

**MICHIGAN CARPENTERS'
FRINGE BENEFIT
FUNDS**

**EMPLOYER
HANDBOOK**

www.michigancarpenters.org

Revised February 2003

**IMPORTANT NOTICE TO ALL EMPLOYERS
CONTRIBUTING TO:**

**MICHIGAN CARPENTERS'
HEALTH CARE FUND**

**MICHIGAN CARPENTERS'
PENSION FUND**

**MICHIGAN CARPENTERS'
ANNUITY FUND**

**MICHIGAN CARPENTERS'
APPRENTICESHIP & TRAINING FUND**

INTRODUCTION

The Trustees of the Michigan Carpenters' Fringe Benefit Funds are pleased to provide you with this Employer Handbook. This book is intended to provide a summary of the rules and regulations of the various Funds. Every effort has been made to guarantee the accuracy of the information contained in this Handbook. However, if statements in this book differ from the rules and policies found in the applicable Fund documents, the terms and conditions of the Fund documents will control.

DISCLAIMER

THIS BOOK IS NOT A CONTRACT. IT IS NOT INTENDED TO GIVE LEGAL ADVICE REGARDING YOUR OBLIGATIONS UNDER YOUR COLLECTIVE BARGAINING AGREEMENT, THE TRUST AGREEMENTS, OTHER PLAN DOCUMENTS, OR ANY OTHER MATTER. YOU SHOULD CONSULT WITH AN ATTORNEY IF YOU WISH TO RECEIVE LEGAL ADVICE.

The Funds are managed for the Trustees by:

**TIC INTERNATIONAL CORPORATION
6525 CENTURION DRIVE
LANSING, MI 48917**

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YOUR RESPONSIBILITY AS A CONTRIBUTING EMPLOYER

In agreeing to make fringe benefit contributions on behalf of your employees, you have undertaken an important responsibility that will benefit your employees and their families. Congress has determined that the operation of benefit and welfare plans such as these Funds shall be strictly regulated. The Funds are therefore required to establish and enforce rules that govern the payment of contributions. The rules must be enforced in a thorough and consistent manner. Contributing employers are responsible to know and follow all of the rules that the Funds have adopted. These include the Rules and Policies adopted by the Joint Delinquency Committee for the Funds. You may obtain a copy of the Rules and Policies from the administrative office. There is no legal excuse for failing to follow the rules. The Trustees for the Funds are not interested in pursuing contribution violations. The Trustees want to see all contributing employers follow all rules, and therefore want to do everything possible to help contributing employers understand the rules. For this reason, the Trustees have prepared this Employer Handbook for the purpose of explaining the rules and helping contributing employers understand and follow the rules. Questions about the rules should be directed to the Funds' administrative office. If this Handbook is in any way inconsistent with the rules adopted by the Funds, the rules shall control.

AGREEMENTS

Federal law requires that all fringe benefit contributions must be made pursuant to a written agreement. **Oral agreements regarding the payment of Fringe Benefit Contributions are not legal and will never be followed.** You are responsible to make sure that your company has a union contract covering all work for which you make contributions. If you make contributions without a contract, your contributions will be held in escrow and cannot be credited to your employees. This can create serious problems for your employees, including the loss of health care coverage. You are responsible to keep copies of all of your collective bargaining agreements and you must provide those copies to the Funds upon request so that the basis for your contributions can be confirmed.

HOW TO CONTRIBUTE TO THE FUNDS

You make contributions to the Funds by mailing a completed Employer Contribution Reporting Form and a check for the amounts due to the Depository Bank. A blank Employer Contribution Reporting Form is provided with this Handbook. The form is used for several types of work and/or geographical areas that are designated by sections. If you are not sure which section you should select, please obtain the correct information from the local union in whose jurisdiction the work is performed, your employer association, or the Fund Office. For your convenience, addresses and telephone numbers of local unions, employer associations and the Fund office are provided in this Handbook.

You are required to file a contribution reporting form for each work month during which you are a signatory to a collective bargaining agreement with the MRCC, regardless of whether your employees performed covered work during the month. **THERE ARE NO EXCEPTIONS TO THIS RULE.** After your first contribution is received, as a convenience to you, the Funds will mail this form to you monthly with most of the information filled in. Prior to that time, you are responsible to obtain and file the correct monthly report.

As a convenience to employers, the Funds have established procedures that will allow you to file your reports by fax or e-mail and pay contributions by wire transfer. Employers who are interested in using these procedures should contact the Fund Office for details. Any form that is filed electronically shall have the same effect as a paper form bearing an original signature.

If you fail to file an Employer Contribution Reporting Form or fail to pay contributions that are due, you will be included in a list of employers who have failed to file reports or have failed to remit contributions. This list will also include the names of employers who have not contested payroll audit results that show that the employer is delinquent in remitting contributions and/or assessment amounts, as well as employers against whom the Funds have obtained a Judgment. This list will be prepared on a monthly basis and will be provided to other signatory contractors and representatives of the Union in order to encourage compliance with the fringe benefit provisions of the collective bargaining agreement.

In becoming a signatory to a collective bargaining agreement, you have acknowledged the publication of this list and you have further agreed to indemnify and hold harmless the Fringe Benefit Funds, the Union and the Employer Association for any damage caused by the publication of this list.

If your employees perform no carpentry work during the month, please check the appropriate box on the Form so the Fund Office will be aware that your company was inactive during that month and so that you will not be listed as a delinquent employer. If your company completes all scheduled work in a specific area, please check the appropriate box. In that case, you will no longer receive pre-printed forms for that area.

Please report only one month's contributions on each form. Eligibility for health care benefits is based on the number of hours worked on a month-by-month basis.

Follow the directions for completing the contribution report that are found on Page 4 of the form. If you have any questions, please contact the Fund Office.

In order to comply with Internal Revenue Service regulations and maintain the tax-exempt status of the Fund, the Pension and Annuity Funds are required to keep a record of gross wages earned by each participant in each Fund. You must provide that information on the contribution form.

The contribution form, the deposit slip on Page 4 of the form, and your check should be mailed to:

Michigan Carpenters' Fringe Benefit Funds
Department 77878
P. O. Box 77000
Detroit, Michigan 48277-0878

REQUIRED CONTRIBUTIONS

Contributions must be paid for every hour of carpentry work performed by your employees. This includes all carpentry work performed by journeymen, apprentices, temporary employees, part-time employees, probationary employees, students, and employees who also perform work at other trades. It does not matter that the person who performs the work is an owner, relative of the owner, corporate officer or a shareholder. **It does not matter whether the person is a member of the union.** If a person works for you as a carpenter in any of the branches of the trade, contributions must be made for all hours that the person works. **There are no exceptions.**

Contributions are to be paid from the first hour the employee performs carpentry work. **There is no probationary period for contributions.**

CONTRIBUTIONS FOR YOUR EMPLOYEES WORKING AT THE CARPENTRY TRADE

You must pay contributions for employees working at the carpentry trade based on the number of hours that each employee works.

You are responsible to keep accurate, verifiable payroll records. If you fail to do so, it shall be conclusively presumed that the employees worked at least 40 hours per week.

CONTRIBUTIONS FOR SOLE PROPRIETORS AND PARTNERS WORKING AT THE CARPENTRY TRADE

Contributions shall be paid to the Health Care, Apprenticeship, Dues and Industry Advancement Funds based on the number of hours actually worked.

The Funds consider sole proprietors and partners to be owners and not employees. Federal Law prohibits owners from receiving pension or annuity benefits from the Funds. Contributions to the Pension and Annuity Funds for sole proprietors and partners will not be credited and therefore are not required.

You are responsible to keep accurate, verifiable payroll records for sole proprietors and owners working at the trade. If you fail to do so, the Funds shall be entitled to presume that the sole proprietor or owner worked at least 40 hours per week.

CONTRIBUTIONS FOR LIMITED LIABILITY COMPANY (LLC) MEMBERS WORKING AT THE CARPENTRY TRADE

LLC Members who are also employees are entitled to participate in the Pension and Annuity Fund. The Funds have adopted rules regarding the classification of LLC members. The Funds consider LLC members who receive an IRS Form W-2 from the LLC to be employees. The Funds consider members who do not receive an IRS Form W-2. (The best example being members who receive an IRS Form K-1) to be owners. The rules for sole proprietors and partners apply to such persons.

Contributions for LLC Members who are also employees shall be paid to all Funds on the number of hours actually worked.

Pension and Annuity Fund contributions will not be credited for LLC members who are considered to be owners and therefore are not required. Contributions are required to all other Funds based upon the number of hours actually worked by owners.

You are responsible to keep accurate, verifiable payroll records. If you fail to do so, the Funds shall be entitled to presume that the sole proprietor or owner worked at least 40 hours per week.

CONTRIBUTIONS FOR EMPLOYEES NOT WORKING AT THE CARPENTRY TRADE

HEALTH CARE FUND – Employees who do not perform covered work may participate in the Health Care Fund if you elect to contribute on their behalf. Contributions for such employees shall be at the rate of 160 hours per month.

PENSION & ANNUITY FUNDS – Employees who do not perform covered work cannot participate in the Pension and Annuity Funds unless they qualify as “Bargaining Unit Alumni.” That means they must have previously earned a Year of Service under the Pension and Annuity Plans while performing carpentry work. If an employer chooses to contribute to the Pension and Annuity Funds for such employees, Participation Agreements must be signed with each Fund and contributions must be made for all Bargaining Unit Alumni at the rate of 160 hours per month.

APPRENTICESHIP FUND - Contributions to the Apprenticeship Fund are made on the same basis as contributions to the Health Care Fund.

DUES AND INDUSTRY ADVANCEMENT FUNDS - Contributions to the Dues and Industry Advancement Funds are not required for individuals who do not work at the carpentry trade.

CONTRIBUTIONS FOR SOLE PROPRIETORS AND PARTNERS NOT WORKING AT THE CARPENTRY TRADE

HEALTH CARE FUND – Contributions on behalf of sole proprietors and partners not working at the trade are optional. If remitted, they must be paid at the rate of 160 hours a month.

PENSION & ANNUITY FUNDS – Contributions will not be credited and therefore are not required. The “Bargaining Unit Alumni” rule does not apply to sole proprietors and partners.

APPRENTICESHIP FUND - Contributions to the Apprenticeship Fund are made on the same basis as contributions to the Health Care Fund.

DUES AND INDUSTRY ADVANCEMENT FUNDS - Contributions to the Dues and Industry Advancement Funds are not required for individuals who do not work at the carpentry trade.

CONTRIBUTIONS FOR LIMITED LIABILITY COMPANY (LLC) MEMBERS NOT WORKING AT THE CARPENTRY TRADE

HEALTH CARE FUND – LLC Members who are employees who do not perform bargaining unit work may participate in the Health Care Fund if the LLC elects to contribute on their behalf. Contributions for such persons shall be at the rate of 160 hours a month.

PENSION & ANNUITY FUNDS – LLC Members who meet the Funds’ definition of an employee and who do not perform covered work cannot participate in the Pension and Annuity Funds unless they qualify as “Bargaining Unit Alumni.” That means they must have previously earned a Year of Service under the Pension and Annuity Plans while performing carpentry work. If an employer chooses to contribute to the Pension Fund for such employees, a Participation Agreement must be signed and contributions must be made for all non-bargaining unit employees who qualify as Bargaining Unit Alumni at the rate of 160 hours a month.

LLC Members who are considered owners may not participate in the Pension and Annuity Funds as Bargaining Unit Alumni.

APPRENTICESHIP FUND - Contributions to the Apprenticeship Fund are made on the same basis as contributions to the Health Care Fund.

DUES AND INDUSTRY ADVANCEMENT FUNDS - Contributions to the Dues and Industry Advancement Funds are not required for individuals who do not work at the carpentry trade.

DUE DATE FOR CONTRIBUTIONS

Contributions must be **RECEIVED AT THE DEPOSITORY BANK LOCK BOX** by the 15th day of the month following the month in which the work was performed. If the depository bank does not receive contributions by that date, late payment assessments will be charged as described below. Late payments may also adversely effect your employees’ eligibility under the Health Care Fund.

CONTRIBUTION RATES

It is each employer's responsibility to pay the correct contribution rates for each hour worked by its employees. If employers are unaware of the correct rates, they should contact the local union, the Fund Office or the web sites for the employer associations to obtain all wage and contribution rate information.

LATE PAYMENTS

Late payments cause serious problems for the Funds and for your employees and cause the Funds to incur significant expense in the form of additional notice and collection costs. If your contributions are not received by the depository bank by the due date, liquidated damages in the form of Late Payment Assessments will be assessed. Effective with work performed on January 1, 2003, late payment assessments shall be charged at the APR of 8% over prime, calculated on January 1 and July 1 of each year, assessed on a per diem basis for each day which the payment is delinquent. Late payment assessments shall accrue from the 16th day of the month during which the contribution payment is due. In addition, the employer shall pay a flat rate of \$20.00 per employee.

The Annuity Fund is independently administered. You may receive a separate notice for Late Payment Assessments from that Fund. The current policy for Late Payment Assessments as determined by the Board of Trustees for the Annuity Fund is as follows:

- a) If payment is not received before 11:00 a.m. on the last banking weekday of the month following the month worked, the employer will be charged .055% liquidated damages plus .049% interest per day.
- b) Payments received more than 12 months after the due date will incur interest at the rate of .049% per day.

Failure to pay Late Payment Assessments may result in legal action against your company to collect the amounts due. Federal law and/or the Funds' Trust Agreements allow the Funds to recover **all attorney fees and costs** incurred by the Funds in collecting delinquent Late Payment Assessments.

RETURNED CHECKS

If your check is returned to the Fund office because of insufficient funds, you will be required to pay a \$250.00 fee, and you will be required to replace the check with a certified or bank check for the contributions due and the NSF fee. In addition, you will be placed on the Delinquency List and will be subject to other legal remedies. Subsequent bad checks will be subject to the same procedure and a \$500.00 fee. These fees cover additional costs to the Funds for bank fees, administrative costs for deducting hours from employee accounts, recalculating health care eligibility, processing self payment notices to employees who have lost coverage as a result of non-payment and other administrative procedures. In addition, Late Payment Assessments will be charged, if appropriate, based upon the date that any reprocessed check is paid by the issuing institution.

THE EMPLOYER'S OBLIGATION TO MAINTAIN RECORDS

Federal law requires all contributing employers to maintain records that are sufficient to allow the Funds to verify the accuracy of all contributions and hours and to determine all amounts that may be owed to the Funds. Employers are also required to maintain records identifying work on individual jobs.

If an employer fails to maintain adequate records, the Funds shall have the right to conclusively presume that each employee who performs any carpentry work for you worked at least 40 hours per week during the period of employment.

If any employee splits his or her time between carpentry work and other work, you must maintain records which are sufficient to identify the number of hours worked at both the carpentry trade and other work. If you fail to do so, it shall be conclusively presumed that all work was performed at the carpentry trade.

PAYROLL AUDITS

Payroll Audits are necessary in order to allow the Funds to verify the correctness of contributions, fulfill reporting requirements established by the Internal Revenue Service and the Department of Labor, and provide regular reports and notices to plan participants and beneficiaries. Federal statutes, common law and Fund Trust Agreements authorize payroll audits.

The Funds have established a payroll audit program. The purpose of the audit program is to verify the accuracy of the reports and contributions submitted to the Funds and to determine whether contributions have been paid for all covered work. Routine payroll audits are normally scheduled once every three years and are performed by authorized representatives of the Funds. In addition, payroll audits may be performed more frequently if the Trustees or their representatives have reason to believe that an employer is not properly paying contributions.

When your company is selected for an audit, you will receive written notice of the time set for the audit and a list of records that the auditor requires in order to perform the audit. If the time or date selected by the auditor is not convenient, please contact the Fund Office immediately in order to schedule a mutually convenient appointment. You will receive a letter or telephone call confirming the audit appointment.

It is your responsibility to cooperate in the audit process by providing the records that the auditor requests, and by answering follow up inquiries.

Visit the web site for the Administrative Office at www.tici.com and click the link for payroll audits for more information about payroll auditing and Frequently Asked Questions.

PAYROLL AUDIT RESULTS

You will be notified in writing of the results of the payroll audit. If you believe that the audit results are incorrect, it is crucial that you immediately provide the auditor with any objections, in writing, by certified or registered mail. Your objections must be received no later than 14 days after the date

of the audit billing. If you fail to do so, you have agreed that the audit results shall become **final** and you will not be allowed to contest the billing at a later time. In addition, if you fail to contest the audit billing as described above, the Trustees will be authorized to include the delinquency in a monthly report, which will be distributed to other signatory contractors and to Union representatives.

OTHER FUND REMEDIES

1) AUDIT ASSESSMENTS

If audit discrepancies exceed 5% of the contributions due, you will be required to pay the entire cost of the audit and liquidated damages in the form of audit assessments. Audit assessments are distinct from late payment assessments and interest. Current assessment rates for Health Care, Pension and Apprenticeship contributions are:

- (a) 10% of the contributions due for work performed within 12 months of the audit.**
- (b) 15% of the contributions due for work performed more than 12 months and less than 24 months before the audit.**
- (c) 20% of the contributions due for work performed more than 24 months before the audit.**

Currently, the Audit Assessment policy for the Annuity Fund is as follows:

10% contributions of the contributions found to be due during the audit.

Failure to pay Assessments may result in legal action against your company to collect the amounts due. Federal law and/or the Funds' Trust Agreements allow the Funds to recover **all attorney fees and costs** incurred by the Funds in collecting audit assessments.

2) INTEREST

All delinquent contributions shall accrue interest at the rate of 12% per year calculated on a daily basis.

3) INJUNCTIONS

If you fail to correctly pay contributions, the Funds shall be entitled to obtain a permanent injunction requiring you to immediately pay all contributions that are due and further requiring that all new contributions will be paid in a timely manner.

4) ATTORNEY FEES AND COSTS

Contributing employers shall be required to pay **all costs** incurred by the Funds in collecting amounts due to the Funds or in obtaining a full and complete payroll audit. This is true regardless of how much the employer owes, and regardless of whether an audit discloses discrepancies.

RECIPROCITY

Employers are required to make contributions precisely as required by the terms of the collective bargaining agreement in effect in the geographic location in which covered work is performed. This includes the requirement that contributions be paid to Funds other than the “home” Funds of employees. The Michigan Carpenters’ Funds have reciprocity agreements with the Detroit Carpenters’ Fringe Benefit Funds and all qualifying contributions will be transferred pursuant to those agreements. The Michigan Funds are required by Federal Law to collect the contributions that are due to them. **Therefore, if you pay contributions that are due to the Michigan Funds to any other funds, you will face the possibility of paying contributions twice.**

HOW TO AVOID COSTLY MISTAKES

- **Do not** put “fringe benefit contributions” in the employees’ paychecks. You remain obligated to contribute to the Funds and you will end up paying twice.
- Read and follow the contribution provisions of your collective bargaining agreements. Ignorance is not a legal excuse for the failure to properly pay contributions.
- **Do not** make any arrangement or agreement regarding contributions that is different than the terms of your collective bargaining agreement. A Union Business Agent, even if he is a Fund Trustee, cannot change or modify the collective bargaining agreement concerning fringe benefits.
- Always file a completed contribution report form, even if your employees did not perform covered work or cannot pay the contributions.
- Be aware that calling an employee a sub-contractor does not relieve you of your obligation to remit fringe benefit contributions to the Funds on his/her behalf.
- Understand that contributions are paid when received by the Depository Bank’s Lock Box. Allow sufficient time for mailing. Do not send overnight or certified mail to the Depository Bank because such mail cannot be delivered to the Lock Box.
- **Do not** provide alternative benefits for employees covered by the collective bargaining agreement. That will not relieve you of the obligation to contribute to the Funds and you may end up paying more than you need to.
- Contact the Funds’ representatives at the Administrator’s Office for assistance if you are uncertain about the rules contained in this handbook or if you need help completing contribution report forms.
- **Do not** make self-payments for you or your employees with company checks. Since there is no written agreement with the Funds for these contributions to be paid by an employer, they cannot be accepted. This can delay or cause termination of coverage.

OTHER AVAILABLE DOCUMENTS:

Michigan Carpenters' Health Care Fund Summary Plan Description

Indicate how many copies are required.

Michigan Carpenters' Pension Fund Summary Plan Description

Indicate how many copies are required.

Contribution Forms

Indicate how many copies and for what Section(s).

MICHIGAN CARPENTERS' WEBSITE

All of the rules and regulations contained within this document are subject to change. The Trustees of the Funds routinely review the policies and make changes whenever they deem them necessary. Contributing employers are responsible to know the current rules.

The Michigan Carpenters' website, www.michigancarpenters.org, is an excellent source for the most up to date information available concerning the rules governing the Funds. This employer handbook is posted on the site in a printable format, and is updated whenever a change is made. Simply click Employer Handbook on the menu and follow the instructions to print all or any part of this booklet. If you do not have access to the internet, the Fund Office will be happy to send the most current version of this document whenever it is requested.

LOCAL UNIONS

Michigan Regional Council of Carpenters
3800 Woodward Avenue, Suite 1200
Detroit, MI 48201
(313) 832-3887
(313) 832-1575 FAX

Local 100 - Grand Rapids
140 N. 64th Avenue
Coopersville, MI 49404
(616) 837-1500
(616) 837-1200

Local 1004 - Lansing
2310 West Washtenaw Avenue
Lansing, MI 48917
(517) 484-1301
(517) 484-7576 FAX

Local 202 - Bay City
1300 West Thomas Street
Bay City, MI 48706
(517) 686-8888
(517) 686-8896 FAX

Local 1045
Statewide Interior System
23401 Mound Road, Suite 201
Warren, MI 48091
(800) 989-1045
(810) 756-6675 FAX

Local 525 - Kalamazoo
3617 Gembrit Circle
Kalamazoo, MI 49001
(269) 345-8601
(269) 382-4810 FAX

Local 1102 Western Area
(Millwrights)
140 North 64th Avenue
Coopersville, MI 49404
(616) 837-1021
(616) 837-1859 FAX

Local 687 - Ferndale
3800 Woodward Avenue
Suite 1200
Detroit, MI 48201
(313) 832-3887
(313) 832-1578 FAX

Local 1102 - Warren
(Millwrights)
23401 Mound Road
Warren, MI 48091
(800) 462-6545
(810) 756-0376 FAX

Local 706 - Saginaw
1400 West Genesee Avenue
Saginaw, MI 48602
(989) 753-1487
(989) 753-1791 FAX

Local 1510 - Escanaba
1219 First Avenue, South
Escanaba, MI 49829
(906) 789-1670
(906) 789-1692 FAX

EMPLOYER ASSOCIATIONS

Associated General Contractors, Inc., Michigan Chapter

2323 North Larch Street

P.O. Box 27005

Lansing, MI 48909

(517) 371-1550

Michigan Roadbuilders' Association, Inc.

924 Centennial Way, Suite 460

Lansing, MI 48917

(517) 886-9000