

Signatory Contractors' Right to Know: Unfunded Liability



Whether you are currently thinking about retiring, selling, transferring your business to a family member or closing your shop completely, it's imperative that you have an accurate understanding of the financial implications of your company's pension liabilities.

As a PCA signatory contractor, you have the ability at any time to contact the Local 130 Fund office to inquire about your company's share of unfunded liability with respect to the Local 130 Defined Benefit Pension (DB) Fund. We have been assured that this information will be provided to you by request at any time.

Under the current "construction exemption" law, contractors who close their businesses and do not re-open that business or establish a new company performing the same work in the same geographical jurisdiction owe no unfunded liability provided that the company does not do so for five (5) years. Contractors who decide to operate "non-union" properly and timely withdrawing in writing as stipulated in the CBA or (as stated earlier) resume operating (non-union) before the 5 year "window" has expired will be faced with having to pay their share of the unfunded liability.

Among the components used to calculate the unfunded liability amount are who/how many pension participants the contractor has employed; how long the contractor has been in business; and the contribution rate. How much a contractor can possibly owe in unfunded liability can differ widely based on a range of variables, and is obviously related to the funding status of the pension plan itself (and the methods used to calculate withdrawal liability). The best advice for any contractor intending to conduct an asset sale only is to immediately contact the Local 130 Data Center and consult with legal counsel before signing any termination documents.

To reach the Local 130 Data Center, contact Pension Fund Administrator Joe Ohm at 312-226-5000; by email at johm@ualocal130funds.com; or by regular mail at Fund Administrator Plumbers' & Technical Engineers' Local 130 Benefit Funds, 1340 W. Washington Blvd., 3rd Floor, Chicago, Illinois 60607. Upon your request, he will provide you with the appropriate forms and information to determine your unfunded liability. As always, the PCA and Plumbing Council are "at work" for you, so please contact Executive Director S.J. Peters at 312-563-9526 or by email at sj@plumbingcouncil.org.