

UNITED ASSOCIATION NATIONAL PENSION FUND
FAQs ON THE COVERAGE OF BARGAINING UNIT ALUMNI
Effective March 1, 2024

1. What is the Standard Form of Participation Agreement?

By federal law, employers contributing to the United Association National Pension Fund (“UANPF” or “Fund”) must do so pursuant to a written agreement. For most employers, contributions to the Fund are required under the terms of a local union collective bargaining agreement (“CBA”). The Fund has a Standard Form of Participation Agreement (“SFPA”) which contains the terms that the Fund requires contributing employers to agree to, and which is required to be attached to the CBA or the text of which is required to be included in the CBA. The SFPA sets forth the terms of coverage under the Fund that apply to bargaining unit employees performing work in the plumbing and pipefitting industry under the terms of the CBA. It also sets forth coverage requirements for certain Bargaining Unit Alumni.

2. What are Bargaining Unit Alumni?

Bargaining Unit Alumni (“BUA”) are employees for whom contributions were originally made to the Fund when they were performing work “with the tools” as part of the bargaining unit covered under the terms of the CBA but who are no longer working in a position that is part of the bargaining unit covered under the terms of the CBA. BUA may include employees who have transferred to a management position with a contributing employer to the Fund. BUA may also include an employee who has become an owner (or whose spouse has become an owner) of an interest of 10% or more in an incorporated company that is a contributing employer to the Fund (even if that person still performs work with the tools). For an employer to contribute on behalf of BUA, the obligation to do so must be set forth in the SFPA or in a separate Participation Agreement (*see* nos. 3 and 4, below).

3. Which Bargaining Unit Alumni are Covered Under the SFPA?

The SFPA, as amended by the UANPF Trustees effective March 1, 2024, requires the employer to contribute to the Fund on behalf of BUA employees on whose behalf the employer continues to make all other benefit contributions set forth in the CBA. This means that, if the employer has agreed to continue to make all local fund contributions on behalf of that BUA employee, such as under a local funds’ participation agreement, then the employer is also required to make contributions to the Fund on behalf of that BUA employee.

This coverage under the SFPA includes BUA employees whether paid on an hourly or salaried basis. If the BUA employee is paid on an hourly basis, then the employer must submit hours reports to the Fund and contribute on the basis of hours worked. If the BUA employee is paid on a salary basis, and records of specific hours are not maintained, then the employer must contribute to the Fund on the basis of a full-time work week as defined in the CBA.

4. Which Bargaining Unit Alumni are not Covered Under the SFPA?

Contributions for the following BUA employees are not provided for in the SFPA: (1) BUA employees who own (or whose spouse owns) an interest of more than 10% in the employer company; and (2) BUA employees for whom the employer has not agreed to continue making the other (local fund) contributions required under the CBA. If the employer desires to contribute on behalf of either or both of these categories of BUA employees, the employer will need to sign a separate Participation Agreement with the Fund.

5. How may a Signatory Employer Contribute to the Fund on Behalf of Bargaining Unit Alumni who are not Covered Under the SFPA?

If the employer desires to contribute on behalf of employees who are not working under the terms of the CBA and are not covered as BUA employees under the SFPA, then the employer will need to sign the Fund's Participation Agreement for Non-Bargaining Unit Employees. There are rules under the Internal Revenue Code that limit the employer's options in terms of coverage of non-bargaining unit employees. Primarily, the employer cannot cover only the owner-employee unless that person is a BUA. If the employer wants to cover an owner-employee who is not a BUA, then the employer must cover all non-bargaining unit employees.

The Fund's Participation Agreement for Non-Bargaining Unit Employees, as amended by the Trustees effective March 1, 2024, allows for coverage of the following employees:

- a. BUA employees who own or whose spouse owns a 10% or greater ownership interest in the incorporated employer.
- b. All BUA employees on whose behalf the employer is not already required to contribute under the SFPA. This would include the owner-employees described in option a.
- c. All non-bargaining unit employees. This would include owner-employees and all other employees who are not covered under the terms of the CBA. It is the only option that permits coverage of owner-employees who are not BUA.
- d. All non-bargaining unit employees who work or worked at the trade who are not highly-compensated employees. This option permits coverage of all employees who formerly worked "at the trade" but who are not BUA employees. It does not include owner-employees or anyone else who is a "highly-compensated employee" as defined in the Internal Revenue Code.

Note that an employer may not cover an owner-employee, whether BUA or not, unless the employer is an incorporated company, which includes an LLC, of which the owner can be an employee. Under no circumstances can the Fund permit an employer to contribute on behalf of an owner if the employer is a sole proprietorship or a partnership.

More questions? Contact Arlette O'Reilly-Walker at the UANPF via email (oreillya@uanpf.org).