

# ROOFERtoROOFER

by International President Kinsey M. Robinson

## National Roofing Industry Pension Plan

### Impact of Financial Markets

Most of us recall the devastating stock market losses of 2008. Turmoil in the financial markets during 2008 resulted in substantial investment losses for most individual savers and pension plans, including the NRIPP. Unemployment throughout the country increased dramatically, with the construction industry hit particularly hard. Work in the roofing industry was not spared, resulting in a loss of hours and employer contributions, which further adversely impacted our pension plan.

The Board of Trustees of the NRIPP is responsible for maintaining the long-term financial stability of the plan while providing meaningful benefits to participants. During 2009, in the aftermath of the stock market downturn, the Trustees reviewed a number of changes, with the goal of protecting the plan and securing the benefits that have been promised to our members, retirees and their widows and beneficiaries.

Faced with this problem, the Trustees adopted several needed changes to the NRIPP. The first was to lower the “ratchet,” which reduced benefits that would be earned in the future. The Trustees were able to protect all existing earned benefits, both for current retirees and our working members.

A second important change imposes penalties if a bargaining unit reduces its contribution rate to the plan. This change is necessary to preserve funding of promised benefits and to make certain that all bargaining groups in the NRIPP work together towards meeting the plan’s long term goals.

This new rule provides if a bargaining unit reduces its contribution rate below the rate in effect on November 20, 2009, then participants within the unit would not be eligible for disability benefits, lump sum death benefits or any benefit improvements for the NRIPP after December 31, 2009.

### Funding of Plan Benefits Has Improved

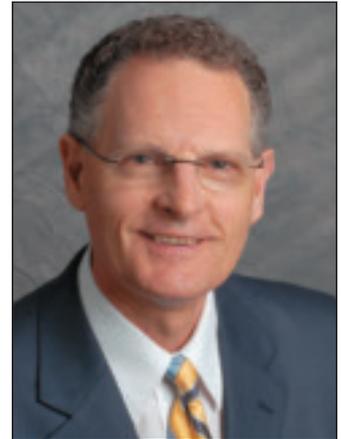
Since the end of 2008 the funding of benefits (commonly referred to as “funded percentage”) under the NRIPP has improved from less than 84% to approximately 92% at the end of 2011.

You may be wondering, what is a funded percentage and why or how has it improved? The funded percentage of the plan is a measure of how well that plan is doing. This percentage is obtained by dividing the plan’s assets by its liabilities on the valuation date, and for the NRIPP that date is January 1 of each year.

Since January 1, 2009, the first date that reflects the impact of the 2008 stock market losses, the funded percentage has increased for the following reasons:

- Although 2011 was not a good year for investment returns, the NRIPP significantly outperformed its assumption in both 2009 and 2010. The outperformance helped make up for some, but not all, of the 2008 underperformance.

- The change to the ratchet produced additional contributions to improve funding.
- The requirement for bargaining units to maintain their contribution rates ensured contributions didn’t decline.
- Although roofing industry hours have fallen from historical highs, they have become more stable in the past year, and we expect that they will eventually return to earlier levels.



The long-term goal of the Trustees is to work toward a funded percentage of 125%. A 125% funded percentage is the historic norm for the plan and provides an appropriate safety net for participants. To reach that goal, the Trustees work with the best and brightest pension professionals to understand how employer contributions, industry work hours and investment returns impact the plan. They then make long-term funding projections, sometimes for more than 25 years from today.

### What Does This Mean to You?

If you are a participant in the NRIPP, you should feel confident knowing that your benefit is well funded and that policies are in place to work towards a long-term goal of 125% funded. If you are not in the NRIPP, but may soon be eligible to participate, it is comforting to know that you are entering a pension plan whose Trustees are serious about their fiduciary obligation to fund the benefits promised and have a comprehensive plan in place to do so.

Due to our investment and funding policies, as well as the stabilization of work hours, the NRIPP is not included on the list of pension plans that are considered endangered or in critical status. In fact, the NRIPP was certified to be in the “Green Zone” for the 2011 plan year. The “Green Zone” is the government’s highest rating for pension plans. It is extremely important to be in the “Green Zone” since plans that fall into endangered or critical status have burdensome requirements, such as mandated contribution increases and/or benefit reductions.

### Noteworthy News

Did you know you can learn more about the NRIPP on the fund’s Web site at [www.nripf.com](http://www.nripf.com)? Our membership can visit the Web site to learn more about their benefits and the funded status of the NRIPP. In addition, the Trustees have recently provided an updated Summary Plan Description to plan participants, which is also available on the Web site.