The Role of the Collection Committee
by Travis J. Ketterman, GBA

The efficient collection of contributions is an essential element of operating a multiemployer benefit fund. A collection committee can help improve fund collection efforts while saving time for boards of trustees.

A meeting of a multiemployer fund board of trustees is filled with tasks to be addressed, reports to be given and decisions to be made. Most boards meet quarterly and must use their limited meeting time effectively and efficiently. In the time between board meetings, fund administrators, employees and legal counsel should know the direction desired by the board and be prepared to implement board policy. The proper use of a collection committee can streamline board meetings and allow continuity of board-designated collection policies. This article explores the membership, duties and best practices of a collection committee.

Committee Members

The membership of a collection committee should reflect the specific needs of the board of trustees. The fund administrator or fund employee designated with oversight of collection efforts should be a member of the committee. Like the conductor of an orchestra, the administrator or designee coordinates the efforts of all professionals involved in collecting fund contributions. The fund administrator or designee also is a natural choice to be the chair for the collection committee, but some funds prefer legal counsel to run the meeting and draft the followup notes and minutes. The role the fund administrator serves on the collection committee is an extension of the administrator’s role as liaison between the board and the fund employees and professionals.

The collection committee also should include fund employees (often called field representatives) who conduct the day-to-day collection of contributions. These employees are on the front line dealing with delinquent signatory employers and usually provide updated information at a collection committee meeting. Because of their immediate contact with the signatory employers, the fund employees have the best sense of whether litigation should be delayed or accelerated to ensure the collection of the contributions. After the collection committee meeting, the fund employees are usually the committee members charged with communicating directly with the signatory employer.

Fund counsel also should serve on the collection committee. If the fund has a separate collection counsel, both the fund attorney and collection counsel should serve on the committee to ensure continuity between the litigation strategy and board policy and directives. Participation by the fund counsel or collection counsel is crucial because fund counsel implements collection committee decisions that directly relate to pending litigation and potential lawsuits. For example, fund counsel will respond to settlement offers, proceed with discovery such as depositions, and file or dismiss lawsuits.

Depending on the volume of collection issues, the payroll auditor may be a member of the collection committee. If the fund is smaller or has few delinquency and deficiency issues, the collection committee may address both payroll audits and signatory employers that are late with their monthly report and contributions. For some funds, the large number of audits and delinquent employers necessitate separate committees and meetings to address these distinct issues.

Finally, some collection committees include trustees as members. The presence of trustees is usually determined by the volume of collection issues and the frequency of meetings. Often, the committee proceeds without trustee involvement in the meeting. This lack of formal trustee involvement does not lessen the importance of the collection committee. Indeed, a busy board of trustees may rely even more on a robust collection committee to implement its collection policies. In addition, the board monitors and approves the actions of the collection committee. It is important to note that any collection committee that includes trustees as formal members should include an equal number of labor and management trustees.

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*Collecting Employer Contributions: The ERISA Litigation Guide*
Travis J. Ketterman, GBA. International Foundation. 2009.
Duties

Like the membership, the specific duties of the collection committee will vary depending on the number of delinquent employers. However, all collection committees have common tasks. An efficient committee reviews pending collection lawsuits. This discussion may include the current status and the strategy for effectively resolving issues with specific employers. If the board of trustees has delegated the committee with the necessary authority, the collection committee may review and respond to settlement offers. The collection committee also should monitor compliance with existing settlement installment payment plans.

An important task of all collection committees is to address concerns about delinquent employers that are not yet the subject of a lawsuit. The committee provides an effective forum for all of the members to discuss and agree on an approach to resolving issues with these employers.

The committee takes the lead in implementing the collection policies adopted by the board of trustees. This role has a twofold purpose. First, the collection committee should ensure that its actions and those actions taken by the individual committee members adhere to fund collection policies and procedures. Second, the committee often develops proposed changes to the collection policies that are presented to the board of trustees. Because of its day-to-day involvement in implementing collection policies, the committee may recommend revisions to bring the policies in line with the best practices to effectively collect contributions.

Collection policies are designed to guarantee that all signatory employers are treated equitably and uniformly. The collection procedures also exist as the playbook for the fund administrator, payroll auditors and fund counsel. Like any team, it will only succeed if the team members act in agreement and with coordination. Thus, constant monitoring, implementing and reviewing of the collection policies by the collection committee are essential tasks.

Frequency of Meetings

The frequency and length of collection committee meetings are completely dependent on the scope of the issues confronted by the committee. At a minimum, the committee should meet quarterly. These meetings generally occur before the quarterly board of trustees meeting so that the collection committee report can be considered by the full board. Collection committees often meet monthly or even weekly in order to effectively and efficiently perform their duties.

If significant issues arise and cannot wait until the next regularly scheduled meeting, committees should consider holding telephone conference calls to discuss those issues. For example, the committee could conduct a twice-monthly telephone call specifically to address pending and potential mechanic’s liens. These frequent discussions are necessitated by the short statute of limitations to file mechanic’s liens and then become part of a more comprehensive collection committee discussion.

Reports

The collection committee should prepare a report that provides a brief summary for each signatory employer discussed at its meetings. The report should include a description of the extent of the issue (number of months and amount of delinquency) for each employer, outline the next action and name the person who will take that action. For example, the report may state that Contractor ABC is three months delinquent in submitting monthly reports and contributions, and the next step will be for the fund counsel to file a lawsuit within the next seven days. This type of report allows for accountability and provides a quick and comprehensive review of the collection issues faced by the fund.

Importantly, the ability of a collection committee to devote significant amount of time to reviewing, strat-
Recognizing and implementing approaches to collection issues allows a full board to avoid a time-consuming discussion of these vital issues.

However, the collection committee should provide a report of its activities for ratification or adoption by the full board. The trustees maintain their fiduciary duty to collect contributions. While they may delegate the day-to-day collection activities, trustees have a duty to monitor those collection efforts. A comprehensive collection committee report serves the dual purpose of providing a road map for actions and allowing the trustees to fulfill their oversight obligations.

**Conclusion**

A collection committee allows for the detailed consideration of the issues faced by a multiemployer benefit fund in collecting employer contributions. Having a committee focused on collections allows a more thorough discussion of delinquencies that can be used to formulate an approach to effectively and efficiently collect those contributions. At the same time, the full board of trustees can save significant time at a quarterly board meeting if the trustees are simply reviewing the efforts and actions of the collection committee. While the actual membership and duties of a collection committee vary from fund to fund, the underlying premise remains that a collection committee can be an effective and efficient method of tackling the problem of delinquent contributions.

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