



IBEW Local 640 & Arizona Chapter NECA

Employer Reporting Forms Benefit  
Contributions Manual

January 2016

NECA + IBEW  
**POWERING  
AMERICA**  
PHOENIX, AZ  
Your Electrical Professional Team

# Monthly Payroll Reporting Manual

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## Preface

The IBEW Local 640 and the Arizona Chapter NECA have established a joint board of trustees under ERISA to operate the Health and Welfare and Pension programs. The Trust contributions summarized in this Manual are the result of the collective bargaining process and the established Trust resolutions on collection and audit procedures.

The International Brotherhood of Electrical Workers Local Union 640 represents employees in the electrical industry in Central and Northern Arizona. It operates a hiring hall for the benefit of the employees it represents, allowing them to be placed in employment with union electrical contractors. In addition, the IBEW coordinated with the Arizona Chapter NECA and the Phoenix Electrical Joint Apprenticeship and Training Committee to provide education for electrical industry employees.

One of the benefits to the Employer for becoming signatory with the IBEW Local Union 640 is the option to join the Arizona Chapter of the National Electrical Contractors Association. Founded in 1947, it is an affiliate Chapter of the National Electrical Contractors Association originally founded in 1901. The Arizona Chapter represents electrical contractors in much the same way as the Local Union represents electricians, but goes beyond the labor relations aspects. NECA, throughout its many years of existence, has worked to develop, maintain, and improve the quality of electrical construction at all levels in order to provide the public with the benefits of electrical construction services based on management information and construction techniques which meet the highest standards. The Arizona Chapter strives to provide its members with up-to-date information in the areas of OSHA, estimation, project management, and governmental affairs. Through its publications and seminars, NECA contractors have access to the latest innovations and information.

The Arizona Chapter also serves as the Administrator of the Receiving and Administration Fund (Phoenix R&A), providing contractors with a one-check payment for all benefits and contributions including IBEW Local Union 640 working dues. Through the Receiving and Administration Fund, The Chapter tracks union employment and promotes union electrical construction.

If you have questions concerning any issues contained in this Manual, you should feel free to contact the Receiving and Administration Fund at (602) 263-0111 or the Administrative Office of the Trust Fund at (602) 248-8434.

# Monthly Payroll Reporting Manual

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## A Message from the Board of Trustees

To All Signatory Employers:

As an employer signatory to an IBEW Local Union 640 Labor Agreement, you have agreed to report and submit contributions on behalf of your employees to some or all of the following Trust Funds and other recipients:

1. IBEW Local 640 and Arizona Chapter, NECA Health and Welfare Trust Fund;
2. IBEW Local 640 And Arizona Chapter, NECA Pension Trust Fund;
3. National Electrical Benefit Fund;
4. National Electrical 401k Plan (NEFP);
5. Phoenix Electrical Joint Apprenticeship and Training Committee Trust;
6. Phoenix Electrical Industry Receiving and Administration Fund;
7. National Labor-Management Cooperative Committee;
8. Local Labor-Management Cooperative Committee;
9. Arizona Electrical Industry Drug Free Workforce Program (Substance Abuse); and
10. IBEW Local Union 640 Working Dues.

The purpose of the Manual is two-fold. First, this Manual provides an in-depth review of how to fill out and complete the employer reporting form. New signatories and their bookkeepers are often overwhelmed by these procedures and require guidance in an easy-to-read format. This is provided in the first section of the Manual.

The second purpose for this Manual is to inform the employer in advance of the procedures and policies the Trust Funds use when an employer fails to properly contribute to the various benefit Funds. When an employer fails to contribute and/or contributes in an untimely manner, that employer is deemed delinquent, and the Board's collection procedures are implemented. The second section of the Manual addresses this issue.

The date of publication of this Manual is printed on the front cover. If your manual is more than one year old, you should call the Administrative Office to find out if a more recent edition has been printed.

This Manual attempts to generally advise you on reporting procedures and the funds' collection procedures. Your company's obligations, however, are determined by its collective bargaining agreement and the trust agreement for each plan. Those documents as interpreted under federal law control in the event of any discrepancy between those authorities and the terms of this Manual. Likewise, nothing in this Manual should be interpreted as limiting the Trustees' options for enforcing those obligations.

We hope that the information contained in this Manual is helpful to you and your payroll/bookkeeping staff.

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4315 N. 12<sup>th</sup> Street Suite 100 Phoenix, AZ. 85014

**Authorization Form – Pull Payment for Monthly Payroll Report**

By completing this form, you are authorizing the Arizona Chapter NECA to directly pull money from your account. Please note that the money will be pulled from your account when the payroll report has been certified in the NECA Star system. All reports must be in the NECA Star System no later than the 14<sup>th</sup> day of the month. All monies must be available for use by the trust funds on the 15<sup>th</sup> day of each month.

**Please complete the information below:**

I \_\_\_\_\_ authorize **Arizona Chapter NECA** to pull funds from my  
(full name)

designated bank account.

Billing Address \_\_\_\_\_ Phone# \_\_\_\_\_

City, State, Zip \_\_\_\_\_ Email \_\_\_\_\_

Account Type:  Checking  Savings

Name on Acct \_\_\_\_\_

Bank Name \_\_\_\_\_

Account Number \_\_\_\_\_

Bank Routing # \_\_\_\_\_

Bank Address \_\_\_\_\_

Bank City/State \_\_\_\_\_



SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

At any time after an Employer is determined to be delinquent, the Union has the right to contact the Employer's Bonding Company, file a grievance under the underlying collective Bargaining agreement against the Employer, pull men with 72 hours notice, or authorize any other kind of self-help activity against the employer.

### How do I file a Late Report?

If you need to provide a Late Report you must first contact the Phoenix R&A to enable a special link for you to access the Late Reporting Mode.

To access the Late Reporting Mode:

1. Log into your account on NECAStar.com
2. Click on the "Late/Supplemental" Tab.
3. Click on the "Late Report" link that has been provided.

Once you have entered into the Late Reporting Mode, the reporting system will function identically as it would in Normal Mode except that the reporting system will automatically be reset to the proper report period and you can only work on values as they pertain to the specified Late Report. You must Certify a Late Report in the same manner as a Normal Report.

To return to the Normal Reporting mode, click on the "Exit" tab located just about the "Late/Supplemental" tab or click on the "Log Off" link on the top of the page.

**If further assistance is needed, please contact the Offices of the Phoenix Receiving and Administration Fund at (602) 263-0111.**

**You may also try and contact NECAStar directly at (805) 938-0121**

### Section 1

### EMPLOYER REPORTING

#### Introduction

When an employer becomes a signatory with IBEW Local Union 640, the Union completes what is generically referred to as a "start card", and it submits it to the Employees Benefits Board (EBB). Once EBB receives the start card, EBB assigns the signatory employer an employer identification number and enters the employer into the online payroll reporting system, NECAStar, [www.necastar.com](http://www.necastar.com). Either the Receiving and Administration office or NECA Star will enroll the employer in the system and provide the designated employee a user name and password.

It is the employer's job to correctly complete and submit each Monthly Payroll Report through NECAStar.com and submit electronic payments to the Phoenix Electrical Receiving and Administration Fund, Located at 4315 N. 12<sup>th</sup> Street, Suite 100, Phoenix, AZ. 85014 for each and every month in which the contractor remains bound to the collective bargaining agreement. The employer is required to submit a payroll report for each agreement the employer is signatory even if no work was performed.

#### Agreement Signatory Employers

There are three agreements with IBEW Local Union 640, Inside, Residential and Teledata. The EBB board will assign the employer to the appropriate agreement(s) in NECAStar. Each agreement sets forth various amounts that are due for each Fund. Please refer to your most recent Agreement for those amounts.

#### On which employees do I report and contribute?

In general, all employees who are performing electrical work under the signatory employer's supervision are "covered employees" and should be reported in NECAStar with hours and contributions. Bookkeepers and secretaries do not fit into this category, unless they are performing electrical work as well. Note: If office staff participate pursuant to a Non-Jobsite Agreement, all employees covered by the agreement will be reported under the specified agreement.

#### Union Membership

The Employee's membership in Local Union 640 is irrelevant to whether benefit contributions are made on his or her behalf. Nor is it relevant whether the employee was dispatched by Local Union 640. Contributions are owed for all employees who perform electrical work.

**Inside Apprentices/Unindentureds**

Apprentices are currently categorized into Six Periods. For First and Second Period Apprentices and Unindentureds contributions are required on all funds except Defined Contribution (Annuity). Please note the Health & Welfare may be a reduced rate for First, Second, Third and Fourth Period Apprentices see the Inside Agreement for the appropriate contribution rates on Apprentices and Unindentureds.

**Construction Wireman/Construction Electrician**

Construction Wireman is categorized into 4 levels. For CW1 and CW2, contributions are not required on Pension, Annuity, Health and Welfare or JATC. For CW3, contributions are not required on Pension and Annuity. CW4s are due contributions on all required funds except Annuity. Note that Health and Welfare may be a reduced rate for CW3s and CW4s.

Construction Electricians are categorized into 3 levels. For CE1, contributions are required on all funds except Annuity. CE2s and CE3s must pay contributions on all Funds. Please note, CE2s and CE1s may have a lower rate for Health and Welfare.

**Residential Trainees**

Residential Trainees are defined in the Residential Agreement. For those Trainees, contributions are required for the Health and Welfare Fund and the National Electrical Benefit Fund. After the first 1,000 hour training period, the 8% Annuity contribution is also required.

**How do I fill out a Monthly Payroll Reporting Form through NECAStar?**

1. Go to [www.necastar.com](http://www.necastar.com). You should have been provided with a username and password from the Arizona Chapter NECA. If you do not have a username and password, please call the NECA office at (602) 263-0111.
2. Log in using your company's username and password
3. Click "Hours and Earnings"
4. Select either "Enter Hours by Agreement" or "Enter Hours by employee"
5. Enter the employee name, social security number and classification, by selecting the proper classification all benefits will be calculated per the collective bargaining agreement.
6. If employee is covered by a non-jobsite participation agreement and receiving benefits, enter 173 for hours worked. If employee is hourly paid enter actual hours worked.
7. If non-bargained employee is receiving NEBF benefits, enter gross salary. If non-bargained employee is not receiving NEBF benefits, skip to step 8.
  - a. If the employee is hourly, enter actual amount paid for the month, before taxes
  - b. If the employee is salaried enter actual salary or if annual salary is greater than \$56,053, enter journeyman wage (27.00) \* 173 = \$4671.00

If no response is received from the Second Demand Letter, action is requested by the Board of Trustees at the next regularly scheduled meeting or Delinquency Subcommittee Meeting.

**Stage 2: Potential Action by the Trustees**

The Board of Trustees has broad discretion in determining a prudent and reasonable plan of action when dealing with a delinquent employer. While this is not an all-inclusive list, some of the more common actions by the Board in attempting to collect from a delinquent employer include the following:

First, the Board can direct the Administrative Office to continue its attempts at collection from the delinquent Employer.

Second, the Board can direct the Fund's Auditor to complete a "Target Audit" of the Employer. A Target Audit is a full audit, in which the Auditor reviews all of the employees' work hours and wages for the audit time period. The Trustees may authorize this audit to date back a full six years.

Third, the Board can refer the matter to Legal Counsel. Stage 3 provides a summary of the steps Legal Counsel may take to secure payment of delinquency.

**Stage 3: Legal Counsel**

If a delinquency is referred to Legal Counsel, an initial demand letter will be sent by Legal Counsel to the delinquent employer, specifying a deadline for payment. The Trustees will consider any repayment offer that you timely make based on your current inability to pay. If you ignore the letter, Legal Counsel may be directed to take any one of the following actions: (this list is not all-inclusive)

1. File a Civil Lawsuit in U.S. District Court in the District of Arizona under Section 515 of ERISA and Section 301 of the Labor Management Relations Act; in which the Trustees will seek recovery of all contributions and liquidated damages along with court costs and attorney's fees.
2. In a lawsuit the Trustees also may seek a provisional remedy, that is, the right to immediately garnish your bank accounts and attach your property.
3. Commence an Involuntary Bankruptcy;

Legal Counsel will notify the Employer of the initiation of a Lawsuit prior to its filing, unless impractical.

**NOTE:** Each of the Trust Funds are a separate entity from the Union. However, the Union may also be a party to the collection lawsuit to recover dues that your company has withheld from wages.

company does not pay contributions for hours worked during the month of January, but does timely pay an amount equal to the contributions owed for hours worked during the month of February, the payment will be applied to the January delinquency resulting in an assessment of liquidated damages for both months.

If facing a cash flow problem, you should contact Arizona Chapter NECA (602) 263-0111 *before* the filing deadline and ask for repayment terms. The Trustees retain the right to waive liquidated damages under such circumstances.

### Section 2

## DELINQUENT CONTRIBUTIONS

### Introduction

Under the Employee Retirement Income Security Act of 1974 (ERISA), the Board of Trustees, has a legal obligation to collect contributions due the Trust Funds.

When an employer fails to properly contribute to the various benefit plans, the employer is deemed a delinquent employer. After the determination of delinquency, the Funds procedures for handling a delinquency, and, in some cases, the Funds procedures regarding employer audits come into place. The purpose of this Section is to provide you with a brief overview of the consequences of delinquency.

### Stage 1: Administrative Office

As you know, the Administrative Office of the Funds has the responsibility of reviewing each Employer Reporting Form and crediting each employee with the hours and contributions received. If the Employer Report is filed late, or without contributions, the Employer is deemed delinquent. As noted in Section 1, the postmark date must be the 14<sup>th</sup> or earlier, or the Reporting Form must be hand delivered by the 15<sup>th</sup>. Please note there is no grace period for these dates falling on a weekend or holiday.

The Administrative Office then prepares a list of delinquent employers which is sent to the Board of Trustees and Legal Counsel. This list is made part of the Minutes of the Trustee meeting for the month in which the delinquency is reported.

As soon as the delinquency is discovered, the Administrative Office sends a five-day delinquency notice to the employer requesting payment of the contributions and/or liquidated damages. If no response is received, the Administrative Office sends a second five-day delinquency notice indicating that if no response is received, the matter could be referred to Legal Counsel.

8. If non-bargained employee receives Health and Welfare benefits only, no dollar amount is required for salary.
9. Repeat steps until all employees are entered, then save.
10. Select the yellow tab "Generate Reports" and certify the reports you just created.
11. Print a copy of the cover sheet.
12. Prepare your electronic payment. Print a copy of the submittal form from the bank.
13. Send a copy of the cover page and the bank submittal form and email to :  
[admin@azneca.org](mailto:admin@azneca.org).
14. All monies need to be transferred so the funds are available for use by the trust funds on the 15<sup>th</sup> day of the following month.
15. If you are having the receiving and administration fund pull the money from your account, a signed authorization form must be on file. (see page 13)
16. If you are having the receiving and administration office pull the money, please email a copy of the cover page with instruction to move the appropriate dollars from your account. Again, all money must be available for the trust funds to use on the 15<sup>th</sup> day of the following month.

### Adding and Removing Employees

1. Log into NECAStar
2. Select "Employee Manager" from the tabs at the top of the page.
  - To **ADD**:
    - a. Select "Add New Employee"
    - b. "Is this an active Employee?" YES.
    - c. Enter all Employees information. Do not leave anything blank.
    - d. Select "Add Employee"
    - e. Select Working Agreement from drop down box and click "Select Agreement"
    - f. Select Employees Classification from drop down box and click "Next"
    - g. For Dues, select standard rate unless employee has not elected to have dues paid. If that's the case, select 0%. Click "Finish"
  - To **REMOVE**
    - a. After selecting "Employee Manager", select "Active Employee List"
    - b. Select desired employee for removal from left window.
    - c. Employee information will appear, select "Edit Current Status" next to employment
    - d. "Is this an active employee?" **NO**.
    - e. Save Changes.

### What if I have a No-Man/Zero Hour Report?

A report still needs to be filed with necastar.com. Simply select one employee to enter "0" for the amount of hours and certify the report.

When doing a zero hour report, it is not necessary to include every employee nor does it matter which employee is selected to show on the report. It will not affect any earnings or benefits.

After certifying, print 1 copy of the Cover Page Transmittal and mail/email/fax them to the Phoenix Receiving and Administrative Fund.

### **When are the Employer Reporting Forms Due?**

The Employer Reporting Form shall be entered into the NECASStar System no later than the 14<sup>th</sup> of the Administrative Month. The Administrative month is the month following the Working month for which you are currently reporting. (ex. You file February's working hours in the Administrative month of March, and those reports are due March 14<sup>th</sup>).

Payment must be made via ACH and the funds must be available for use by the Trust Funds by the 15<sup>th</sup> of each month. Any payments not made available by the 15<sup>th</sup> of the month will be considered delinquent by the Trust Funds and could be subject to interest and liquidated damages.

There will no longer be a need to mail the reports under the ACH system. Please print a copy of the front page of the report and transmittal from your bank and email/fax to the Phoenix Receiving and Administration Fund, [admin@azneca.org](mailto:admin@azneca.org) or 602-263-0447.

Please note there is no grace period for these dates falling on a weekend or holiday.

### **What if I make a mistake on my Reporting Form?**

A Supplemental Report is used to correct any errors that have been previously submitted by a NECASStar Certified Report. If you did not submit a NECASStar Certified Report for the reporting period in question, then you cannot use the Supplemental Report capability. If you need to provide a Supplemental Report you must first contact the Phoenix R&A to have them enable a special link for you to access the Supplemental Reporting Mode.

#### **To access the Supplemental Reporting Mode:**

1. Log in to your account.
2. Click on the "Late/Supplemental" tab.
3. Click on the "Supplemental Report" Link that has been provided.

Once you have entered into the Supplemental Reporting Mode, the reporting system will automatically be reset to the proper report period and you can only work on values as they pertain to the specified Supplemental Report. You must certify a Supplemental Report in the same manner as a Normal Report.

To return to the Normal Reporting Mode, Click on the "Exit" Tab located just about the "late/supplemental" tab or click on the "Log Off" link on the top of the page.

If you have under reported hours and/or contributions, you must submit payment with your correct report. If you have over reported hours and/or contributions, a discrepancy notice will be generated when the correct report is entered into the computer. The discrepancy notice will serve as a request for a refund. Each Individual Trust Funds will consider your request and, where appropriate, issue a refund of the amount that you have overpaid. You may not take an offset on future reporting forms.

### **What happens if my Employer Reporting Form is late?**

There is no grace period for submission of Employer Reporting Forms. If it is post-marked after the 14<sup>th</sup> or hand delivered after the 15<sup>th</sup>, without regard to holidays or weekends, it is deemed late. If the report was received on time, but without contributions or incorrect contribution amounts, it is also deemed late.

Late reporting forms are assessed liquid damages as described under the applicable collective bargaining agreements. In general, the Health and Welfare Fund, the Pension Fund, and the Apprenticeship Fund assess a 10% charge or \$10.00, whichever is greater, for each late report. NEBF assesses a 20% charge for each late report, and the NLMCC has 15% charge for each late report. Additionally, Interest may be assessed up to 18% per annum.

If liquidated damages are assessed to an Employer, the Employer has the option of requesting a suspension of these liquidated damages. The employer must do so in writing and the Board of Trustees will review the request at the next regularly scheduled meeting. Each employer may have **ONE** suspension of liquidated damages in 12 months. If a suspension is granted and the employer has an additional late report within the next 12 months, the employer's previous suspension request will be rescinded and liquidated damages for both late reports will be assessed. If an employer timely files reports and pays contributions for the next 12 months following suspension, the suspended liquidated damages shall be waived.

In addition to the liquidated damages assessed for late reports, other problematic issues may arise from submitting late reports. First, if hours aren't submitted in a timely fashion, an employee could lose health insurance eligibility and receive a COBRA notice, which in actuality, he has been working and accumulating hours the entire period. Secondly, an employer who makes it a habit of constantly submitting late reports may subject itself to a "target audit" (this is discussed in more detail under Section 2). And finally, if contributions and liquidated damages are not paid, Legal Counsel may get involved in the collection of the delinquency. This is the focus of the next section, Section 2, entitled "Delinquent Contributions".

### **What happens if I miss paying a month, but pay for subsequent months?**

All money received from a delinquent employer is applied to the oldest delinquency. If your company fails to pay contributions due for a particular month, all money subsequently received will be applied toward that delinquency regardless of how it is designated. For example, if your