

VI. PREFERRED SCHEDULE

This is the Preferred Schedule for the National Retirement Fund's Rehabilitation Plan. The Preferred Schedule will apply to participating Employers and Unions that have adopted it.

A. Contributions Rate Increases

The Preferred Schedule requires annually compounded contribution rate increases as set forth below. The appropriate rate from the below chart is to be compounded annually as of the first anniversary of the contribution rate increase during the term of the bargaining parties' collective bargaining agreement.* The contribution rate increase is to be applied to an employer's existing contribution rate for existing collective bargaining agreements expiring, re-opened, or renewed in the calendar quarter of the year noted.

For example, if the bargaining parties to XYZ CBA adopt the Preferred Schedule on September 1, 2010, the 6.5% contribution rate increase would apply to the XYZ CBA for contributions made into the Fund subsequent to September 1, 2010. On September 1, 2011, another 6.5% increase would be added on top of the already increased contribution rate. A 6.5% increase would be added on each September 1st thereafter, for the life of the XYZ CBA. At the expiration of the XYZ CBA, it is anticipated that the 6.5% annually compounded increase will continue for the term of the renewed XYZ CBA (and any renewals thereafter until 2019). The Board, however, has the ability to change the contribution rate increase at the expiration of the XYZ CBA depending on the Fund's experience under the Rehabilitation Plan. Under this Preferred Schedule example, the employer would have been paying the 5% automatic surcharge beginning June 1, 2010 through the adoption of the Preferred Schedule on September 1, 2010.