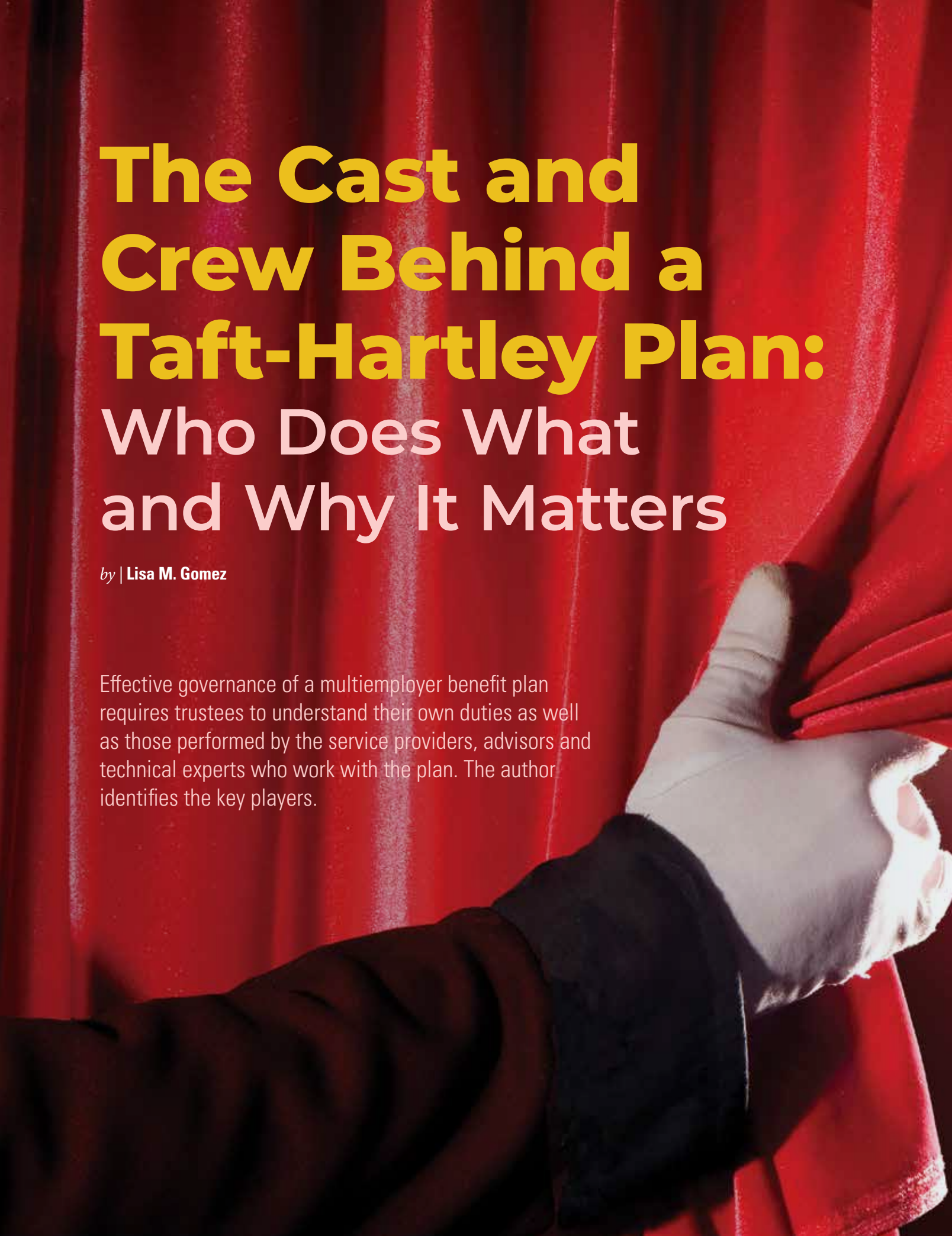


A close-up photograph of a hand pulling a thick, red velvet curtain. The hand is wearing a dark, long-sleeved garment. The lighting is dramatic, with strong highlights and shadows, emphasizing the texture of the fabric and the action of pulling the curtain.

The Cast and Crew Behind a Taft-Hartley Plan: Who Does What and Why It Matters

by | **Lisa M. Gomez**

Effective governance of a multiemployer benefit plan requires trustees to understand their own duties as well as those performed by the service providers, advisors and technical experts who work with the plan. The author identifies the key players.



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A Taft-Hartley employee benefit plan (sometimes referred to as a multiemployer plan) is neither a solo act nor merely a duet between labor and management trustees. It is an ensemble production, with lead roles, strategic advisors, technical experts and specialized service providers shaping daily plan operations.

The trustees of a multiemployer plan carry ultimate fiduciary responsibility under the Employee Retirement Income Security Act of 1974 (ERISA), as amended. But effective governance requires more than understanding one's own duties. It requires understanding who else influences outcomes, what role each cast and crew member plays, the incentives, the constraints under which they operate, and where responsibility begins and ends. Governance failures rarely begin with misconduct. They begin with the wrong assumptions about who is responsible, who is monitoring and whose incentives are aligned.

Understanding the full cast and crew and the roles they play is critical to the governance of a well-run Taft-Hartley plan. While they may not win any Oscar or Tony awards, they can be subject to negative reviews if they're not working from the same script.

The Lead Roles: The Trustees

At the center of every Taft-Hartley plan are the labor- and management-appointed trustees serving as fiduciaries under ERISA.

The trustees establish and interpret plan policies; oversee administration and investments; hire and monitor service providers; and make decisions affecting benefits, funding and plan design—all while complying with their ERISA duties.

Labor trustees often bring insight into participant experience and workforce realities. Employer trustees may focus on contribution stability, business impact and industry trends. These differing perspectives strengthen governance, provided that fiduciary standards remain the guiding framework.

The Supporting Roles: Labor Unions and Employers

Unions negotiate benefits and coordinate with the plan in communicating with members and understanding their needs. Employer contributions fund the plan and employers often focus on cost predictability and operational efficiency. These roles shape the broader environment, but fiduciary decisions are made at the board table, not the collective bargaining table. Clarity about that boundary protects both governance integrity and long-term working relationships.

The Stage Managers: The Fund Office

The fund office ensures that policy becomes practice. The executive director or fund manager translates trustee decisions into operational reality, coordinates vendors, supervises staff and often identifies emerging risks. Their focus is systems, workflow and administrative feasibility.

Fund staff apply plan rules to real participants every day. They see where language creates confusion, where communications fall short and where procedures need refinement. Plans work best when trustees treat fund staff as governance partners and not merely implementers.

The Technical Ensemble: Legal, Financial and Actuarial

Multiemployer plans operate within a legal framework, a financial architecture and an increasingly complex risk environment. Effective trustees do not simply retain advisors—they understand the roles, incentives and boundaries of each one. The trustees need more than expertise at the table—They need clarity about who is advising whom and why.

Plan Counsel and Co-Counsel

Plan counsel (or co-counsel) serves one client: the board of trustees acting in its fiduciary capacity as plan administrator. Counsel does not represent the union or contributing employers when advising the plan. They represent the fiduciary entity created under ERISA.

Counsel's role includes the following.

- Shaping fiduciary process and governance
- Ensuring that deliberations are documented
- Drafting and amending plan documents
- Advising on regulatory interpretation and overall legal compliance
- Framing legal risk
- Guiding responses to agency inquiries

There are moments when litigation, complex investigations or transactions, fiduciary breach allegations or high-stakes regulatory inquiries may require specialized outside counsel. While this can enhance expertise, it can also confuse accountability if responsibilities are not clearly delineated.

In those moments, trustees must ensure clarity regarding:

- Who is the client (i.e., is it the plan, individual trustees or both)?
- The precise scope of each firm's engagement
- Which firm speaks for the plan in particular contexts

takeaways

- A Taft-Hartley employee benefit plan (sometimes referred to as a multiemployer plan) operates as an ensemble production, involving multiple roles beyond trustees.
- Multiemployer plan trustees hold ultimate fiduciary responsibility under the Employee Retirement Income Security Act (ERISA). Governance failures often stem from misaligned assumptions about responsibility and monitoring, rather than outright misconduct.
- Technical service providers include attorneys who act as counsel and co-counsel, plan auditors and accountants, and actuaries and benefit consultants.
- Many plans rely on third-party administrators (TPAs) to run day-to-day operations and administer the plan.
- Retirement and health plan service providers include several types of investment professionals such as investment managers and consultants.

- How conflicts of interest are identified and managed
- How legal services are compensated
- How strategy is defined
- How fees are approved and monitored.

Most importantly, trustees should remember that legal advice strengthens fiduciary judgment but does not replace it.

Plan Auditors and Accountants

Auditors play an independent role within the governance structure. Through annual audits and internal control testing of financial processes, auditors assess whether the plan's financial reporting accurately reflects its operations. Their findings may include:

- Material weaknesses
- Significant deficiencies
- Recommendations for strengthened internal controls
- Documentation improvements.

Audit opinions and control recommendations are indicators of the governance health of a plan.

Accountants engaged for payroll audits or forensic reviews serve an equally significant role. Accurate employer contributions are foundational to a multiemployer plan's sustainability, and independent payroll audits help ensure that negotiated obligations are fully complied with.

Actuaries and Benefit Consultants

Actuaries model the long-term viability of the plan. Their work is rooted in demographic analysis, economic assumptions, contribution levels, investment return projections and regulatory funding requirements. Those assumptions shape benefit design, contribution strategies and long-term sustainability. Actuarial advice provides trustees with the information they need to make tough decisions, but it does not relieve trustees of responsibility for making them.

Benefit consultants analyze claims trends, benchmark plan design, evaluate vendor performance and provide cost-containment strategy. They also provide information and advice about compliance, regulatory requirements, trends in benefits and utilization, and other important services. Compensation structures may include retainers, commissions or hybrid models.

Actuaries and benefit consultants often appear in the same meetings (and may sometimes be the same person serving in both roles), but they answer different questions. Actuaries focus on the plan's financial sustainability, while

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benefit consultants focus on how the benefit program operates in practice.

The Production Crew: Third-Party Administrators

While some multiemployer plans rely on internal staff to run the day-to-day operations and administration of the plan, many rely upon third-party administrators (TPAs) for this critical role. Many people think of a TPA as any entity outside of the plan itself that is involved in the administration or operation of the plan. However, not all outside administrators are the same. For the purposes of this article, a TPA is an entity that essentially acts as the "fund office" in performing tasks that can include processing benefit eligibility, responding to requests and inquiries from participants and beneficiaries, processing claims for benefits and appeals, assisting with reporting and disclosure requirements, collecting employer and employee contributions, and other administrative requirements. TPAs work closely with the trustees and plan staff, as well as with plan professionals and other service providers.

On the health plan side, unlike other claims administrators or service providers under an administrative services only (ASO) arrangement, TPAs generally do not contract with medical providers or facilities, set reimbursement rates, review health claims for medical necessity or preauthorization, or determine what providers or facilities will be in the network. On the defined contribution (DC) plan side, TPAs generally handle compliance and plan-level administration, while participant account recordkeeping, investment allocation and most transaction processing—such as loans, distributions and rollovers—are typically handled by recordkeepers.

Most TPAs are paid based on a per-participant monthly fee, with additional flat fees for certain services.

It is important for trustees to understand the terms of their contracts with each of their service providers with respect to what services each is responsible for, particularly in the case of TPAs and their overlap and interaction with other service providers.

Lights, Camera, Action: The Importance of the Additional Crew Members

Like the long list of credits at the end of a film, there is also a lengthy roster of companies and people who work with the Taft-Hartley plan cast and crew so that the plan runs smoothly and successfully.

Health Plan Service Providers

Several service providers play their own roles in making sure a Taft-Hartley health plan delivers benefits to participants. The service provider arrangement and the allocation of risk and leverage differ significantly between fully insured and self-insured health plans.

In a fully insured arrangement, the plan purchases a policy from an insurance carrier that assumes financial responsibility for claims in exchange for premiums. The carrier typically:

- Processes claims
- Maintains provider networks
- Negotiates reimbursement rates with hospitals and physicians
- Conducts utilization management
- Administers prescription drug benefits (directly or through an affiliated pharmacy benefit manager (PBM)).

The carrier's premium reflects expected claims, administrative costs, risk margins and profit. In this model, trustees transfer claims risk to the carrier, have limited visibility into network negotiation dynamics, and exercise primary leverage through carrier selection and renewal negotiation. Trustees must understand that while a fully insured arrangement may transfer more tasks to the insurer, ERISA still governs the underlying plan and the trustees must ensure that they are complying with their fiduciary obligations as well as all reporting and disclosure obligations and regulatory requirements. They cannot simply assume that the insurer is taking care of everything.

In a self-insured (self-funded) arrangement, the plan retains claims risk and pays claims directly, typically through

an ASO agreement with an insurer or other provider. The service provider structure is more segmented and often includes:

- A TPA or claims administrator to process claims
- A leased or proprietary provider network that leases access to a network and negotiates reimbursement rates with providers
- A separate PBM
- A stop-loss insurance carrier that insures against catastrophic risk
- Utilization review or specialty vendors.

For both models, the trustees, through either the fund office or a TPA, maintain responsibility for ensuring eligibility of participants, collection of employer and employee contributions, and interacting with the insurer or ASO provider.

Defined Benefit and Defined Contribution Retirement Plan Service Providers

The core administration functions in a Taft-Hartley defined benefit (DB) or DC pension plan are largely the same, whether administration is handled internally by fund staff or outsourced to a TPA. Tasks generally include the following.

- Track employer and employee contributions
- Monitor hours worked and credited service
- Reconcile contribution reports with collective bargaining agreements
- Identify delinquencies or reporting discrepancies
- Determine eligibility
- Perform benefit calculations
- Process retirement applications
- Prepare election forms
- Issue benefit payments
- Handle benefit appeals
- Communicate with participants

Because benefits in a DB plan are formula-driven rather than account-based, the operational structure differs significantly from that of a DC plan. There is no daily participant-level investment accounting, and there are no participant-directed investments.

Many DC plans engage a recordkeeper to assist with these tasks. The recordkeeper's main responsibilities typically include the following.

- Maintaining individual participant accounts
- Tracking contributions
- Allocating investments based on participant elections

- Crediting gains and losses
- Processing loans and distributions
- Providing participant statements and online access
- Supporting required disclosures

The recordkeeper also maintains the technology platform that allows participants to interact with their accounts. The recordkeeper generally does not select the investment lineup or set plan policy.

Liability Insurers and Risk Brokers

For multiemployer plans, fiduciary decisions, cyber exposure, operational vulnerabilities and litigation risk are constant. Fiduciary liability policies typically protect trustees and, in some cases, the plan itself from fiduciary breach claims. As plans rely increasingly on digital recordkeeping and online access, cyber exposure has become one of the most significant operational risks. Trustees should understand how cyber insurance coverage aligns with recordkeeper contracts, vendor indemnification clauses and cybersecurity protocols. General liability policies address operational exposures. Fidelity bonds protect against fraud and dishonesty as required under ERISA. Each policy addresses a distinct risk. Overlaps and gaps should be reviewed periodically.

Insurance brokers assist in negotiating and placing coverage. Compensation may be commission-based, fee-based or hybrid.

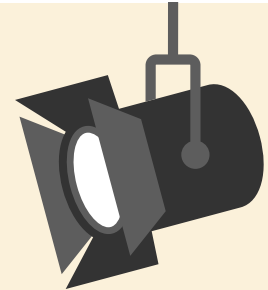
Investment Providers

Behind every Taft-Hartley plan investment portfolio, whether pension or health, is a layer of advisors, managers, custodians and (for retirement plans), platform providers. Understanding that system requires clarity about roles, discretion and incentives.

Investment Consultants: Advising the Structure

Both health and retirement plans frequently engage investment consultants/advisors. They typically advise on asset allocation, investment manager selection, performance benchmarking and investment policy statement development. In a DB plan and a health plan, the consultant may focus on asset-liability modeling, funded status volatility and long-term return assumptions. In a DC plan, the consultant may assist with the development of the investment lineup available to participants, qualified default investment alternatives (QDIAs) and participant outcome analysis.

Participant-Level Investment Advisors



It has become increasingly common for DC plan participants to seek more personal investment advice. Often, such advice can be offered through the plan's administrative structure by a financial advisor who the participant accesses through the plan's recordkeeper. Those "in-plan" financial advisors generally have a view only of the participant's account within the plan. Many participants looking for more holistic financial advice seek assistance from a financial advisor outside of the plan who can advise more broadly. But not all advice is structured the same way, and not all advice provided from within the plan is independent in the way participants may assume.

Many recordkeepers provide managed account programs, model portfolio services, online advice tools and advisory services through affiliated entities. Trustees should understand whether these services are limited to the plan's existing investment lineup, include a recordkeeper's proprietary investment products, direct assets toward affiliated funds, generate additional asset-based advisory fees and increase assets under management for affiliated entities. Trustees should also understand the fee structures charged to participants for these services when provided through a plan service provider and ensure that the fees and terms of such services are reasonable and properly disclosed to participants. Many advice programs provide meaningful value. But trustees should be clear about the structure, including how advice is delivered, how it is compensated and how incentives operate. Advice that appears independent may, in fact, be economically integrated into the platform. Clarity protects both the trustees and participants.

While trustees are not involved when participants select a financial professional outside of the plan for investment advice on their retirement savings, they should understand how the plan's service providers interact with participants and their independent financial advisors. Trustees should also be aware of any issues that may affect participants' ability to choose how they obtain the advice they need.

Compensation structures for investment consultants vary and may include flat annual retainers, asset-based advisory fees and project-based fees. Asset-based compensation may grow as assets increase. Trustees should understand whether

compensation structures create potential conflicts related to asset growth, product selection or fee layering.

Some consultants serve as ERISA Section 3(21) fiduciaries, providing advice but leaving the final investment decisions to the trustees. Others operate as an ERISA 3(38) investment manager or outsourced chief investment officer (OCIO). Understanding the provider's fiduciary status, scope of authority and compensation is essential.

If trustees delegate discretionary authority to a 3(38) investment manager, the manager assumes discretion to select and replace underlying investment managers. An OCIO model may combine advisory and discretionary implementation authority. This delegation does not eliminate trustee oversight for monitoring matters such as performance relative to benchmarks, fees and adherence to the investment policy statement.

Underlying Investment Managers

Underlying investment managers manage specific asset classes or strategies. Compensation is generally asset-based. In certain alternative strategies common in DB portfolios, performance-based compensation may apply.

Investment Platform Providers in DC Plans

In DC plans, the investment platform provider supplies the investment vehicles available to participants. In many arrangements, the recordkeeper and platform provider are the same entity. While from an operational perspective, services may appear integrated, from a fiduciary perspective, product supply and recordkeeping remain distinct functions, even when bundled.

Platform providers are typically compensated through expense ratios included in the investment options, asset-based management fees and revenue-sharing arrangements.

Custodians

In DB plans and health plans, custodians safeguard pooled assets, settle trades and provide reporting. In DC plans, custodial services may be integrated within recordkeeping platforms or structured separately. Compensation may include asset-based custody fees, transaction charges or

bio



Lisa M. Gomez is the founding member of LMG Collaborative Consulting Solutions LLC in New Jersey. She provides services in all areas related to employee benefit plans. Gomez previously served as assistant secretary of the Employee Benefits Security Administration of the U.S. Department of Labor and was a partner and chair of the management committee at the law firm Cohen, Weiss and Simon LLP. She can be reached at lisamgomez@lmg-ccs.com.

bundled service pricing. Custodians do not make investment decisions. Again, in bundled structures, one institution may serve multiple roles.

Leadership at the Center of the Ensemble

Each plan advisor brings expertise. Each operates within a compensation framework and views the plan through a professional lens shaped by training and incentives. A Taft-Hartley plan succeeds when everyone understands their own roles and how they interact with others.

Effective trustees resist assumptions. They know who negotiates the hospital contract and can identify who is responsible for regulatory tracking. They ensure that operational realities match policy decisions. They recognize that delegation requires monitoring, contracts require scrutiny, expertise requires supervision and fiduciary duty is not passive.

A Taft-Hartley plan is an ensemble effort. The most effective boards are not those with the most advisors or the most sophisticated vendors. They are the ones who understand the entire cast and crew, where authority begins and ends, and how incentives shape behavior. Because in the end, governance clarity is about protecting workers and families who depend on the promise the plan represents, and that responsibility belongs to the trustees. 🎭