



National Roofing Industry Pension Plan

P.O. BOX 721680, Houston, TX 77272-1680 • Phone: 1-800-595-7209

December 12, 2007

TO: Participants of the National Roofing Industry Pension Plan

FROM: Board of Trustees

RE: Important Changes to the Pension Plan

ABOUT THIS NOTICE

The purpose of this notice is to provide you with information regarding changes to the National Roofing Industry Pension Plan as required by Section 204(h) of the Employee Retirement Income Security Act of 1974 (ERISA), as amended, and also constitutes a Summary of Material Modifications amending the Summary Plan Description booklet (SPD).

The Board of Trustees of the National Roofing Industry Pension Plan (“NRIPP” or Plan) is responsible for maintaining the long-term financial stability of the Plan while providing the highest level of benefits possible. With the assistance of our pension consultants, we continually review the Plan to ensure it meets those objectives.

This notice describes the results of our most recent review and the changes that we are making to the Plan as a result of our findings. Amendments to the Plan include a change in employer contributions that will be included in the determination of your benefit, as well as two new payment options. These changes will go into effect on *January 1, 2008*, but will only apply to benefits that you accrue on and after *January 1, 2009*.

Benefits that current retirees or beneficiaries are receiving will not be reduced by the changes described in this notice.

RETIREMENT PROGRAM REVIEW

Although the Plan continues to be financially sound, the results of our exhaustive Plan review conducted earlier this year disclosed the following:

- As the US and worldwide economies have slowed down, pension plans, including the NRIPP, can no longer expect to earn the same level of returns on fund investments that have been experienced in recent years. Because the Plan has been in existence for many years and is paying pension benefits to many retirees, it is very dependent upon its investment earnings. We must therefore bring the Plan’s benefit costs more in line with current investment return expectations.
- As more and more “baby boomers” are reaching retirement age and more and more of our members will be retiring – the Plan will be paying out more money to pensioners.
- Life expectancy for the average American has increased dramatically over the past few years, which means the Plan will be paying out pensions over longer and longer periods of time. In other words, the actuarial cost for benefits of all pension plans has become more expensive as Americans are living longer!



NO REDUCTION OF ACCRUED BENEFITS

Remember, these changes will go into effect on January 1, 2008 but will affect only benefits you accrue *on and after* January 1, 2009. Any benefits accrued under the NRIPP before January 1, 2009 will not be reduced by the Plan changes listed in this notice.

CHANGES EFFECTIVE JANUARY 1, 2008

The following changes will be made to the Plan effective January 1, 2008. We know this information is important to you and encourage you to contact the Fund Office if you have any questions.

Change #1: Modify the Amount of Incremental Contributions Used for the Incremental Plan Benefit

Incremental Contributions are all contributions made or required to be made on your behalf each year above the first five cents per hour. You will be credited with 85% of the Incremental Contributions used to determine your Incremental Plan Benefit for years of credited service earned *after* December 31, 2008. The benefits you earned *before* January 1, 2009 will remain the same (100% of Incremental Contributions made on your behalf).

Your normal retirement benefit consists of your Incremental Plan Benefit and, if applicable, your Base Plan benefit. These benefits are based on your years of credited service earned prior to January 1, 2004 and the total Incremental Contributions required to be made under the Incremental Plan on your behalf for all the plan years on and after your local union's Initial Participation Date in which you earn future credited service.

You are entitled to a monthly normal retirement benefit, which is determined as follows:

$$\begin{array}{c} \text{Base Plan Benefit} \\ \\ \$3.00 \\ \times \\ \text{Credited Service through 2003} \end{array}$$

PLUS

$$\begin{array}{c} \text{Incremental Plan Benefit} \\ \\ \text{Incremental Contributions} \\ \times \\ \text{Incremental Percentage} \end{array}$$



- ❖ The base Plan was frozen on December 31, 2003. Credited service earned *after* December 31, 2003 does not count toward the base Plan benefit.
- ❖ Your Incremental Plan Benefit percentage depends on your years of vesting service and whether you became a participant in the Plan *before* January 1, 2003 or later.
- ❖ If you fail to earn credited service during a plan year, then the contributions made or required to be made on your behalf will not count toward your benefit accrual. Before January 1, 2009 you are credited with 100% of the Incremental Contributions toward your Incremental Plan Benefit. Thereafter you will be credited with 85% of the Incremental Contributions toward your Incremental Plan Benefit.
- ❖ Benefits accrued *before* January 1, 2004 have a form of payment of five years certain and life annuity and are converted to the same form as the benefits accrued on or *after* January 1, 2004 which is a life annuity.

Effective January 1, 2008, the Plan has been amended so that the Incremental Contributions are *all of the contributions made or required to be made on your behalf through December 31, 2008 in excess of the first five cents per hour plus 85% of contributions made on or after January 1, 2009 in excess of five cents per hour.*

In the future, the Trustees may increase or decrease the percentage of Incremental Contributions used to determine your Incremental Plan Benefit based upon the investment and other performance of the Plan.

Example

The following example illustrates the change in the amount of monthly normal retirement benefit that a participant can earn before and after the new Plan amendment. It is important for you to understand that if the hours you work in a plan year (or the contribution rate for which your contributions are credited) are different than those in the example, then the monthly benefit that you earn will be different.



Bob has been working since January 4, 1989 for employers contributing to the Plan on his behalf. He retires January 1, 2015 at age 60. His service for employment under collective bargaining agreements requiring contributions to the Plan, at the time of his retirement are:

Credited service for covered employment up to December 31, 2003	15 years
Incremental contributions for covered employment up to December 31, 2003	\$27,500.00
Incremental contributions due for covered employment from 2004 to December 31, 2008	\$12,700.00
Incremental contributions for covered employment from 2009 to retirement	\$16,200.00
Total vesting service at retirement	26 years

Comparison of Bob's Plan Benefit before and after the change:

	Current Plan	Revised Plan
Credited Service through December 31, 2003	15 years	15 years
Incremental Contributions through December 31, 2003	\$27,500	\$27,500
Incremental Contributions from January 1, 2004 to December 31, 2008	\$12,700	\$12,700
Incremental Contributions from January 1, 2009 to December 31, 2013	\$16,200	\$16,200
Incremental Contributions after 2008 Crediting Percentage	100%	85%
Incremental Contributions after 2008 for Benefits	\$16,200	\$13,770
Base Plan Benefit (\$3.00 x 15.00)	\$45.00	\$45.00
Incremental Plan Through December 31, 2003 Benefit (4.72% x \$27,500)	\$1,298.00	\$1,298.00
Total Plan Benefit Through December 31, 2003 (\$45.00 + \$1,298.00)	\$1,343.00	\$1,343.00
Form of Payment Adjustment Factor	1.0154	1.0154
Early Retirement Factor for Total Plan Benefit Through December 31, 2003	100%	100%
Total Plan Benefit Through December 31, 2003 Adjusted for Form of Payment and Early Retirement Factor	\$1,363.68	\$1,363.68
Incremental Plan From January 1, 2004 Through December 31, 2008 (4.72% x \$12,700)	\$599.44	\$599.44
Incremental Plan From January 1, 2009 Through December 31, 2014 (4.72% x 2009 to 2014 Incremental Contributions)	\$764.64	\$649.94
Early Retirement Factor for Total Plan Benefit After December 31, 2003	100%	100%
Total Plan Benefit from January 1, 2004 Through December 31, 2014 Adjusted for Early Retirement Factor	\$1,364.08	\$1,249.38
Total Plan Monthly Benefits	\$2,727.76	\$2,613.06



Change #2: Two New Optional Forms of Payment Have Been Added to the Plan

Additional Optional Forms of Payment

If your pension is effective on or after January 1, 2008, additional forms of payment are available to you. The Joint and Survivor Benefit Option and the Joint and Survivor Spousal Benefit Option with Pop-Up Feature now include a 75% continuation payment option.) Before this change, the percentages available for these elections were 50% and 100%.

Joint and Survivor Benefit Option - Under this payment method, you receive a reduced monthly benefit during your lifetime, with 50%, 75% or 100% of that amount continued after your death to a survivor designated by you. If your survivor dies before you, you will continue to receive the same reduced benefit you were receiving before his or her death. If you are married, you may elect this option, with a survivor other than your spouse, if your spouse consents in writing and the election is witnessed by a notary public, but you may not change the designation of that non-spousal survivor without your spouse's written consent.

Joint and Survivor Spousal Benefit Option With Pop-Up Feature – Under this payment method, you receive a reduced monthly benefit during your lifetime, and after your death, a percentage of your monthly benefit will be paid to your spouse for his or her lifetime. You can choose to have 50%, 75% or 100% of your reduced benefit paid to your spouse. If your spouse dies before you, then your benefit will increase to the single life annuity amount and will continue to you for the rest of your life. You may only elect this option if you are married.

Fund Office Location Changed

In addition to the information in this notice about benefit changes to your pension plan, we also want to remind you that effective November 19, 2007 the Fund Office is now located at:

Zenith Administrators, Inc.
National Roofing Industry Pension Plan
P.O.BOX 721680
Houston, TX 77272-1680

The phone number has not changed – it is 1-800-595-7209.



CONCLUSION

This notice is intended to comply with requirements under ERISA and the Internal Revenue Code and to inform you of a NRIPP amendment implementing changes effective as of January 1, 2008 that affect future benefits (beginning on or after January 1, 2009) and optional forms of payment (beginning January 1, 2008).

All other Plan provisions, conditions and limitations not specifically described in this notice remain in full force and effect. In addition, the Plan changes described above have been summarized in everyday language to make them easy to read and clear to understand. In the event of any conflict between this description and the Plan document, the Plan document will govern.

As we said earlier, we believe that making these changes enhances the NRIPP's ability to provide vital retirement benefits to its participants for years to come. If you have any questions about these changes, contact the Fund Office at 1-800-595-7209.

Si usted necesita ayuda con este documento en español, por favor llame 1-800-595-7209.



This notice does not cover all details of the Pension Plan or its operation. It is not intended to be a summary plan description or the basis upon which you make financial decisions. The terms of the Pension Plan govern all benefits and eligibility. In the event of any discrepancy between this notice and the Pension Plan document, the Pension Plan document will always govern. In addition, the Board of Trustees of the National Roofing Industry Pension Plan reserves the right to amend or terminate the Plan at any time.