

## **OLMS Releases Final Rule on Form T-1, *Trust Annual Report***

On September 30, 2008, the Department of Labor, Office of Labor-Management Standards (OLMS) published the Final Rule that implements Form T-1, *Trust Annual Report*. The notice is available online at [www.olms.dol.gov](http://www.olms.dol.gov).

The Form T-1 will be filed by labor unions for certain trusts in which they are interested. Examples of such trusts include building funds, educational funds, credit unions, labor union and employer joint funds, and job targeting funds. Form T-1 requires the reporting of a trust's basic financial information such as assets, liabilities, receipts and disbursements. Detailed disclosure is also required for certain trusts' receipts from or disbursements to individuals and entities that aggregate \$10,000 or more during the trust's year. Reporting is also required for officer and employee information.

Form T-1 will only be required to be filed by labor unions with total annual receipts of \$250,000 or more, which are the labor unions that are required to file a Form LM-2. Also, to be considered a labor union's trust, and thus require a Form T-1, the trust must meet the following conditions:

- It must be established by the labor union or have a governing body that includes at least one member appointed or selected by the labor union; and
- The primary purpose of the trust must be to provide benefits to the members of the labor union or their beneficiaries.

Additional conditions dictate whether a T-1 must be filed for a related trust. A labor union is required to file Form T-1 if one of the following conditions is met:

- The labor union, alone or in combination with other labor unions, appoints or selects a majority of the members of the trust's governing board; or
- The labor union's contribution to the trust, alone or in combination with other labor unions, represents more than 50% of the trust's receipts. (*Note: Contributions by an employer under a collective bargaining agreement are considered contributions by the labor union.*)

A Form T-1 is not required to be filed for certain PAC funds and ERISA funds that are required to file a Form 5500. (*Note: Apprenticeship and training funds do not qualify under this exemption since they can elect to not file a Form 5500.*) As an alternative to preparing the T-1, an audit prepared in accordance with standards set forth in this final rule, which will be significantly different than the union's financial audit, may be submitted.

The Final Rule takes effect for fiscal years beginning on or after January 1, 2009. The Form T-1 must be filed by the labor union within 90 days of the close of the union's fiscal year as an attachment to its Form LM-2.

If you have questions on the Form T-1 Final Rule, please do not hesitate to contact us.