



ERISA Wrap Document *Are you in Compliance?*

Who wants a visit from the Department of Labor? No one!

But it happens. And they have a checklist of items they request of the employer. A very long checklist.

One of the many items requested is an ERISA compliant Summary Plan Description (SPD) or "Wrap Document". Ever heard of one? This is a document you need in addition to your insurance booklets or certificates. The Wrap Document ties it all together and brings it into compliance with ERISA.

ERISA was designed to protect individuals enrolled in health plans. This law does not require employers to establish benefit plans, but it does require employers to provide certain information in writing about the benefits.

Failure to comply with ERISA can cost you money in the form of penalties.

Contact FlexBank!

For an annual fee of \$600, FlexBank will provide an ERISA compliant Wrap Document and Summary Plan Description (SPD).

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What is a Wrap Document?

ERISA requires all private sector employers, regardless of size, to automatically distribute a Summary Plan Description (SPD) to all plan participants free of charge. Insurance companies provide a booklet or certificate that explains the benefits. However, most booklets and certificates do not comply with the ERISA requirements applicable to SPDs. The easiest way for employers to comply with ERISA is to adopt a Wrap Document.

The insurance certificates do not include ERISA required language for SPDs, for example:

- **plan number and plan year**
- **employer's tax ID number**
- **name and address for the Plan's legal agent**

Who needs an ERISA Wrap Document?

Employers who offer insured or self-funded group benefits. This includes all types of group health plans such as major medical, dental, vision, group term life and disability benefits to name a few.

This document requirement is in addition to any plan document you may already have for a pre-tax benefit plan (i.e. premium only plan, flexible spending account, health reimbursement arrangement).



ERISA Wrap Document

The Employee Retirement Income Security Act of 1974 (ERISA), was designed to protect individuals enrolled in health plans. This law does not require employers to establish benefit plans, but it does require employers to provide employees certain information in writing about their welfare benefits.

Does ERISA Apply?

ERISA applies to all private sector welfare benefit plans, which are defined as any plan, fund or program established or maintained by an employer for the employees and their family members that provide benefits such as: health plans, dental plans, vision plans, group term life insurance plans, accidental death and dismemberment insurance and disability benefits just to name a few. Both self funded and fully insured plans are subject to ERISA.

Most employers make sure they comply with ERISA when it comes to their retirement plans, such as their pension, 401(k) and profit sharing plans. But, few employers make sure they are complying with the ERISA requirements applicable to their welfare benefit plans. The U.S. Department of Labor is conducting more ERISA compliance audits and employers need to make sure they are complying with the documentation, disclosure and annual reporting requirements for all plans. A Wrap Document will help employers meet these ERISA obligations.

ERISA mandates that every plan be in writing and the employer automatically provide every participant an accurate and comprehensive Summary Plan Description (SPD) free of charge.

What in the world is a Wrap Document?

A Wrap Document is a document that “wraps” around the insurance policy, certificate or booklet so that the plan sponsor complies with ERISA. The plan benefits continue to be governed by the insurance policy, certificate or booklet, but the Wrap Document supplements that information so that the combined documents comply with ERISA. Basically, the Wrap Document fills in the gaps left by insurance carriers so that the employer complies with the ERISA requirements applicable to SPDs. **In other words, most insurance company’s documents do not include ERISA required SPD language.**

Plan Document Requirement

ERISA requires every plan be established and maintained pursuant to a written plan document. The written plan document must clearly identify certain basic information about the plan, including:

- ✓ The named fiduciary who will have the authority and responsibility to administer the plan.
- ✓ Procedures for amending and terminating the plan.
- ✓ The source of plan contributions.
- ✓ The allocation of responsibilities for the operation of the plan between the employer and the insurance carrier or third-party administrator.

Summary Plan Description (SPD)

ERISA also requires the employer to provide all participants the summary plan description (SPD). This is in addition to the requirement that the employer provide a summary of benefits and coverage (SBC).

The Department of Labor describes the summary plan description as “the primary vehicle for informing participants and beneficiaries about their rights and benefits.” Employers are required to provide each plan participant a free copy of the SPD. Failure to provide a participant with the SPD in a timely manner can result in a \$110 per day penalty.

The SPD must describe all of the important plan rules and the benefits available under the plan, as well as key information about the plan, including but not limited to: plan name, employer’s name, address and employer tax identification number, name, address and telephone number of the plan administrator, the plan number for annual reporting purposes to name a few.

What Next?

FlexBank has the expertise to prepare an ERISA compliant Wrap Document and Summary Plan Description (SPD). Attached is the application we will need to get started.

Please contact us as you have questions.

FlexBank Administrators

By Phone 937.299.5515 ~ 888.677.8373

***Have questions? Contact FlexBank!
937.299.5515: Phone ~ 888.677.8373: Toll Free***

ERISA Wrap Document Application

Employer Information

Please attach this application along with a check made payable to FlexBank, Inc.

Employer Legal Name		Tax ID Number	
Address/City/State/Zip		Phone Number	
Contact Name		Contact Email Address	
Referring Broker Name		Referring Broker Email Address	
Do you own any other companies (“affiliated employers”)? If yes, please list all affiliated employers, their respective corporation type, address, phone number and tax ID.			Is your group health plan considered grandfathered? <input type="checkbox"/> No <input type="checkbox"/> Yes
Are you considered a large employer as defined by Health Care Reform and do you employ “variable hour employees”? <input type="checkbox"/> No <input type="checkbox"/> Yes* *If you answered yes please list your measurement, administrative and stability periods:			
Do you deduct employee insurance premiums on a pre-tax basis? <input type="checkbox"/> No <input type="checkbox"/> Yes If yes, do you have a compliant Section 125 document on file? <input type="checkbox"/> No <input type="checkbox"/> Yes		Who files your Form 5500 (if applicable)? Note name, phone #, email address.	
		Plan Year?	Original effective date of the plan?
Do you file a Form 5500 for your health & welfare benefit plan(s)? <input type="checkbox"/> No <input type="checkbox"/> Yes		Plan number (i.e. 501)?	
Do you file one or multiple Forms 5500 for your insurance plans? <input type="checkbox"/> One <input type="checkbox"/> More than one If “more than one”, you will need more than one ERISA Wrap Document. Additional fees apply.		Signature _____ Date application completed _____	

Component Welfare Benefit Plans

Attach Certificate of Coverage For Each.

Plan Details					Eligibility			
	Contract Year/Renewal	Insurance Carrier/TPA + Address & Phone Number	Self-funded or Fully-insured?	Pre-tax Benefit? Y/N	Is the benefit Employer paid? Employee Paid? Or, both?	Waiting Period	Full time and/or Part time? Include # hours required	Excluded Employees <small>(i.e. temporary, seasonal, co-op, independent contractors, union, etc.)</small>
Health <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Dental <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								



ERISA Wrap Document Application

	Contract Year/Renewal	Insurance Carrier/TPA	Self-funded or Fully-insured?	Pre-tax Benefit? Y/N	Is the benefit Employer paid? Employee Paid? Or, both?	Waiting Period	Full time and/or Part time? Include # hours required	Excluded Employees <i>(i.e. temporary, seasonal, co-op, independent contractors, union, etc.)</i>
Vision <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Life <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
AD&D <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
STD <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
LTD <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Voluntary Life or AD&D <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Stop Loss Insurance <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Wellness or EAP <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Voluntary Products <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Health FSA <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
Dependent Care FSA <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								
HRA Health Reimbursement <input type="checkbox"/> Union <input type="checkbox"/> Non-Union								

