



Summary Plan Description (SPD) and ERISA Requirements: Are You Compliant?

ERISA (Employee Retirement Income Security Act) requires virtually all organizations that offer a welfare benefit plan (except governmental entities and churches) to comply with two important requirements—regardless of the number of employees or how many employees participate—or risk potential penalties and possible audits:

1. Maintain and distribute SPDs to plan participants that accurately reflect the contents of the plan and that include specific information as required under federal law.
2. Administer group health plans in accordance with a written Plan Document that must be made available to plan participants and beneficiaries upon request.

A welfare benefit plan includes any of the following group benefits: health, life, dental, vision, disability insurance plans, flexible spending accounts (FSAs), health reimbursement account (HRAs), employee assistance plans (EAPs) and other fringe benefit plans where the employer contributes to the cost. Employers are required to either provide an SPD for each plan or an SPD wrap document that includes all welfare benefit plans.

A common misconception is that the insurance contract, certificate of insurance, and summary of benefits will fulfill the ERISA requirement for the SPD and Plan Document. Another common misconception is that employers believe that their insurance carrier, accountant, or broker is responsible for preparing, filing and delivering the SPD and Plan Document. **However, the employer is solely responsible for ERISA compliance.** These misunderstandings can result in costly fines should they be discovered by a Department of Labor (DOL) audit. **The penalty can be as much as \$110 per day per participant!**

May Insurance Services, Inc. can help your groups get compliant by providing a Wrap SPD and Wrap Plan Document, which are designed to wrap around existing certificates of insurance and benefit plan booklets to provide the required provisions and information necessary to comply with ERISA. Our document compliance service provides the following benefits:

- Customized Wrap SPD and Wrap Plan Document that provide the required ERISA provisions and information that will help achieve compliance.
- Distribution guidelines that explain how and when to provide these compliance documents to the plan participants.
- The ability to keep documents current and updated should the federal government issue new amendments or if plan information needs to be changed.

COST: First Year cost is \$399 and can be renewed for \$199 annually.

For more information, contact Scott Lewis (x208), Jackie Turner (x216) or Dave Linn (x210).

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