



**CARPENTERS PENSION FUND OF ILLINOIS**  
**CARPENTERS RETIREMENT SAVINGS FUND OF ILLINOIS**

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**MEMORANDUM**

Date: August 2013

To: All parties to the Carpenters Pension and Retirement Savings Funds of Illinois  
Attn: Payroll Department, Estimators, and Superintendents

From: Debbie French  
Contributions & Collections Manager

Re: Collective Bargaining Agreement Reporting Requirements

**THIS CORRESPONDENCE CONTAINS IMPORTANT INFORMATION GOVERNING  
CONTRIBUTING EMPLOYER'S REPORTING OBLIGATIONS TO THE  
CARPENTERS PENSION AND RETIREMENT SAVINGS FUNDS OF ILLINOIS.**

For many years, the Carpenters Pension and Retirement Savings Funds of Illinois have operated a payroll compliance audit program. The Board of Trustees of the Funds instituted the audit program in an effort to comply with their fiduciary obligations under the *Employee Retirement Income Security Act*. The payroll compliance audit program is designed to (1) establish a systematic method to collect contributions, (2) put employers on notice that the Funds are monitoring contributions, (3) assist new employers with contribution remittance, and (4) help eliminate the unfair competitive advantage in labor costs enjoyed by the occasional delinquent employer. In an effort to meet these goals, the payroll compliance audit program allows for three types of audits, namely: new employer audits, random audits, and priority (or *for cause*) audits.

In the last several years, the Funds' auditors have performed payroll compliance audits which revealed that contributing employers have reported contributions directly to certain employee's **home** benefit funds instead of remitting such contributions to the funds designated in the respective collective bargaining agreement. In some cases, the audits disclosed that contributing employers remitted home fund contribution rates (rather than the rates in effect in the area where the work was performed). These audits resulted in substantial audit findings (which included liquidated damages, audit costs, and attorney's fees), because the collective bargaining agreement specifically required the employer to remit contributions to the employee benefit plans set forth in the local agreement (*i.e., the agreement governing the work*).

**Contributing employers can avoid the substantial audit findings, liquidated damages, attorney's fees, and audit costs by reporting contributions as required by the collective bargaining agreement.** Depending on the applicable collective bargaining agreement, a contributing employer may very well have an obligation to remit pension and retirement savings contributions directly to the Carpenters Pension and Retirement Savings Funds of Illinois as a **home** fund, but may also be required to remit other contributions (for example, health and welfare contributions, apprenticeship and training

contributions, union dues, check off, and other contributions) to designated funds or entities in the area where the work is performed. **As a result, contributing employers should be ever vigilant of their reporting obligations and the fact that reporting certain pension, retirement savings, or welfare contributions to a “home” fund may not relieve the contributing employer of its obligation to remit other contributions to certain designated funds or entities where the work is performed.**

Also, please remind each of your company’s employees that reciprocal transfer requests should be completed to ensure that pension, welfare and annuity contributions are ultimately transferred to your employees’ home funds. Generally, if each of your employees comply with the local reciprocal rules, then the contributions will be transferred to the employee’s home benefit funds.

Lastly, this notice and reminder is not applicable to some collective bargaining agreements, such as international agreements, which expressly permit certain pension, welfare and annuity contributions to be remitted directly to the applicable employee’s home fund. However, in the event that your company elects to remit certain pension, welfare and annuity contributions permitted by an international agreement, compliance with the reporting provisions of the international agreement is still required (*e.g., your company may need to provide notice to a local union or the away funds that your company has opted to report contributions directly to a home fund and pay certain fringe benefits, including dues, training contributions, etc. to the funds in the area where you work*). Please also be mindful of the required contribution rate under the international agreements. In particular, the Funds have noticed that contributing employers who opt to pay contributions directly to the home funds incorrectly pay the home fund rates rather than the away fund rates due under the agreement. **PAYMENT OF INCORRECT “HOME FUND” RATES (RATHER THAN THE CORRECT “AWAY FUND” RATES) HAS LEAD TO SUBSTANTIAL AUDIT FINDINGS.**

Thank you in advance for your assistance and cooperation with respect to the matters discussed herein. Should you have any questions, please do not hesitate to contact me at (630) 845-3551 or Fund Representative Jerry Thomas at (630) 845-3547.