Central States H&W and Pension Funds

Contract Policy Reference Guide

The Health & Welfare and Pension Funds were created to provide benefits to employees from contributions received from their Employers and managed by the Funds. Although this is not an exhaustive list of the Funds' rules, the most frequently encountered issues involve the following rules:

Basic Policies

- **Employee Payroll Deductions for Benefits**: Employees cannot be required to remit payments directly to the Funds. Payment of contributions to the Funds are the sole obligation of the Employer (with the exception of self-payments for COBRA). Although employee payroll deductions can be negotiated to collect a portion of the contributions, the Employer bears the responsibility for the full contribution regardless of whether the Employer can collect co-pays from employees.

- **Waiting Periods**: The Employer's obligation to pay contributions must begin no later than after thirty (30) calendar days from the employee's first day worked, even if the contractual probationary period has not been completed and even if seniority status has not been attained during this period.

    - Pension Exception: A longer waiting period may be allowed for pension contributions **only if** it existed and was approved in prior agreements and the waiting period has not increased in the current agreement.

- **Trustee Restrictions**: A collective bargaining agreement may not attempt to restrict the Trustees' rights under the Trust Agreement or federal law.

- **Requirements for Participants**: Non-bargaining unit employees may not participate in the Pension Fund. However, non-bargaining unit employees including supervisors (employees who hire, fire, discipline, etc.) may participate in the Health & Welfare Fund as long as there is a bargaining unit participating in the Health & Welfare Fund and the Employer signs a "Non-Unit" Participation Agreement that mandates contributions for all of the non-bargaining unit employees. Also Owners of sole proprietorships and partnerships may not participate in the Funds.
- **Day/Hour Restrictions**: The Employer must be obligated to contribute for all compensated periods, including work pay, show-up time pay, vacation pay, holiday pay, etc.

- **Contribution Rate Requirements**: The contribution rate must be the same for all individuals of the bargaining unit. Exceptions are grocery warehouse progressions.

- **Mid-Contract Bargain Outs – Pension**: The Employer may not withdraw from the Pension Fund at any time during the duration of a collective bargaining agreement. Specifically in the Trust Agreement, it states:

    - An Employer is obligated to contribute to the Fund for the entire term of any collective bargaining agreement or participation agreement or any other written agreement accepted by the Fund…on the terms stated in that collective bargaining agreement…The following provisions contained in any agreement shall not be enforceable against the Fund (regardless of when the agreement was entered into): a) a provision contained in either a collective bargaining agreement or participation agreement or any agreement entered into by an Employer and Union subsequent to the collective bargaining agreement that purports to authorize the elimination or reduction of the duty to contribute to the Fund before the termination of the collective bargaining agreement and/or participation agreement and/or other agreement under its duration provision.

- **Split Bargaining and Adverse Selection**: The Fund prohibits split bargaining or adverse selection arrangements which tend to restrict coverage to employees who are more likely to receive benefits. Violations of this rule typically occur when a collective bargaining agreement excludes new hires from participation or the employer has adopted a practice of assigning work that previously belonged to the bargaining unit to independent contractors, temp. agency employees, related companies, or non-covered employees. See Special Bulletin 90-7 for more information about this rule.

- **Non-Regular Exclusions**: The Employer must be obligated to contribute to the Pension Fund for all individuals who perform bargaining unit work, including part-time, non-permanent employees (e.g. seasonal, casual, replacement employees).

    - Pension Exception: If the collective bargaining agreement historically excluded non-regular or non-full-time employees from contributions to the Pension Fund, then contributions on behalf of such employees shall be required no later than after 1,000 hours of work in any twelve (12) month period or calendar year and contributions would then be due for all compensated periods thereafter. Non-regular or non-full-time employees include part-time, casual, seasonal, temporary, supplemental or replacement, etc.

- Health & Welfare Exception: If the collective bargaining agreement historically excluded non-regular or non-full-time employees from Health & Welfare contributions, then contributions on behalf of such employees shall be required for any week in which the employee works 30 hours or more in a week.

- **Duration**: Please note that any agreement term for less than the historical contract duration, but not less than three years, is subject to review and approval by the trustees.

If you should have any questions, or wish to have any changes to prior contract language reviewed by the Fund prior to ratification, please contact the Contract Department at 847-518-9800, extension 3247.

All agreements must be mailed on a timely basis to the Contract Department at the following address: Central States Funds, Attn: Contract Department, 8647 W. Higgins Road, Chicago, IL, 60631 or email to contracts@centralstates.org.