



ERISA: Wrap it up.

A wrap document is a tool to maintain compliance with ERISA rules related to plan documents and summary plan descriptions (SPDs).

Here is what ERISA specifically requires of all ERISA plans:

- They must have a written document requirement (29 USC § 1102)
- They must provide SPDs to plan participants (29 USC § 1022)

The SPD rules have specific content requirements that usually are not included in the standard documents that an employer receives from insurance carriers. In addition, a plan document should have several legal protections (e.g., discretionary authority, the ability to amend or terminate the plan). The standard benefits-at-a-glance or insurance certificate will rarely satisfy these requirements.

Health FSAs, health reimbursement arrangements, medical insurance, dental insurance and vision insurance are all examples of ERISA benefits. The DOL has made this observation in its Form 5500 instructions. "Some plan sponsors use a 'wrap' document to incorporate various benefits and insurance policies into one comprehensive plan." Thus, an ERISA wrap plan document and SPD wrap benefits into a common framework.

Who is responsible?

Plan compliance typically falls on the plan sponsor. The employer usually performs one or both of these functions. SPD failures can result in a daily penalty. Plan document failures can result in litigation over unclear terms.



isolved Benefit Services can provide a wrap document and SPD for interested agents and employers. **Contact your Sales Representative for more details.**