



# Western Conference of Teamsters Pension Trust

An Employer-Employee Jointly Administered Pension Plan - Founded 1955

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## Employer Bulletin

June 2025

**TO:** Participating Employers

**FROM:** Office of the Administrative Manager

**RE:** **A Reminder of Trustee Policy Requirements for Proper Reporting of Pension Contributions Due for Vacation Compensation**

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The Trustees of the WCTPT are committed to providing our contributing employers with a complete understanding of the laws, regulations, and Trust rules that govern their obligations on behalf of their employees who participate in the Trust. These bulletins are intended to assist your legal, labor, and accounting staff in working effectively with our Administrative Offices. We welcome your feedback on any topic discussed.

During the course of recent payroll compliance audits, certain practices have come to the attention of the Western Conference of Teamsters Pension Trust's Administrative Offices involving an employer's obligation to remit pension contributions due for compensable hours paid but not taken off from work.

The audits have shown that certain industries, due to their special workflow, schedules, and employment practices have developed compensation models involving payment for unworked hours that could produce a result that violates WCTPT Trustee policy.

The most common examples of such affected hours involve payment practices for vacation hours.

This memorandum is being distributed to formally notify parties of this concern and to offer guidance on how to best meet the obligation to remit pension contributions in compliance with the Trustee Policy on Acceptance of Employer Contributions (as outlined in the Agreement and Declaration of Trust) and specifically Guideline 5, which states that the Trust will not accept:

***Provisions that permit contributions on a basis that will produce a contribution less than on all straight time hours worked by the employee, provided that for purpose of this rule paid vacation and paid holiday hours shall be included in straight time hours worked.***

The potential violation of Trustee policy may arise when employees receive compensation for non-worked hours, such as vacation pay, on their anniversary of employment or any other date other than when the vacation time is taken, and the Employer implements a bargained weekly or monthly maximum on the amount of pension contributions due to be made. This may result in an employee being compensated for a full year's work, and yet not receiving a number of hours of pension contributions to satisfy Guideline 5's requirement.

**The Trustees have stated their policy as regards vacation payouts as follows:**

Policy on Pension Contributions for Vacation or other Compensation Received on a Date other than the Pay Date Immediately before or after Vacation or other Hours are Taken off from work (Effective May 1, 1996, and restated thereafter)

**1.** The following Policy applies to Pension or Labor Agreements that require pension contributions on vacation hours for which a Covered Employee is entitled to receive compensation from the Employer under the following circumstances:

**a.** The Pension or Labor Agreement expressly provides that Covered Employees are entitled to receive vacation compensation on their employment anniversary date or some alternate date other than the pay date immediately before or after the period during which the Covered Employee actually takes the vacation time off from work.

**b.** The Pension or Labor Agreement is silent on when the Employer is required to compensate a Covered Employee for vacation time, but pursuant to established practice, the Employer pays vacation compensation on Covered Employees' employment anniversary or some alternate date other than the pay date immediately before or after the period during which the Covered Employee actually takes the vacation time off from work.

**2.** Regardless of when a Covered Employee receives compensation for vacation time, pension contributions shall be due for such vacation hours regardless of when or if the Covered Employee actually takes the vacation time off, notwithstanding any monthly maximums contained in the Employer's Pension Agreement.

**3.** If the Pension Agreement contains a weekly, monthly, or annual maximum on the Employer's obligation to remit pension contributions, paragraph number two shall not be construed to require the Employer to make contributions on behalf of a Covered Employee for more than the annual or "implied" annual maximum for covered hours per calendar year. To further clarify what is meant by an "implied" annual maximum; that concept is determined from the weekly or monthly maximums stated in Pension or Labor Agreements for the number of payroll weeks or months in a calendar year. For example, an Agreement that requires contributions on all compensable hours up to a monthly calendar maximum of 184 hours has an implied annual maximum of 2,208 hours (*184 hours x 12 months = 2,208 annual hours*) and therefore non-worked compensated hours should be reported to the Trust beyond the monthly maximum in the month the compensation occurs, but not beyond the annual or "implied" annual maximum for that calendar year.

**4.** This policy also extends to other forms of compensation for non-worked hours that are, accrued under the Agreement and paid, but not taken such as Paid Time Off (PTO), Sick Leave, Personal Holiday, etc.

A Reminder of Trustee Policy Requirements for Proper Reporting of Pension  
Contributions Due for Vacation Compensation  
May 2025  
Page 3 of 3

There are many pension contribution formulas that can fit an employer's specific industry demands and still meet Trustee policy requirements. To date, the Administrative Offices have been enforcing the policies noted above since they originated in May 1996.

If you have any questions surrounding the application of the pension language contained in the collective bargaining agreement and the administration of that language via your payroll and / or benefits departments, you should contact the Trust's Audit Department at (206) 329-4900 for discussion and clarification.