

# **BENEFITS AS A CONTRACTOR VALUE PROPOSITION**

Risk Management, Cost Control, and Competitive Stability

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**MID**   
**AMERICA**  
CARPENTERS BENEFITS

# VALUE PROPOSITION

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Representatives / Organizers

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Employer Recruitment & Retention

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## **TWO** TYPES OF NON-UNION CONTRACTORS

1. Those who **do not offer benefits**
2. Those who want to be “good employers” and offer benefits

This session focuses on the **second** group.

# THE REAL CONTRACTOR QUESTIONS

For contractors **who** offer benefits:

- How do I control cost?
- How do I reduce risk?
- How do I stay competitive?
- How do I avoid compliance mistakes?



# THE CONTRACTOR'S **DECISION**

Contractors have **two** choices:

- 1. Manage benefits internally**
- 2. Outsource benefits**

The union advantage is the **second** option.

# WHAT UNION CONTRACTORS ARE RESPONSIBLE FOR



- ✓ Report hours worked
- ✓ Pay negotiated contributions
- ✓ Follow the agreement

**That's it!**

**The Funds/Offices take care of the rest.**

# WHAT THE BENEFIT FUNDS/TRUSTEES **MANAGE**

Benefits are **centrally** administered by the Funds:

- ❖ Plan Design
- ❖ Carrier and Vendor selection
- ❖ Claims Administration
- ❖ ACA Compliance
- ❖ ERISA Compliance
- ❖ IRS and DOL reporting
- ❖ Audits
- ❖ Fiduciary Oversight
- ❖ Regulatory Changes
- ❖ Participant Communication & Appeals

# **BENEFITS AS OUTSOURCING**

Union contractors **do not “run”** benefit plans.

**✗ No annual carrier shopping and brokerage fees**

**✗ No plan redesign decisions**

**✗ No employee premium strategy**

**✗ No retirement plan fiduciary role**

# RISK IS **AT THE COMPANY LEVEL**

**Non-union “good” employers carry **direct risk**:**

- ✓ ACA Penalties
- ✓ Fiduciary Liability
- ✓ Potential Lawsuits
- ✓ Compliance Errors
- ✓ Renewal Volatility
- ✓ Coverage Cancellation



**Union contractors operate inside a shared, professionally governed system.**

# DATA CALL-OUT: HEALTH INSURANCE **REALITY**



## Typical commercial employer-sponsored family health plan:

- Total annual premium: \$23,000-\$25,000
- Employer share: \$16,000-\$18,000
- Annual renewal volatility: 10-30% not uncommon

# HOW COMMERCIAL (NON-UNION) HEALTH INSURANCE WORKS

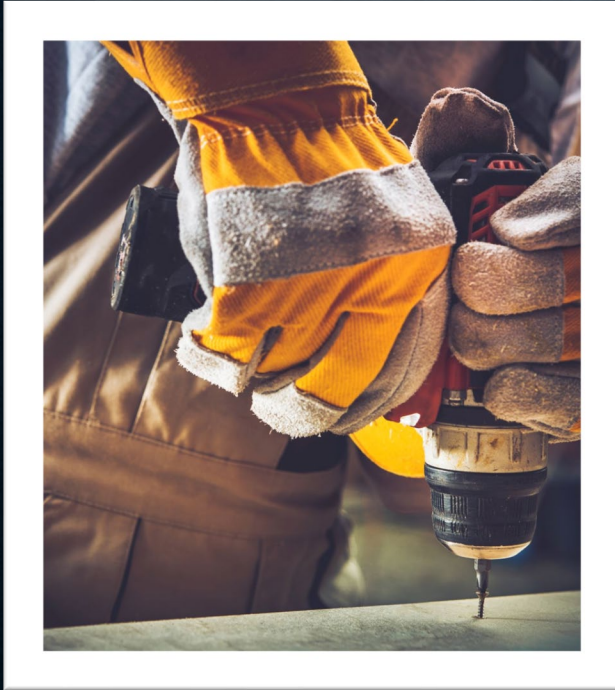
## Most commercial employer health plans:

- ✓ Are billed on a **monthly premium basis**
- ✓ Require full premium payment once coverage is active
- ✓ Cost the same whether an employee works 10 hours or 200 hours



Employers pay for anticipated employment, **not** actual work.

# HOW UNION HEALTH COVERAGE WORKS



Union health coverage is **earned through hours worked:**

- ❑ Eligibility tied to hours
- ❑ Coverage maintained through continued work

Employers contribute **only for hours actually worked**

# WHY THIS **MATTERS** TO CONTRACTORS

Union benefits **align** cost with productivity:

- ✓ Contributions scale with workload
- ✓ No prepaying benefits for idle time
- ✓ Reduced short-term employment risk



## **Key takeaway:**

Non-union employers pay benefits by the month.  
Union contractors pay benefits by the hour.

# **BUILT-IN WORKFORCE INCENTIVE**



**Eligibility rules naturally encourage:**

- ✓ Steady employment
- ✓ Consistent hours
- ✓ Reduced job hopping driven by benefits

# CONTRACTORS **DON'T** COMPETE ON BENEFITS

## In the union system:

- ✓ All signatory contractors offer the same core benefits
- ✓ No poaching labor with richer benefits
- ✓ No undercutting peers by slashing benefits



# COMPETING ON WHAT **ACTUALLY** MATTERS

Union contractors compete on:

**Execution**

**Price**

**Scheduling**

**Safety**

**Quality**

**No benefit chaos.**

# STABILITY IN TOUGH FINANCIAL YEARS

## Outside the Union:



Individual contractors cut benefits



Employees feel singled out



Turnover increases

## Inside the Union:



Eligibility rules apply equally



Tough changes are shared



No contractor stands alone

# FLEXIBILITY IN **GOOD** YEARS

Union benefits are the **floor**, not the ceiling.

Contractors may still choose to add:



**Bonuses**

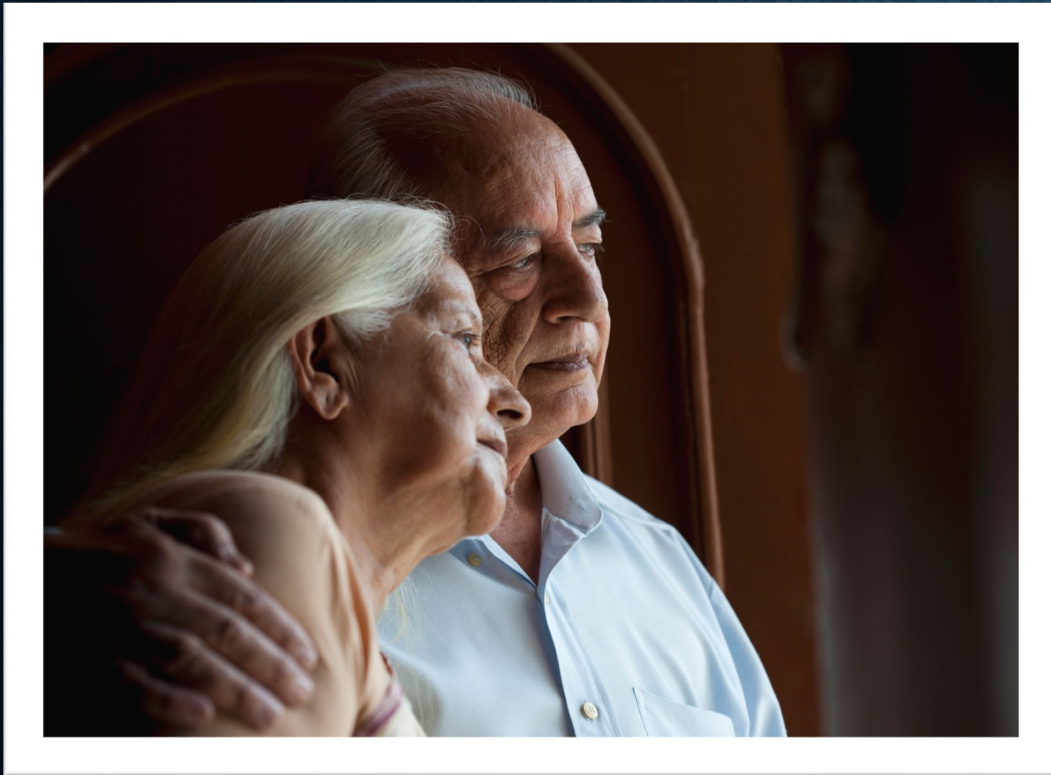


**Above-Scale Pay**



**Additional Perks**

# DATA **CALL-OUT**: RETIREMENT REALITY



**“Good” non-union employer retirement reality: 401(k) setup and admin costs**

- **Fiduciary Responsibility**
- **Compliance Exposure**
- **Potential Lawsuits**
- **3–4% Employer match (if offered)**

**Union contractors outsource retirement entirely.**

# ADMINISTRATIVE & HR OVERHEAD

## Non-union employers must:

- Manage open enrollment
- Answer benefit questions
- Communicate plan changes
- Fix compliance mistakes

**Union contractors direct employees to the Funds.**



# THE EMPLOYER **VALUE** PROPOSITION



## Union benefits provide contractors:

- ✓ Risk Transfer
- ✓ Cost Predictability
- ✓ Administrative Relief
- ✓ Competitive Neutrality
- ✓ Workforce Stability

# REPRESENTATIVE / ORGANIZER TAKEAWAYS

## Key lines to remember:

- “Union contractors outsource benefits.”
- “Benefits are earned by the hour, not paid by the month.”
- “Union benefits level the playing field.”
- “Union benefits are the floor, not the ceiling.”



# THE **HONEST** PITCH TO CONTRACTORS



1. If you do not care about your employees and want the minimal necessary benefits, stay non-union
2. If you want to maintain a loyal, trained workforce offering comprehensive benefits without managing them yourself, the union system is the most efficient way to do it



## **CLOSING MESSAGE**

**Union contractors aren't buying ideology.**

**They're buying:**

- **Stability**
- **Protection**
- **Predictability**
- **Scale**

**HOW CAN WE  
HELP?**

**Q&A**

