

NECA-IBEW Pension Trust Fund

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June 24, 2019

Dear Contributing Employer,

The Board of Trustees of the NECA-IBEW Pension Trust Fund (“Fund”) recently updated its policies and procedures related to the remittance of employer contributions and payroll compliance audits/examinations. This letter serves to summarize the changes to the Fund’s policies and procedures. The Fund’s actual policies and procedures, including the Fund’s Trust Agreement, are on the Fund’s website (www.neca-ibew.org) under the “Employers” tab.

Effective July 1, 2019, the following changes will be implemented:

Liquidated Damages and Interest

Contributions that are not paid by the required due date will be assessed liquidated damages in the amount of ten percent (10%) of the contributions owed.

Interest will be separately assessed at one and a half percent (1.5%) compounded monthly on the unpaid balance.

Assessment of Audit Costs

In order to fulfill their fiduciary duties and to comply with directives from the U.S. Department of Labor, the Board of Trustees conduct payroll audits/examinations of contributing employers. The Board of Trustees have adopted rules that provide for the cost of payroll audits/examinations to be paid by contributing employers in certain circumstances.

If a payroll audit/examination identifies unpaid contributions which exceed five percent (5%) of the total contributions paid by the Employer during the audit period, then the Employer will be responsible for 100% of the costs of the audit. 100% of the audit costs will also be assessed on the Employer if the Fund refers the matter to the Fund’s legal counsel for resolution.

If the audit discloses no audit liability or unpaid contributions less than five percent (5%) of the total contributions paid by the Employer during the audit period, then the Fund will pay for the costs of the audit.

The following examples illustrate this new policy:

Example No. 1

Facts: C&O Electric, Inc. contributed \$20,000.00 to the Fund during the relevant audit period. The audit discloses \$1,500.00 in audit liability.

Outcome: Since the audit liability of \$1,500.00 audit is greater than 5% of \$20,000.00 (i.e., the total contributions remitted during the audit period), the Employer is responsible for 100% of the audit costs.

Example No. 2

Facts: C&O Electric, Inc. contributed \$40,000.00 to the Fund during the relevant audit period. The audit discloses \$1,500.00 in audit liability.

Outcome: Since the audit liability of \$1,500.00 audit is less than 5% of \$40,000.00 (i.e., the total contributions remitted during the audit period), the Employer is **not** responsible for audit costs.

Should you have any questions concerning these policies, please contact Tari Stower at extension #149 .

Sincerely,

Board of Trustees