

Form T-1 Reporting Requirements

For labor organizations

LINDQUIST LLP

CERTIFIED PUBLIC ACCOUNTANTS

Effective for years beginning January 1, 2009

Requirements

Form T-1 reporting requirements apply to trusts as defined under section 3(l) of the Labor Management Reporting and Disclosure Act (LMRDA):

- 1 The trust was created or established by a labor organization or a labor organization appoints or selects a member to the trust's governing board; and
- 2 A primary purpose of the trust is to provide benefits to the members of the labor organization or their beneficiaries.

The Form T-1 filing is required for labor organizations with \$250,000 or more of receipts when the labor organization, either alone or in conjunction with other labor organizations:

- 1 Appoints or selects a majority of the members of the section 3(l) trust's governing board; or
- 2 Contributes greater than 50 percent of the section 3(l) trust's receipts during the one-year reporting period. Contributions made pursuant to the labor organization's collective bargaining agreement are considered the labor organization's contribution.

Exemptions

- Political organizations and PAC funds that file publicly available reports with appropriate federal and state agencies.
- Entities required to file Form 5500 with the Employee Benefits Security Administration.

Are apprentice/training funds exempt if they file Form 5500?

No.

Information reported on Form T-1

- Explanation of certain transactions made by the trust, such as dispositions of property other than market sale, liquidation of debts and loans or credit extended on favorable terms to officers or employees of the trust.
- Financial details of the section 3(l) trust.
- Major receipts and disbursements that, individually or in aggregate, equal \$10,000 or more.
- All direct and indirect disbursements to officers and employees of the trust who received more than \$10,000 in gross salaries, allowances and other disbursements from the trust during the reporting period.

Will your annual audit cover the Form T-1 requirement?

- An alternative, abbreviated filing method is available, provided the Form T-1 filing is accompanied by an independent, certified audit. However, the DOL added a significant number of additional schedules and disclosures that would need to be made in addition to the normal footnote disclosures. When all is said and done, providing this additional information may not be much different than completing Form T-1.

How to file

- The Form T-1 must be prepared using the DOL's software and must be submitted electronically to the DOL.

When is the filing deadline?

- The Form T-1 requirements apply to a labor organization whose fiscal year and the fiscal year of the qualifying 3(l) trust begin on or after January 1, 2009. It is due within 90 days of the labor organization's fiscal year end (same as Form LM-2).