

## APPLICATION PROCESS

1. Let us assume that on January 10, 2005 the Trust's Benefit Department receives a telephone call from a Member advising that he will retire January 31, 2005 from employment at the XYZ company. This fixes the **EFFECTIVE DATE** of his benefit as February 1, 2005, i.e, the first day of the first calendar month after the date of retirement.

2. During this same telephone conversation, the Processor who took the call attempts to verify his vital statistics, such as the correct spelling of his name and that of his Spouse, if any, social security number, date of birth, address, telephone number, etc. The Member is also advised that he should allow us up to **NINETY (90) DAYS** to process his Application and that although the **EFFECTIVE DATE** of his benefit is February 1, 2005, it is likely that he will receive his first check in April 1, 2005 and that this first check will include not only the payment for April 2005 but also those for February and March 2005.

3. Thereafter a determination is made as to whether the Member is eligible for a benefit and, if so, how much. This involves, among other things, a review of his total years of service as well as the total amount of contributions paid on that service. This process sometimes can be difficult if there are gaps in employment information and in contribution payments caused by lapses on the part of the employer, and/or if the Member was also covered under a merged plan, etc.

4. In any event, the above determination is usually completed within seven (7) business days after the initial call. An Application is then sent to the Member to complete and return. *(In situations where the Member informs us of a retirement date several months in the future, then, under the law, we may not send an Application to that Member earlier than thirty (30) days prior to*

*the scheduled **EFFECTIVE DATE**. So, if we complete the initial determination as to eligibility and amount of benefit at a time that is more than thirty (30) days before the **EFFECTIVE DATE**, we must wait to forward the Application until the thirty (30) day mark is reached.)*

5. The Application for a Joint and Survivor Benefit, the most common type, is somewhat intimidating. It consists of twenty (20) pages of explanations, instructions, as well as forms to be completed, signed and returned by the Applicant and Spouse. The typical applicant will contact the Benefits Department several times for guidance during the application completion process.

6. Be that as it may, most Applications are returned to the Benefits Department within thirty (30) days. In the example we are using, this translates to about forty (40) days that have elapsed from the day of the first phone call until the Application is returned to us. This brings us to about February 20, 2005. The Application is reviewed by a Processor for completeness. *(In about 50% of the cases, the Application is not complete and the Processor must write to the Member for his missing information. Further note, that if an Application is not returned within ninety (90) days, the Application is voided and when the person involved finally decides to retire, he must begin the process all over again. At least two applications per month meet this fate).*

7. It is February 20, 2005 and the Benefits Department has a completed Application.

8. We must now await the receipt from the XYZ Company of the Contribution Report for the Benefit Month of March 2005, which is based on hours or wages logged by employees during the Wage Month of February 2005. From this Report, the Benefits Department is able to verify that the Applicant has indeed retired during January 2005 since if he did this Report will show no earnings and/or hours for him during February 2005 and the Employer will have coded him as

“retired”. It is at this point a degree of uncertainty as to when the first check will be released enters into the process. The Contribution Report for any particular Benefit Month is due by the 10<sup>th</sup> day of the month. Most employers submit their Reports by or shortly after the 10<sup>th</sup>. Contribution reports are processed by the Accounting Department. Upon receipt of the Contribution Report by the Accounting Department the information provided must then be input into the individual histories of each Participant. There are four (4) Trust employees who exclusively perform this task. The input usually is completed within 4 or 5 days after receipt of the Contribution Report. It could take a bit longer if the input period straddles a holiday, vacation or sick day. Thus, there are two variables involved in reaching the point when the Benefits Department can direct the Accounting Department to issue the first check, these being the date on which the Contribution Report is received and the time it takes to input the data. Accounting Department personnel prints and mails the benefit checks. This function is not outsourced because this would most definitely cause more delay. Checks are mailed and Direct Deposits initiated so that the benefit for a particular month is in the hands of the retiree by the first working day of that month. In order to do this the Accounting Department must begin the monthly payment process (printing and mailing checks, making Direct Deposits) at least ten (10) working days prior to the first day of the Calendar Month for which the benefit is due. About the middle of the previous calendar month the Accounting Department announces a “Cut- Off” date after which no requests for new payees (retirees about to receive their first payment) for the following calendar month may be submitted. If the Benefits Department is unable to complete processing a new Application by the Cut-Off date, then the new payee will not receive his first check until the second calendar month after the application process is completed. This “Cut-Off Date” introduces a yet third variable in determining the time required to get the first payment to a new Applicant.

9. There is no doubt that February 20, 2005 will be after the March 2005 Benefit Payment Cut-Off Date since the cut-off date is usually ten (10) days before the last day of the month (February 28<sup>th</sup>). If the Contribution Report for the Benefit Month February 2005 is received and processed by the Benefits Department prior to the March 2005 cut-off date, then the Applicant will receive his first check immediately after April 1, 2005, which will include the February and March benefits as well as April's. As can be seen, this is well within the ninety (90) day period allowed. **It is to be noted that a retiree's first payment is always by check even if he has elected Direct Deposit because, among other reasons, the first payment usually includes some retroactivity.** Further, if one or more of the variables mentioned above fell on the long end, then the first payment might have easily been delayed to May 1, 2005, just within the ninety (90) day period predicted or, in unusual cases, even longer. For example, in some cases the Employer pays contributions on an employee for one or two months after the month of retirement because during these additional months the employer has paid to the employee unused vacation pay, severance pay, etc. and does not code the employee as retired until the final payment due is made.