



Fact Sheet: Form T-1

What is Form T-1?

Form T-1 is a trust annual report. The form has 15 identification questions, five financial questions, and items for listing total assets, total liabilities, total receipts, and total disbursements.

The Form T-1 also has three schedules:

- *Schedule 1*, Individually Identified Receipts, requires the names and addresses of all entities from which the trust received a total of \$10,000 or more during the reporting period, as well as the purpose, date, and amount of each individual transaction of \$10,000 or more.
- *Schedule 2*, Individually Identified Disbursements, requires the names and addresses of all entities that received a total of \$10,000 or more from the trust during the reporting period, as well as the purpose, date, and amount of each individual transaction of \$10,000 or more.
- *Schedule 3*, Disbursements to Officers and Employees of the Trust, requires the name and title of every officer and of each employee who received more than \$10,000 from the trust, as well as their gross salary, allowances, disbursements for official business, and other disbursements.

Do I have to file a Form T-1?

Every union subject to the Labor-Management Reporting and Disclosure Act (LMRDA), the Civil Service Reform Act (CSRA), or the Foreign Service Act (FSA), with total annual receipts of \$250,000 or more, must file Form T-1 for each trust in which it is interested if the union's financial contribution to the trust, a contribution made as a result of a collective bargaining agreement to which the union is a party, or a contribution otherwise made on the union's behalf, was \$10,000 or more during the trust's fiscal year and the trust had \$250,000 or more in annual receipts; and either the union, acting either alone or with other unions, selects a majority of the members of the trust's governing board or the union's contribution to the trust, made independently or in combination with other unions, represents greater than 50% of the trust's revenue in the one-year reporting period.

What is a trust in which a labor organization is interested?

"A trust in which a labor organization is interested" is defined in the LMRDA as a trust or other fund or organization

- which was created or established by a labor organization, or one or more of the trustees or one or more members of the governing body of which is selected or appointed by a labor organization, *and*
- a primary purpose of which is to provide benefits for the members of such labor organization or their beneficiaries.

What kinds of entities may be trusts?

Here are some examples of the kinds of entities that may be a trust in which a labor organization is interested:

- Building corporations
- Redevelopment corporations
- Educational institutions
- Joint employer/union training and apprenticeship funds
- Job targeting funds
- Benefit plans
- Banks

What is a contribution?

"Contribution" is broadly defined and includes, for example:

- direct contributions from a labor organization or from an employer pursuant to a collective bargaining agreement,
- purchases of goods and services,
- stock purchases,
- investments, and
- in-kind contributions.

Note: A deposit to an account of the labor organization in a credit union or other financial institution is not a contribution.

What is the effective date for the Form T-1?

Form T-1 is effective on January 1, 2007, and will apply only to trust fiscal years beginning on or after the effective date.

When is the filing deadline?

A Form T-1 must be filed within 90 days of the end of the labor organization's fiscal year that begins on or after January 1, 2007. Accordingly, no Form T-1 is due for any trust fiscal year that began before January 1, 2007, the effective date of the Form T-1 rule. However, no union is required to file a Form T-1 until at least March 31, 2008. Thus the union's obligation to file its first Form T-1 report depends primarily on the date on which the trust's fiscal year begins. As such, no Form T-1 is due until sometime after the close of the trust's first

fiscal year that begins on or after the Form T-1 rule takes effect, January 1, 2007.

Who is responsible for filing the Form T-1?

The president and treasurer or the corresponding principal officers of the reporting labor organization are required to sign Form T-1 and are personally responsible for its filing and accuracy. The trust should provide the reporting labor organization with the necessary information to complete the Form T-1.

May I substitute an audit for Form T-1?

Yes. Labor organizations may complete only Items 1 through 15 and Items 26-27 (Signatures) of Form T-1 if annual audits are prepared according to specific standards and a copy of the audit is filed with the Form T-1. (For details about the specific standards, see the instructions for completing the Form T-1.)

Am I required to file a Form T-1 if the trust files an ERISA Form 5500?

No.

May I substitute an IRS Form 990 for a Form T-1?

No.

What are the recordkeeping requirements?

The officers required to file Form T-1 are responsible for maintaining records that will provide in sufficient detail the information and data necessary to verify the accuracy and completeness of the report. Examples of such records include vouchers, worksheets, receipts, applicable resolutions, etc., and any electronic documents, including recordkeeping software, used to complete, read, and file the report. The records must be kept for at least five years after the date the report is filed.

The labor organization need not keep separate copies of the records at its own location as long as the records are maintained by the trust and members have the same access to the records from the trust as they would be entitled to have from the labor organization.

Do I have to file electronically?

Yes. Labor organizations may file in paper format only if they have a temporary or continuing hardship exemption.

What is a temporary hardship exemption?

If labor organizations have technical difficulties that prevent the timely preparation and submission of an electronic filing, they may file Form T-1 in paper format

by the due date. But they must file an electronic copy of the report within ten business days after the due date.

How do I obtain a continuing hardship exemption?

Labor organizations may apply in writing to the Office of Labor-Management Standards (OLMS) for a continuing hardship exemption if they cannot file Form T-1 electronically without undue burden or expense. The request must be received at least thirty days prior to the report's due date, and a Form T-1 must be filed in paper format by the due date. The request must contain the following information:

- the justification for the requested time period of the exemption, not to exceed one year,
- the burden and expense that the union would incur if it was required to make an electronic submission, *and*
- the reasons for not submitting the report electronically.

How do I get the electronic Form T-1?

To download the Form T-1, visit the OLMS Web site at www.olms.dol.gov and select "Form T-1" from the "Forms Download" list in the right side blue menu bar.

What are the hardware requirements for filing in the electronic format?

Filers will need the following minimum PC hardware requirements:

- Intel® Pentium III® series processor (or higher)
- 64MB RAM
- 60MB of available hard-disk space

Note: For optimum performance, OLMS recommends using an Intel Pentium IV or equivalent processor running at a minimum speed of 2.4 GHZ with 1 GB of memory.

What operating software should I use?

Any of the following operating systems will support the electronic format:

- Microsoft® Windows 98 Second Edition
- Windows NT® 4.0 with Service Pack 6
- Windows 2000 with Service Pack 2
- Windows XP Professional
- Microsoft® Windows, Millennium Edition
- Microsoft® XP Home Edition

Note: Filers will also need Adobe® Acrobat Reader®, Version 6.x or 7.

How can I get more information?

For more information about the new Form T-1, visit the OLMS Web site at www.olms.dol.gov and see the *Quick Links* box on the home page. Additional information

about OLMS, including key personnel and telephone numbers, how to obtain LM reports, compliance assistance materials, the text of the LMRDA, and related

Federal Register and *Code of Federal Regulations (CFR)* documents, is also available on the OLMS Web site.

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