IN WITNESS WHEREOF**, the undersigned have set their hands as of the last date written below.

Date: 12-12-2024

  
Union Trustee, Co-Chairman

Date: 12/12/2024

  
Employer Trustee, Co-Chairman

# **IAM National Pension Fund Rehabilitation Plan Addendum**

**Effective January 1, 2025**

## **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 was in endangered status for the plan year beginning January 1, 2019. The Fund’s actuary also certified that the Fund was 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 Multiemployer Pension Reform Act of 2014 (“MPRA”).

As required under PPA, the Board adopted a Rehabilitation Plan consisting of actions, including increases in employer contributions and reductions in participant benefits, intended to improve its funded status over time. Specifically, the Rehabilitation Plan was designed to enable the Fund to emerge from critical status by the end of its ten-year Rehabilitation Period, which began on January 1, 2022 and goes through December 31, 2031. The Board adopted the Rehabilitation Plan on April 17, 2019, the same day as its voluntary election to be in critical status.

## **RECENT EXPERIENCE**

The original Rehabilitation Plan adopted in 2019 was designed based on reasonably anticipated experience and reasonable actuarial assumptions. Nevertheless, experience over the last five years has been less favorable than those assumptions. Covered employment levels and employer contributions have been lower than originally anticipated. Recent demographic changes with the participant population have increased Fund costs. Also, while investment returns over the last five years have generally met expectations, the investment loss incurred in 2022 has delayed the Fund’s projected emergence from critical status.

## **REHABILITATION PLAN STANDARDS**

As noted above, the original Rehabilitation Plan standard was that the Fund will emerge from critical status by the end of the ten-year Rehabilitation Period, which ends on December 31, 2031. For the past two years, following the investment loss in 2022, the Fund has not been projected meet this target.

The Board has closely reviewed the Rehabilitation Plan with a focus on possible changes that would enable the Fund to once again be projected to emerge from critical status by the end of the

Rehabilitation Period. These possible changes included, but were not limited to, further increases in employer contribution rates and reductions to participant benefits – in addition to those that were included in the original Rehabilitation Plan.

Following its review, the Board has determined that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the Fund cannot reasonably be expected to emerge from critical status by the end the Rehabilitation Period, which ends December 31, 2031. Therefore, the Board is updating the Rehabilitation Plan to consist of reasonable measures to emerge from critical status by January 1, 2045 or to remain solvent for at least the next 50 years.

## **CURRENT PROJECTIONS**

Based on current actuarial projections, the Fund is not projected to emerge from critical status within the next 20 years, but funding levels are projected to improve over time. The Fund is also projected to remain solvent in all future years. These projections reflect the terms of the Rehabilitation Plan, and they assume future investment returns of 7.0% per year beginning January 1, 2024 and level covered employment.

Favorable investment returns could accelerate the Fund's emergence from critical status. For example, the Fund's independent chief investment officer projects that future investment returns will average 7.6% over the next 10 years. With these higher investment returns, the Fund would be projected to emerge from critical status by 2042. On the other hand, unfavorable investment returns or other experience could further delay the Fund's emergence from critical status.

## **MEASURES CONSIDERED**

Currently, of the active participants under collective bargaining agreements that have adopted a Schedule under the Rehabilitation Plan, over 90% are covered under the Preferred Schedule. In reviewing possible changes to the Rehabilitation Plan, Board considered that the Preferred Schedule has already eliminated "adjustable benefits" effective January 1, 2022, including early retirement subsidies, the unreduced age and service pensions, the unreduced disability pension, and the normal form of payment for unmarried participants. The Board also considered that the Preferred Schedule requires annual contribution rate increases of 2.5% through the end of the Rehabilitation Period to maintain the rate of future benefit accruals that was in effect in 2019. In other words, the contribution rate increases do not generate additional benefit accruals.

The Board considered various scenarios provided by the Fund's actuary involving further increases to employer contribution rates, further reductions to participant benefit levels, or both. For example, to enable the Fund to be projected to emerge from critical status by the end of the Rehabilitation Period, the Fund's actuary estimated that contribution rates under the Preferred Schedule would have to be increased by more than 8.5% per year, instead of the current 2.5% per year. Alternatively, if the rate of future benefit accruals under the Preferred Schedule were reduced by about one-third, contribution rates would still have to be increased by 3.6% per year.

After much deliberation, the Board concluded that such changes to contribution rates or participant benefit levels to enable the Fund to be projected to emerge from critical status by the end of the Rehabilitation Period were unreasonable. The Board determined that implementing such changes at this point, only five years after the adoption of the Rehabilitation Plan, could adversely affect ongoing participation in the Fund. Further reductions to covered participation would reduce overall contribution levels, this increasing risk to the Fund and its participants.

The Board also concluded the Rehabilitation Plan should be updated to encourage participation by new employers. If a significant number of new employers and their employees begin participating in the Fund, it could help the Fund meet the objective of the Rehabilitation Plan by accelerating its emergence from critical status. Therefore, as described below, the Board is updating the Rehabilitation Plan to include a third Schedule, the New Employer Schedule.

## **NO CHANGES TO EXISTING SCHEDULES**

### Contribution Rates and Benefit Levels

As described above, the Board has determined that it would be unreasonable at this time to implement further increases to contribution rates or reductions in benefit levels to those already included in the original Rehabilitation Plan. In other words, this amendment to the Rehabilitation Plan does not change the required contribution rates or benefit levels under the Preferred Schedule or the Default Schedule.

### Contribution Base

While the Board has determined it would be unreasonable to implement further increases to contribution rates at this time, the Board is clarifying the intent of the original Rehabilitation Plan regarding the basis for making contributions. The original Rehabilitation Plan was designed on the assumption that covered employment levels that generate contributions to the Fund would remain stable for all future years.

Therefore, to comply with the Rehabilitation Plan, a collective bargaining agreement or participation agreement that adopts either the Preferred Schedule or the Default Schedule must not change the basis for making contributions to the Fund from the basis that was in effect on April 17, 2019. For example, an agreement that changes the contribution basis from total hours to regular hours would not comply with the Rehabilitation Plan. Similarly, an agreement that excludes employees hired after a certain date in determining contributions made to the Fund would not comply with the Rehabilitation Plan.

Failure to comply with this rule may result in a determination by the Board that the employer subject to the agreement has failed to satisfy the requirements for participating in the Fund, and the employer will therefore be subject to withdrawal liability. The Board reserves the right to make exceptions to this rule if it determines that a change in the contribution basis would not have an adverse effect on the Fund's ability to meet the objectives of the Rehabilitation Plan.

## **NEW EMPLOYER SCHEDULE**

As noted above, the Board has determined that the Rehabilitation Plan should be updated to encourage participation by new employers. To achieve this objective, the Rehabilitation Plan is updated to include the New Employer Schedule, effective January 1, 2025.

### Applicability

The New Employer Schedule shall be available to employers that first begin participating in the Fund after December 31, 2024. In addition, the New Employer Schedule shall be available to bargaining units for existing employers that first begin participating in the Fund after December 31, 2024. The New Employer Schedule shall not apply to a bargaining unit (or any portion of a bargaining unit) that was participating in the Fund as of December 31, 2024.

For the New Employer Schedule to apply to an eligible employer or an eligible bargaining unit, the applicable collective bargaining agreement must formally indicate adoption of the New Employer Schedule and specify the applicable employer contribution rates to the Fund.

### Contribution Rates

The New Employer Schedule requires a minimum employer contribution rate equivalent to \$0.50 per hour. There are no required increases in the employer contribution rate. Benefit accrual rates under the New Employer Schedule are based on the negotiated contribution rate. Any increases to the contribution rate under the New Employer Schedule will result in an increase in the benefit accrual rate.

As described below, there are two options for accruing benefits by New Employers: the Fixed Benefit Option and the Variable Benefit Option. At the time of its initial participation in the Fund, each New Employer must elect one option for all of its covered employees.

*Continued on following page.*

### Fixed Benefit Option

The following table sets forth the Monthly Accrual Rates under the Fixed Benefit Option. Once benefits are accrued under the Fixed Benefit Option, they will not vary based on investment returns on Fund assets, the same as under the Preferred Schedule and the Default Schedule.

Hourly Contribution Rate	Monthly Accrual Rate
\$0.50	\$18.45
0.75	26.43
1.00	32.74
1.25	39.06
1.50	46.05
1.75	53.02
2.00	59.55
2.25	66.07
2.50	72.16
2.75	78.24
3.00	83.93
3.25	89.59
3.50	94.81
3.75	100.02
4.00	104.81
4.25	109.59
4.50	114.38
4.75	118.78
5.00	123.19
5.25	127.59
5.50	131.66
5.75	135.72
6.00	139.79
6.25	143.85
6.50	147.91
6.75	151.97
7.00	156.04
7.25	160.09
7.50	164.14

Hourly Contribution Rate	Monthly Accrual Rate
\$7.75	\$168.20
8.00	172.26
8.25	176.31
8.50	180.36
9.00	188.48
9.25	192.53
9.50	196.59
9.75	200.64
10.00	204.69
10.25	208.76
10.50	212.81
10.75	216.86
11.00	220.92
11.25	224.97
11.50	229.03
11.75	233.09
12.00	237.14
12.25	241.19
12.50	245.25
12.75	249.31
13.00	253.37
13.25	257.42
13.50	261.47
13.75	265.53
14.00	269.59
14.25	273.64
14.50	277.70
14.75	281.75
15.00	285.80

### Variable Benefit Option

Under the Variable Benefit Option, benefits will be automatically adjusted based on investment returns on Fund assets relative to a Hurdle Rate of 5.0%. To the extent that investment returns exceed the 5.0% Hurdle Rate, benefits will be adjusted upward. To the extent that investment returns are below the 5.0% Hurdle Rate, benefits will be adjusted downward. These annual adjustments occur through a participant's working lifetime as well as in retirement.

The following table sets forth the Monthly Accrual Rates under the Variable Benefit Option.

Hourly Contribution Rate	Monthly Accrual Rate
\$0.50	\$12.80
0.75	18.34
1.00	22.71
1.25	27.10
1.50	31.94
1.75	36.79
2.00	41.31
2.25	45.84
2.50	50.06
2.75	54.28
3.00	58.22
3.25	62.15
3.50	65.77
3.75	69.39
4.00	72.72
4.25	76.02
4.50	79.34
4.75	82.40
5.00	85.46
5.25	88.52
5.50	91.35
5.75	94.15
6.00	96.98
6.25	99.80
6.50	102.61
6.75	105.43
7.00	108.25
7.25	111.07
7.50	113.87

Hourly Contribution Rate	Monthly Accrual Rate
\$7.75	\$116.69
8.00	119.50
8.25	122.32
8.50	125.13
9.00	130.75
9.25	133.57
9.50	136.38
9.75	139.20
10.00	142.00
10.25	144.82
10.50	147.64
10.75	150.45
11.00	153.27
11.25	156.08
11.50	158.89
11.75	161.70
12.00	164.52
12.25	167.33
12.50	170.15
12.75	172.95
13.00	175.77
13.25	178.58
13.50	181.40
13.75	184.22
14.00	187.02
14.25	189.84
14.50	192.65
14.75	195.47
15.00	198.28

The following sets forth how benefits under the Variable Benefit Option are adjusted each year based on investment returns on Fund assets:

- A participant's accrued benefit as of the end of each plan year is equal to their accrued benefit as of the beginning of the plan year (if any) times the Annual Variable Benefit Adjustment, plus the amount of the benefit they accrued during the plan year at the applicable Monthly Accrual Rate set forth in the table above.
- The Annual Variable Benefit Adjustment is equal to a fraction. The numerator of the fraction is one plus the Five-Year Average Investment Return, as described below. The denominator of the fraction is one plus the Hurdle Rate.
- The Hurdle Rate is 5.0%, as noted above.
- The Five-Year Average Investment Return for a given plan year is the average net investment return on Fund assets attributable to the Variable Benefit Option over the five-year period that ends with the immediately preceding plan year. This five-year average return is calculated on a geometric basis, net of investment fees. In determining the five-year average, investment returns for plan years before the New Employer began participating in the Fund are assumed to be equal to the Hurdle Rate. See the example below.
- Fund assets attributable to the Variable Benefit Option are calculated reflecting all contributions made and benefits paid under the Variable Benefit Option, allocable administrative expenses, and allocable investment returns. Administrative expenses are allocated in proportion to participant headcounts relative to the total Fund. Investment returns are based on the market value of assets for any separate accounts dedicated to the Variable Benefit Option. If there are no such separate accounts, the investment return is based on the market value of assets for the total Fund.

As an example, take a New Employer that begins participating in the Fund under the Variable Benefit Option effective January 1, 2025. For a participant who is employed by this New Employer, the accrued benefit as of December 31, 2025 is equal to the amount of the benefit accrued during the 2025 plan year at the applicable Monthly Accrual Rate. The Annual Variable Benefit Adjustment as of December 31, 2025 does not apply, because the accrued benefit as of January 1, 2025 was zero.

The accrued benefit as of December 31, 2026 is equal to the accrued benefit as of January 1, 2026 times the Annual Variable Benefit Adjustment based on the Five-Year Average Investment Return for the plan years from 2021 through 2025, plus the amount of the benefit accrued during the 2026 plan year at the applicable Monthly Accrual Rate. Because the New Employer began participating in the Fund in the 2025 plan year, the Five-Year Average Investment Return is determined assuming the returns for 2021 through 2024 are equal to the Hurdle Rate.



The accrued benefit as of December 31, 2030 is equal to the accrued benefit as of January 1, 2030 times the Annual Variable Benefit Adjustment based on the Five-Year Average Investment Return for the plan years from 2025 through 2029, plus the amount of the benefit accrued during the 2030 plan year at the applicable Monthly Accrual Rate.

#### Other Benefit Provisions

Other benefit provisions under the New Employer Schedule, including eligibility, vesting, retirement, and optional forms of payment are the same as under the Preferred Schedule.

#### Withdrawal Liability Rules

The New Employer Schedule will be designed to remain fully funded and have zero withdrawal liability. Pending approval by the Pension Benefit Guaranty Corporation (PBGC), the Fund will use an alternate withdrawal liability methodology under which employers and bargaining units under the New Employer Schedule will not be allocated any unfunded vested benefits attributable to employers under the Preferred Schedule or Default Schedule. The methodology is set forth in a separate amendment.

### **ANNUAL REVIEW AND UPDATES**

Each year, the Fund's actuary will review and certify whether the Fund remains in critical status or has emerged from critical status, as defined under PPA and MPRA funding rules. The Fund's actuary must also certify whether the Fund is making scheduled progress in meeting the requirements of the Rehabilitation Plan.

Each year, the Board must review and update the Rehabilitation Plan based on emerging experience. The Board reserves the right to modify the contribution rates and benefit levels under the three Schedules, if needed, to meet the requirements of the Rehabilitation Plan. If future changes are made to any of the Schedules, the provisions of the Schedules reflected in an existing collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

### **CONSTRUCTION AND MODIFICATIONS**

This amendment to the Rehabilitation Plan is intended to present only a summary of applicable law and regulations, the provisions of the Fund, and modifications to those provisions. It is not intended to serve as an exhaustive, complete description of the law, the provisions of the Fund, or the modifications discussed herein. Except as described in this amendment, the provisions of the original Rehabilitation Plan adopted on April 17, 2019, and subsequent amendments, shall continue to apply.

The Board reserves the right, in its sole and absolute discretion, to construe, interpret and/or apply the terms and provisions of this Rehabilitation Plan in a manner that is consistent with

PPA, MPRA, and other applicable law. Any and all constructions, interpretations and/or applications of the Fund (and other Fund documents) or the Rehabilitation Plan by the Board, in its sole and absolute discretion, will be final and binding on all parties affected thereby. Subject to PPA, MPRA, and other applicable law, and notwithstanding anything herein to the contrary, the Board further reserves the right to make any modifications to this Rehabilitation Plan 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).