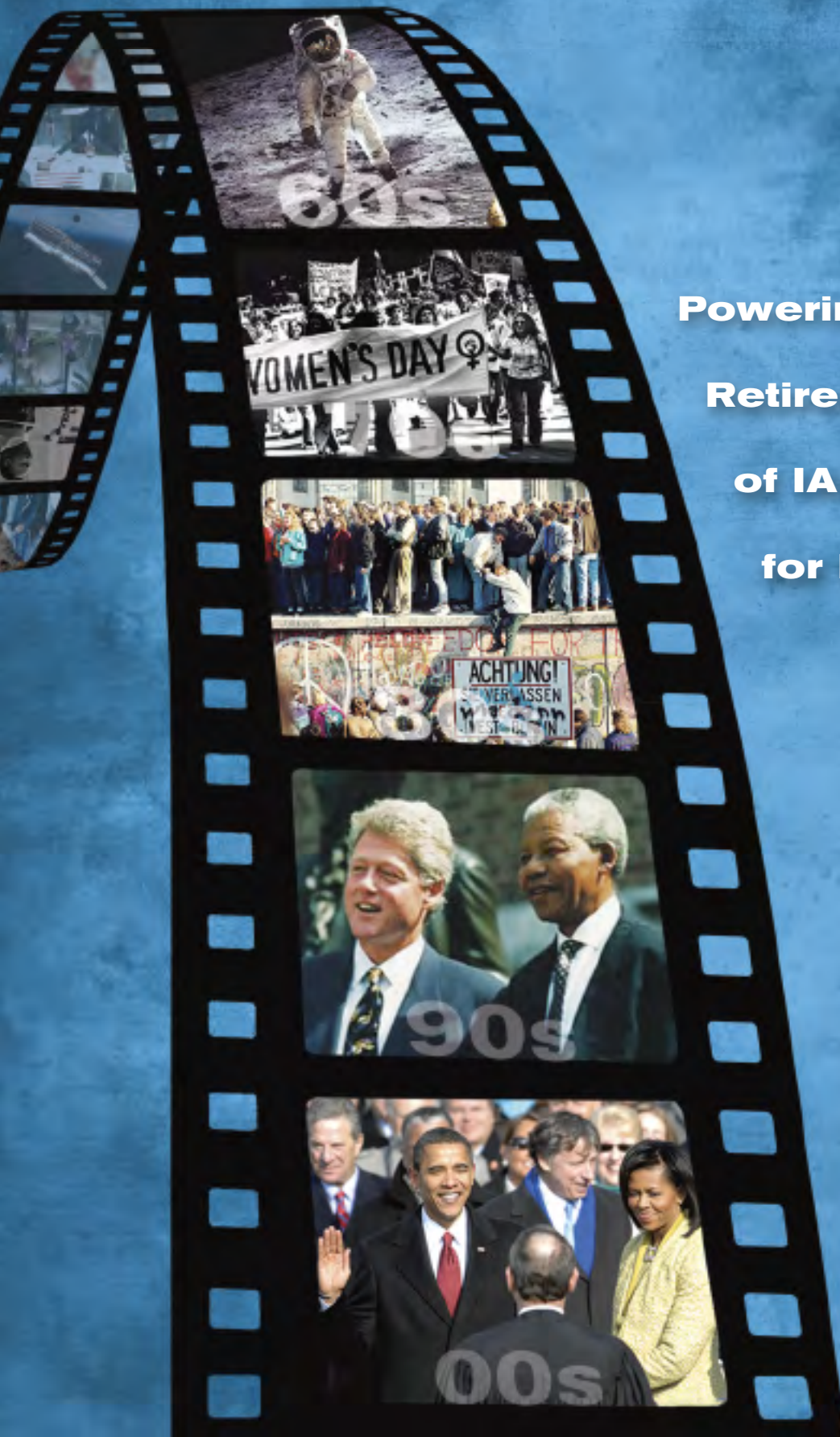


IAM National Pension Fund National Pension Plan

**Powering the
Retirement Dreams
of IAM Members
for Five Decades**



Pension Power
CELEBRATING

50
YEARS

1960-2010

IAM National Pension Fund
National Pension Plan

April 2010



The National Pension Plan —

Promises Made, Promises Kept

This year, the IAM National Pension Fund celebrates 50 years of providing pensions for IAM members, enabling them to live their retirement dreams. That's a remarkable achievement for any organization, and I'm proud to have been part of it the last 13 years.

During its 50-year history, the Fund has seen many changes and weathered many storms, not the least of which is the financial turbulence that continues to impact both the stock market and the overall economy.

As Co-Chairman of the Board of Trustees that today oversees this Fund, I understand the tremendous responsibility we have to maintain it. That's a relatively easy thing to do when times are good. But the true measure of the Fund is its ability to do so when times are difficult, like they are today.

On behalf of the full Board of Trustees, I assure you that we, the Fund staff, and professional advisors, work tirelessly to help the Fund maintain its secure financial position. Our charge, which we take very seriously, is to continue to provide monthly lifetime benefits to the more than 77,000 retirees who are currently enjoying them, and to offer future benefits to the over 100,000 current active participants.

We're proud of our accomplishments:

- ▶ Paying over \$4 billion in benefits during our first 50 years
- ▶ Improving the financial status of tens of thousands of retired IAM members and their families
- ▶ Receiving contributions from over 1,750 employer locations nationwide
- ▶ Consistently ranking among the top 200 pension funds in the country and top 10 multiemployer pension funds

But our work continues.

In the current financial environment, where so many funds are struggling, it is critical to preserve the legacy of trust and security established by the Trustees who managed the Fund for the past 50 years.

I want to congratulate the Fund on its first 50 years and I look forward with confidence to the Fund's 100-year anniversary.

Warren L. Mart
General Secretary-Treasurer of the IAM
Co-Chairman of the Board of Trustees since 2003
Union Trustee since 1997



Celebrate Your Ability to Participate in the National Pension Plan

50 Years of Lifetime Retirement Benefits to IAM-Represented Employees

Five years ago, when we celebrated the Fund's 45th anniversary, we voiced concern that so few American workers were participating in traditional defined benefit pension plans. While the IAM National Pension Fund's National Pension Plan continued to grow and thrive, thousands of company pension plans had been terminated and many others were turned over to the Pension Benefit Guaranty Corporation (PBGC).

Defined contribution plans (like 401(k) plans) had replaced many defined benefit plans. But to me and the other Trustees of the Fund, expecting employees to rely solely on defined contribution plans for retirement income seemed risky, unwise and ultimately irresponsible. And that was before the economic meltdown in 2008 that decimated individual accounts, and dashed the retirement hopes and dreams of many.

As an IAM member, you have the opportunity to participate in the National Pension Plan, a plan that has provided lifetime monthly benefits to its retirees for 50 years running. And despite the ongoing global economic problems, the IAM National Pension Fund remains on solid ground.

Through the National Pension Plan, employers can help provide retirement security for their employees covered by an IAM collective bargaining agreement.

Growth, Dedication and Financial Stability

I've been an Employer Trustee for 20 years, and I'm proud of my association with this Fund. I've seen it grow, in numbers of participants and retirees, in numbers of contributing employers, and in benefits paid out. Most importantly, I've seen the continuing dedication of the Trustees, the Fund staff and professional advisors to provide the best benefits possible while remaining financially stable.

As Trustees, we have had the pleasure of making Plan improvements when fiscally possible. But we have also had the responsibility to make difficult decisions along the way to ensure the soundness of the Fund far into the future.

We are committed to continuing to grow the Fund, to keep it solidly funded, and to provide retirement benefits to all of our participants for the next 50 years and beyond. You can do your part in securing your retirement future by negotiating a higher contribution rate. Rest assured, the Trustees will continue to do their part.



Burt Trebour
Co-Chairman of the Board of Trustees since 2001
Employer Trustee since 1990

1960s



HISTORIC MILESTONES)))

Origins

The IAM National Pension Fund was established by trust agreement effective May 1960 as the *IAM Labor-Management Pension Fund*. The Fund's mission then was as it remains today: to provide retirement and disability benefits, on a secure basis, for IAM-represented employees.

The new pension plan was established in part as a consolidation of pre-existing plans, so the earliest contributing employers actually began their participation before 1960 – some as early as 1958.



At the Helm

The first Fund Manager was Leslie Flinn, often referred to as Miss Flinn in the former IAM newspaper, *The Machinist*. At the start she worked under the direction of IAM automotive coordinator Howard Tausch and IAM research director Carl Huhndorff, who were the first-named union trustees. The first employer trustees were John J. Lane, vice president of Associated Transport, and Richard D. Quinn, industrial relations director of Capitol Records.

The Plan Evolves

5 key plan changes were made in the first decade, which:

- broadened eligibility
- liberalized vesting rules
- improved benefits

1963 1964 1966 1967 1969

NOTABLE CONTRIBUTING EMPLOYERS

The first contributing employers following the establishment of the IAM Labor-Management Pension Fund were:

- Associated Transport Co. Inc., active throughout the East
- Its subsidiary Brown Equipment & Mfg. Co.
- Capitol Records of Scranton, Pennsylvania and Hollywood, California

The earliest still-active employer is YRC Inc., formerly Yellow Freight System.

In 1961 UPS became a contributing employer for three Wisconsin locations, with a contribution rate of 10 cents per hour. Today that contribution rate is \$7.15 per hour.





HISTORIC MILESTONES))))

The Strength of the Plan

"In every case where locals and districts have converted to the international program, it has meant improved benefits for all covered employees....I have yet to see any small, locally administered plan that can bring as much for the same money as the IAM plan."

— William W. Winpisinger, November 1967

Then an IAM Vice President, Winpisinger served as the International President of the IAM from 1977 until his retirement in 1989. He served as Co-Chairman of the Board of Trustees of the IAM Labor-Management Pension Fund from 1966 to 1977.



"The Portable Pension"

In the fund's early days, most company pension plans had impossibly strict vesting rules, so that relatively few employees ever built up sufficient service to qualify for a pension (and there were no 401(k)s then). By contrast, the IAM Labor-Management Pension Fund labeled itself "the portable pension." A participant could build a service record by working for more than one contributing employer.

A front page story in the *Wall Street Journal* in 1966 on "the newest concept in pension plans" heralded the IAM Labor-Management Pension Fund as a leader in portable pension plans.

Pension portability remains a huge advantage for Fund participants. Of the Fund's current pensioners who were once covered employees, nearly 20% worked for more than one contributing employer, and receive a higher benefit as a result.

BY THE NUMBERS

At the beginning...

In 1961, the Fund covered 3,000 employees working for 90 employers; it paid \$18,000 in benefits. By 1962, the Fund covered 3,594 employees of 124 firms in 24 states. Pensioners already numbered 35 — nearly half receiving benefits of \$80 per month (equal to about \$568 in 2010 dollars).

In 1965, after five years of operation...

- ▶ More than \$7,000,000 in assets
- ▶ 20,000 participants
- ▶ 557 pensioners
- ▶ 700 contributing employers in 33 states

By decade's end...

- ▶ More than \$40,000,000 in assets
- ▶ 85,000 participants
- ▶ 2,500 pensioners
- ▶ 1,757 contributing employers in 40 states



External Influences

The Dawn of Pension Reform

The movement toward pension regulation began to take momentum in 1963, when the Studebaker Corp. closed its plant in South Bend, Indiana and terminated its underfunded pension plan. 4,000 pension-eligible employees were forced to settle for 15 cents on the dollar. Another 3,000 employees got nothing.

Changing the Law

Congressional action on reform began in the late 1960s, following Labor Department research uncovering such inconvenient truths as this: 75% of American workers covered at the time by private pension plans never collected a cent.

Comprehensive pension reform bills were introduced in 1968 in both the Senate and House of Representatives, but it would be six years and two presidential administrations before a law would be passed.

1970s



HISTORIC MILESTONES))))

New “Fund Administrator” in 1971...

In 1971, the Trustees of the IAM Labor-Management Pension Fund announced a new Fund Administrator: Frank Higgins, a New York City attorney. Higgins had an aerospace background and 25 years' experience with retirement plans. He accepted the position because of the Fund's **“fantastic growth and tremendous potential.”**

...And New “Fund Director” in 1979

The newly renamed IAM National Pension Fund got itself a new leader in January 1979 — Alan W. Skolnick, who had first joined the organization in 1976. The third person to direct the Fund, he retains the position of Fund Director to this day.

A Decade of Mergers

Throughout the Fund's history, many pension plans have merged into the IAM National Pension Fund. The 70s were the busiest decade for this activity — **16 plans** sponsored by companies or districts were brought under the control of the IAM National Pension Fund.



The Plan Evolves

70s modifications included:

- ▶ New minimum contribution levels
- ▶ Survivors' benefits (once referred to as “widows' benefits”)
- ▶ Additional joint & survivor forms of payment
- ▶ Liberalized vesting requirements

1972

1976

1978

Introducing the “IAM National Pension Fund”

A New Name, and Additional Pension Plans Under the Fund's Umbrella

As the Fund grew, it added component parts and got a new name.

1975

- ▶ *IAM Labor Management Pension Fund* is renamed *IAM National Pension Fund*
- ▶ An additional pension plan joins the fold when the former IAM Mid-Eastern Pension Plan becomes part of the IAM National Pension Fund

1977

- ▶ The CMTA-IAM Pension Fund joins the IAM National Pension Fund

The individual pension plans under the IAM National Pension Fund umbrella retained separate identities for another decade and a half, under a lineup of alphabetic names — roughly, Plans A, B, and C, and CMTA.



NOTABLE CONTRIBUTING EMPLOYERS

New Frontiers: The Pension and the Airline Industry

In 1970, the IAM Labor-Management Pension Fund had an early victory in the airline industry when 500 mechanics and ground service employees at Frontier Airlines ratified a three-year agreement including the pension. According to *The Machinist*, this came right after 50 members at Peruvian Airlines came under the Plan.



Photo: Sal Veder/AP



External Influences

ERISA

The Employee Retirement Income Security Act of 1974 was heralded in *The Machinist* newspaper as "a quiet revolution" in American industry. This comprehensive pension reform legislation was signed into law by President Gerald Ford on September 2, 1974 — Labor Day.

More than seven years in the making, the extensive law established standards for employees' non-forfeitable right to benefits, their rights to participate in pension plans, how plans must be funded and managed, and many other provisions. The law has been revised repeatedly in subsequent years.

ERISA also required that plan participants be provided descriptions of their benefits in simple, easy-to-understand language — a standard which the Fund has always worked hard to meet.

Insuring Pensions through the PBGC

A key provision of ERISA established the Pension Benefit Guaranty Corporation (PBGC), which insures benefits of participants in defined benefit pension plans, thus guaranteeing a level of benefits for participants in underfunded terminated plans. The PBGC currently guarantees payment of pensions earned by some 44 million workers, and retirees in nearly 30,000 private defined benefit plans, including the National Pension Plan.

BY THE NUMBERS

Between the Fund's beginning and 1973...

- ▶ Benefit levels up 35%
- ▶ Service requirements down 33% — vesting requirements went from 15 years to 10

1979's Vital Stats

- ▶ Nearly \$340,000,000 in assets — up eightfold since 1969
- ▶ More than 130,000 covered members
- ▶ 20,000 pensioners
- ▶ 2,500 contributing employers

1980s



Photo: Sue Ream



HISTORIC MILESTONES)))

A “DC” Plan Joins the Family

In 1982, the IAM National Pension Fund established a defined contribution plan, the *Individual Account Plan*, designed as a place for participants to save “severance benefits or supplemental pension, disability and death benefits” based on employer contributions. This new plan was the forerunner to the IAM National 401(k) Plan, introduced in 2001.

A \$1 Billion Birthday

In 1985, the IAM National Pension Fund observed its 25th birthday in a big way: the Fund’s assets reached \$1 billion that year. It would take much less than another 25 years to add the next billion (and the next and the next, etc.).

The Plan Evolves

Numerous participant-friendly changes were made in the 1980s:

- ▶ Easier eligibility for disability pensions
- ▶ Broadened spousal and survivor benefits
- ▶ New service allowances for childbirth/childcare absences
- ▶ Five-year vesting introduced: participants eligible for benefits after five years of service
- ▶ Across-the-board benefits increase

1981 1983 1985 1986 1987 1988 1989



Spotlighting Education

In 1988, Fund Trustees established the Education Committee to direct the increasingly important task of providing participants, employers, and IAM representatives with information about the Fund. This marked the beginning of a concentrated focus on educational outreach that continues to this day, now provided by the Fund’s Education and Communication Department.

Early Examples of the Education Committee’s Work

1988

- ▶ The first pension program at the Winpisinger Center at Placid Harbor

1989

- ▶ The introduction of *Your Future Your Choice*, the Fund’s pension newsletter for IAM reps, now also distributed to contributing employers

“As Trustees, we feel it’s our responsibility to provide our members with information — not only about the plans offered through the IAM National Pension Fund, but about retirement in general and the need to prepare for it.”

—Tom Ducey, March 1989

Tom Ducey was then Co-Chairman of the Board of Trustees of the IAM National Pension Fund and General Secretary-Treasurer of the IAM



NOTABLE CONTRIBUTING EMPLOYERS

A Cold One

In 1980, the Miller Brewing Company became a contributing employer for its Albany, Georgia location, where there are today 445 participants in the National Pension Plan. Now MillerCoors, with multiple participating groups nationwide, this company has been a contributing employer since the Fund's beginning.



Dyncorp

In 1988, when Dyncorp assumed the service contract at Alabama's Fort Rucker, it became the largest contributing employer to the Fund. Dyncorp was already a contributing employer to the Fund at the time and today has nearly 60 participating locations nationwide. The Fort Rucker location has been in the Fund since 1976 under various names and contractors. Army Fleet Support is the current service contractor, with 3,257 participating IAM members.



Photo: Boffy b



External Influences

"MPPAA"

The Multiemployer Pension Plan Amendments Act of 1980 (MPPAA) was enacted by Congress to protect multiemployer plans from adverse consequences if contributing employers terminate their participation without paying a share of any unfunded vested benefits the plan may have. The law mandated *withdrawal liability* for employers withdrawing from a plan with unfunded vested benefits.

The Birth of the 401(k)

Congress added "Section 401(k)" to the Internal Revenue Code in 1978, but the applicable law didn't take effect until 1980: employees would be permitted to defer part of their pay tax-free into retirement savings accounts — accounts which would soon be known as 401(k) plans. These defined contribution savings plans took off almost immediately, and the numbers of defined benefit plans plummeted (particularly plans sponsored by single employers).

The Retirement Equity Act of 1984

Among other things, this law required defined benefit plans to provide benefits to surviving spouses of deceased plan participants — thus extending pension protection where it was greatly needed. The IAM National Pension Fund already offered a spousal pension option and pre-retirement death benefits at the time.

BY THE NUMBERS

Good News and Not-Good News

The Fund's assets grew at a rapid pace over the decade — from \$340 million in 1980 to more than \$1.5 billion in 1989. But the 1980s were a decade of contraction as well as growth. After 20 years of expansion, the Fund experienced a sharp and sustained drop-off in the number of participants and contributing employers:

- ▶ Contributing employers dropped from more than 2,800 in 1980 to around 1,600 in 1989.
- ▶ From nearly 120,000 in 1980, the participant count dropped to 62,000 in 1989.

These declines continued into the 1990s. They came at economically troubled times and were inextricably linked to similar declines in IAM membership. By 1994, the Fund's contributing employer and membership rolls were rising again and the Fund grew stronger than ever.

"Our history during the 1980s, when we lost participants and employers, serves as a reminder — the IAM National Pension Fund has weathered tough times before and come out of them even stronger."

— Fund Director Alan W. Skolnick

1990s



HISTORIC MILESTONES))))

Introducing the “National Pension Plan”

On January 1, 1991 the Fund merged its three component pension plans together and formed the National Pension Plan.



Early Retirement with Full Benefits

Two highly significant plan changes in the 1990s enabled eligible participants to retire early with no reduction in their pension benefits. Thousands of participants have taken advantage of these provisions in the years since.

1994

- ▶ **62/20** – unreduced benefits at 62 years after 20 years of service

1996

- ▶ **30 and Out** – unreduced benefits at any age after 30 years of service

The Plan Evolves

In addition to 62/20 and 30 & Out, 1990s Plan changes covered:

- ▶ Elimination of 30-year service cap in calculating pensions
- ▶ Pension increases for pensioners and beneficiaries
- ▶ Benefit increases
- ▶ Eligibility terms liberalized
- ▶ Age reduction removed for disability pension

1993 1994 1996 1998 1999



NOTABLE CONTRIBUTING EMPLOYERS

Bath

Bath Iron Works became a contributing employer in 1994. With 6,000+ IAM-represented employees, it became the Fund's largest contributing employer.

Electrolux

Electrolux Home Products became a contributing employer for its IAM-represented employees in 1995. The firm's Plan participants now number 1,200+.



HISTORIC MILESTONES)))

A New Home

In 1994, the IAM National Pension Fund moved from offices it had occupied since 1973 and into new headquarters at 1300 Connecticut Avenue, Washington, DC, where it remains today.

www.IAMNPF.org

The Fund launched its website in 1999. Then as now, one of the key features of the site was the pension calculator permitting users to model benefits under the National Pension Plan. The calculator was originally developed in 1996 and was housed in kiosks at the Fund office and the Winpisinger Center.

Big Mergers

Things had been quiet on the merger front throughout the 80s but heated up again in the 90s, with these plans merging into the IAM National Pension Fund:

- ▶ Die-Sinkers Pension Plan and Trust
- ▶ Motor Car Dealers Assoc. of Greater Kansas City and Union Pension Plan and Trust
- ▶ Muskegon Area Patternmakers
- ▶ District Lodge 15 Pension Plan (completed 2003)
- ▶ Pattern Makers' Pension Trust Fund

1999: World population hits 6 billion



2 BY THE NUMBERS

Explosive Asset Growth

The Fund passed **\$3 billion** in assets in 1995.
By 1999: **\$5.6 billion**.

Participation Turns the Corner

The 1980s erosion in numbers of participants and contributing employers continued into the early 1990s, bottoming out in 1993 – around 45,000 participants and 1,300 employers. By decade's end, those counts were back up: 80,000 active participants and 1,500 contributing employers.



External Influences

Focus on Funding

The Retirement Protection Act of 1994 required single-employer plans to advise employees of under-funding problems in their plans. In addition, the law increased the variable premiums that severely at-risk single-employer plans must pay to the PBGC, the federal body that insures private pensions. As a multiemployer plan, the National Pension Plan pays the lower flat-rate premium that is assessed to all multiemployer plans.



2000s



HISTORIC MILESTONES))))

A New 401(k) Plan

In 2001, the Trustees of the IAM National Pension Fund replaced the IAM National Individual Account Plan with a new supplemental plan for savers: the IAM National 401(k) Plan. Participation is open to IAM members who already participate in the National Pension Plan or another “DB” plan – which is only appropriate given that 401(k)s are *savings plans*, not pension plans. By decade’s end, more than 20,000 employees working under IAM collective bargaining agreements were among the IAM National 401(k) Plan’s eligible participants.



The Plan Evolves

Plan changes in the decade included:

- ▶ Increase in benefits for pensioners and beneficiaries
- ▶ Retroactive benefits for disability pensioners
- ▶ Plan participation opened to non-bargaining employees
- ▶ Death benefits for unmarried participants

2001

2003

2007

NOTABLE CONTRIBUTING EMPLOYERS

Influx of Government Service Contract Participants

This decade saw a strong uptick in the numbers of Plan participants who are employees of government service contractors – both of existing contractors such as Dyncorp and Army Fleet Support and new ones like L-3 Communications, T-Square, Ahntech and Triad Logistics. Other contractors who are contributing employers to the Plan include Government Contracting Resources Inc., Creative Management Technology Inc., Del-Jen Inc., Sikorsky Support Services and many more.

- ⚙ Approximately 17,000 IAM-represented employees at service contractors are participants in the National Pension Plan
- ⚙ They work at approximately 200 contractor-employer locations nationwide, for some 70 separate companies – and growing.

The Air Decade

Even before 2000, firms in the airline and aerospace industries had been a key presence among the Fund’s lineup of contributing employers. But large companies in these fields joined the National Pension Plan in significant numbers during this decade, and continue to be a strong focus for the Fund.

- 2003 US Airways
- 2005 Spirit Aerosystems (formerly part of Boeing Commercial Aircraft)
- 2006 United Airlines
- 2007 Northwest Airlines

In the case of United Airlines: When this company emerged from bankruptcy in 2006, IAM-represented employees were its *only* union workers to have a “DB” pension plan.



HISTORIC MILESTONES)))

Maintaining an Open Door

In 2003, to protect its long-term funded status, the Fund instituted a lower benefits schedule for employees of employers who joined the plan beginning April 1, 2003.

In addition to further protecting the pensions of all its participants and pensioners, this prudent move permits the Fund to maintain an open-door policy for new companies seeking to become contributing employers on behalf of their employees covered by IAM collective bargaining agreements.



Photo: Jim Cole/AP

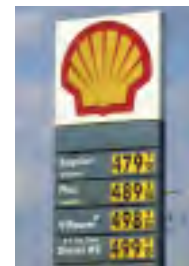
BY THE NUMBERS

Net Growth Over the Decade

- ▶ Assets grew from \$6 billion to \$7.3 billion — not bad considering the effects of the “dot-com” bust in the early years of the decade and the substantial losses of 2008
- ▶ Participants up from 80,000 to 104,000

Contribution Rates March Upward

The average employer contribution rate hit \$1.00 per hour in 2001. By the end of 2009, this average was up to \$1.60.



External Influences

The Pension Protection Act of 2006 (PPA): A New Era

The PPA was the most significant and sweeping overhaul of pension law since ERISA. Taking effect in 2008, its principal provisions affecting defined benefit plans imposed strict new rules on funding and disclosure.

For multiemployer plans like the National Pension Plan, the PPA establishes new classifications of underfunding, which have become known as the “yellow zone” and the “red zone,” and mandates specific corrective steps for any plans that might fall in these categories. If a plan’s funded status is such that it doesn’t fall in either PPA category of underfunding, pension professionals say the plan is in **the green zone**. This is where you will find the National Pension Plan.

Economic Downturn

The recession that rocked global markets and economies beginning in December 2007 is said by many economists to have ended in the U.S. by July 2009. Its painful effects, however, will continue to be felt for years to come (10%+ unemployment will do that).

Like most investors, the IAM National Pension Fund suffered investment losses in 2008, just as it did in past downturns. But those losses *in no way* threatened the Fund’s ability to keep its commitment to pay benefits. And as it happens, 2008’s weak numbers for the Fund were followed by very strong investment performance in 2009 — one of the Fund’s best years ever.

One good year can’t erase the downturn’s residual problems, but it doesn’t hurt. A few key facts bear repeating...

- ▶ No pensioner has ever missed a check in the Fund’s 50 year history.
- ▶ In good times and bad, the Fund’s hands-on Trustees exercise prudent leadership on behalf of the Fund’s participants and retirees.
- ▶ The Fund’s Trustees, Director, staff, and professional advisors remain deeply committed to the Fund’s mission of providing the best possible pension benefits, on a secure basis, for current and future participants. This has been true for 50 years, and will continue to be true.



Looking Ahead



While we celebrate 50 years of improving the retirement years of tens of thousands of IAM-represented employees, we are also looking toward, and planning for, the next 50 years.

As we've said before, but we can't say it enough, the IAM National Pension Fund is committed to delivering the best pension benefits possible, on a secure basis, for the contribution rates negotiated under IAM collective bargaining agreements. Over the years, to ensure that this commitment continued to be met, the Fund's Trustees have occasionally had to take precautionary actions, such as the addition of a second, lower benefits schedule in 2003. The Trustees are prepared to do so again, as circumstances may warrant.



Our strong asset base, ongoing positive investment returns and employer contributions enable the Plan to continue to provide:

- ▶ **Known, monthly benefits *for life*.** Once you retire and begin to receive your defined benefit pension from the Plan, you will receive the same monthly benefit, on time, for the rest of your life.
- ▶ **Early retirement options.** With 30 and Out, you can retire at any age and receive an unreduced monthly pension once you have 30 years of service. Under the 62 and 20 provision, you can retire at age 62 and receive an unreduced monthly pension once you have 20 years of service. And, of course, you can retire as early as age 55 with at least five years of service and receive a reduced monthly pension.
- ▶ **Portability.** You can continue earning pension benefits without interruption if you move from one contributing employer to another. You can find a complete list of contributing employers, including government service contract holders, at www.iamnpf.org. Click on *Employers* at the top of the page and then *Contributing Employers* at the left.
- ▶ **Flexible payment options.** Although the Plan pays you monthly benefits for life, you may also want to provide for your spouse or other beneficiary. Your choice of payment options allows you to do so.

Solid Performance

Although the Fund's investments, like those of everyone in the stock market, took a tumble in 2008, we have begun to recover as demonstrated by our average annual return on investments through 2009.

One Year	Five Years	10 Years	15 Years	30 Years
20%*	5.55%	6.32%	10.83%	11.42%



*Based on estimated figures for 2009.

The Benefits of Planning — Creating a Financial Plan for Retirement

How much money will you need each month in retirement?

Where will that money come from?

How long are you going to need it?

The answers to those questions will depend on your overall financial situation at retirement, your lifestyle, your health, your age. And, your answers are likely to change as you move closer to retirement.



National Pension Plan. Participating in a solid defined benefit pension plan like the National Pension Plan is a good starting point, but you may want to consider negotiating an increase in your contribution rate from time to time (see the article on page 14 to understand why).

Social Security. Factor in Social Security, and bear in mind that your benefit will be equal to about 30% of your final pay, depending on your income over your career. Most readers of this magazine will not be able to get their full benefit until at least age 66, so you may have to wait to collect this benefit (reduced benefits are available at age 62). Be sure to review the statement you get from Social Security each year and visit the program's website at www.ssa.gov.

Additional Savings. Determine if there is a gap between what you're going to get and what you think you'll need. If you're like most people, there will be. In addition to negotiating a higher contribution rate in the National Pension Plan, you may want to make tax-deferred contributions to a 401(k) or IRA. Learn about the IAM National 401(k) Plan on page 15.

One more important thing: it's best to have a plan — on paper. In addition to covering the financial preparedness issues detailed above, give some thought to related matters like insurance, healthcare options, and estate planning.

Maintaining Your Lifestyle in Retirement — One More Benefit of the National Pension Plan

Over 77,000 retirees and beneficiaries are currently receiving benefits from the National Pension Plan, totaling over \$400 million each year.

Despite the recent global recession and financial turbulence, their monthly benefits remained the same and arrived on time. They did not have to worry about “making do” with less or rethinking their retirement plans.

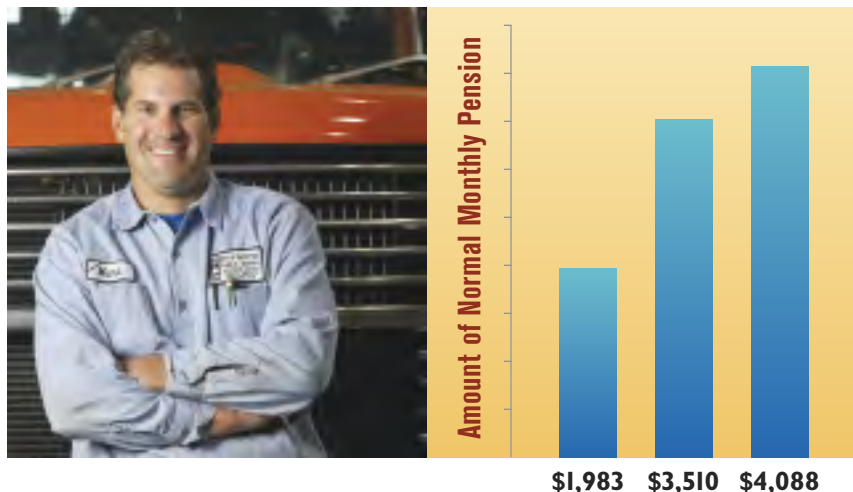
Participating in the National Pension Plan is the best way to assure that you won't be forced to adjust your retirement plans if there is an economic downturn right before you retire, which can, and did, happen to many American workers whose only retirement plan is a 401(k) plan.



A Little Bit More Today Can Mean a Whole Lot More Tomorrow

You've taken the first and very important step toward planning for your retirement by participating in the National Pension Plan. But don't stop there. As you negotiate your next contract, consider how negotiating an increase in your contribution rate can affect the amount of your pension at retirement.

The Effect of Contribution Rate Increases



Mike is a new participant in the Plan. If his negotiated hourly contribution rate is \$1.50, after 30 years he would earn a normal lifetime benefit of \$1,983 per year (based on \$66.08 per month per year of service).

Add in another dime per hour each year and that normal monthly benefit grows to \$3,510 – that's an increase of \$1,527 per month, for just that extra dime.

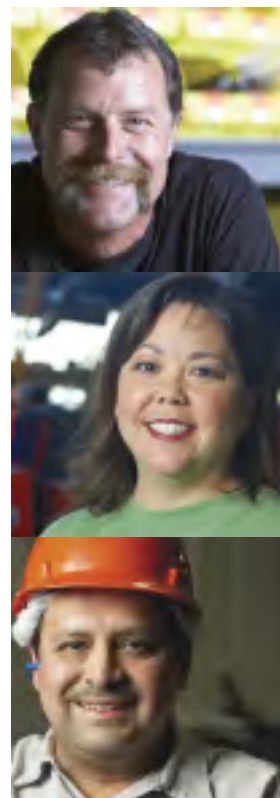
Better yet, add 25 cents per hour in the first year of each new three-year contract, and add an extra dime in the other two years. Mike's new monthly benefit at retirement would be \$4,088, *for life*.

See how a modest increase at contract renewal time can pay off when it's time to retire.

It's never too early to start the planning process. Don't find yourself caught short when you're ready to move on to the next stage of your life. Negotiate a higher contribution rate in your next contract!

Multiemployer vs. Single Employer – Judge for Yourself

Feature	Multiemployer (NPP)	Any Single Employer
Number of contributing employers	1,750	One
Health of plan depends on one employer or industry or geographic region	No	Yes
Benefits can go with you (portability)	Yes	No
Pension continuity for service contract employees	Yes	No
Joint Board of Trustees – IAM and contributing employers	Yes	No
Easy administration	Yes	No
Separate PBGC premium	No, included in contribution	Yes



Dollar for Dollar, the National Pension Plan Beats a 401(k) Plan Hands Down

Look at what the same amount of money gets you if you participate in a 401(k) plan or the National Pension Plan. Which would you rather have as your primary retirement plan?

401(k) Plan

A monthly benefit of \$788 for 22 years

or

National Pension Plan

A monthly benefit of \$1,322 for life



Here's how those numbers were calculated:

	401(k) Plan	National Pension Plan
Contribution	\$1.50 per hour — \$3,120 per year	\$1.50 per hour — \$3,120 per year
Earned Interest Rate	6% per year, each year	Not applicable
Years of Contributions	20	20
Monthly Income at Retirement	\$788 — monthly benefit from account balance of \$120,648.88. Assumes balance continues to earn 6% each year; no pre-retirement withdrawals	\$1,322 — \$66.08 times 20 years = \$1,321.60
Length of Time Benefits are Paid	22 years, until savings are exhausted	For life

The same benefit goes further with the National Pension Plan than with a 401(k) plan. You can't get a comparable benefit with a 401(k) unless you achieve a consistent annual rate of return of 9%, each and every year. Even then, it would run out after 22 years.

But if You Want to Supplement Your National Pension Plan Benefit, Look No Further Than the IAM National 401(k) Plan



Despite its shortcomings as a *primary* retirement vehicle, a 401(k) plan is a great way to *supplement* your pension.

- ▶ Reduce your taxes through before-tax 401(k) contributions
- ▶ Tax-deferred compounding helps your account grow faster
- ▶ Managing your account is easy via toll-free voice response service or 24-hour secure online service
- ▶ Talk to your IAM representative to learn how to participate



Thanks to All of the Trustees Who Managed the Fund 1960-2010

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THE NATIONAL IAM BENEFIT TRUST FUND

Offering Comprehensive, Affordable Health Coverage



As a participant in the National Pension Plan, you don't have to worry as much about your future financial situation. But if you aren't also participating in the National IAM Benefit Trust Fund, you could be spending more money on the cost of health care than you need to.

Negotiating the Benefit Trust Fund into your collective bargaining agreement is a great way for you, and your employer, to save money on this important benefit.

How are we able to keep our costs reasonable?

Unlike insurance companies, the Fund doesn't have commissioned sales people or large overhead to finance. And the Fund doesn't have shareholders expecting to see a return on their investment. As a result, more of the Fund's income goes directly toward coverage for Plan participants.

IAM members who negotiate the Benefit Trust Fund into their collective bargaining agreements can enjoy:

- One of four medical plans that offer access to over 1,400,000 CIGNA "Open Access Plus" providers and wellness/preventive care without a deductible
- Medical coverage that includes a prescription drug program through CVS Caremark, including a convenient mail order program
- A variety of extra programs, like Healthy Rewards, which provides discounted wellness programs; Wellaware, which helps participants manage chronic conditions; a Hospital Comparison tool, which makes choosing the right hospital an easier task; and a 24-hour information line
- One of nine dental plans administered by Delta Dental Insurance Company, the largest dental network in the country
- One of four vision plans in which participants can use any service provider
- Short-term disability and life and AD&D coverage if one of the four medical plans is negotiated into your collective bargaining agreement

"The Benefit Trust Fund plans provide tremendous value and if you're a smaller company wanting to provide big-time benefits to your employees without going broke, it's an excellent plan, of excellent value. I enrolled myself, I liked it so much."

*Marc Krattenstein, VP of Sales and Marketing, Norco, Inc.
Contributing employer since January 1, 2010*



For more information,
visit our website
at www.iambtf.org.
Or call the Fund office
at 1-800-457-3481.



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Special thanks to these additional people
for their assistance in this publication and
service to the educational mission of the
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