

AVOID
THE ACA

\$110 per day, per
employee fine

with an ERISA Wrap SPD

When does an employer need an ERISA Wrap SPD?

The Wrap SPD package enables employers to meet the ERISA/ACA requirement, but do you fall into the class of employers that need one?

If you offer group health insurance, you are required by ERISA to distribute a Wrap SPD to all participants in your group plan. Failure to meet this requirement can result in large ACA fines and penalties of up to \$110 per employee, per day.

Here is a brief summary of what employers need to know about the Wrap SPD:

- The requirement applies to all employer sponsored group health insurance offerings, including a one-person plan.
- The Wrap SPD must be distributed within 120 days of the Plan's effective date.
- The Wrap SPD requirement is enforced by the Department of Labor and the Affordable Care Act (ACA).
- To be compliant with ERISA and the ACA, a Wrap SPD Plan Document must contain statutorily defined information about employer benefit offering.
- Failure to provide the ERISA Wrap SPD within 30 days of request triggers a fine of \$110 per day, per participant.
- Not having a Wrap SPD can also trigger an audit by the Department of Labor.
- The insurance company's Master Contract, Certificate of Coverage, or Summary of Benefits is not a Wrap SPD.

Setup your Wrap SPD in 3 easy steps:

Design your plan document:

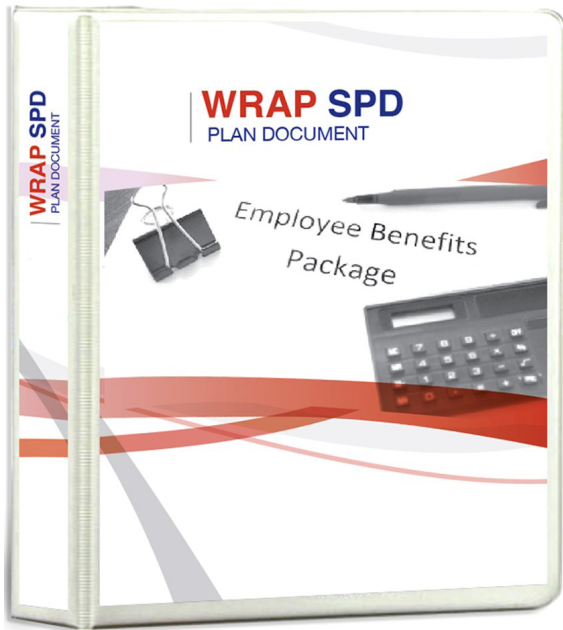
- Gather information on your plan to create the Wrap SPD (the attached information worksheet is a helpful guide);

Order your plan document:

- Place your order for the Wrap SPD document package.
- Your personalized plan document package arrives at your inbox within a business day or two.

Start your plan:

- Print, review, and sign the plan document where indicated;
- Give a copy of the Wrap SPD to each eligible employee; and then,
- Keep the Wrap SPD plan document package on file with other personnel paperwork -- there is no requirement to file the plan document with any agency.



What is an ERISA Wrap Summary Plan Description (SPD)?

The Wrap SPD is the main vehicle for communicating plan rights and obligations to participants and beneficiaries. Employers offering a group benefit plan must one and distribute it to all plan participants no later than 120 days after the plan effective date.

The Wrap SPD has been around for years. It is mandated by ERISA, DOL and now the Affordable Care Act (ACA). It wasn't until the ACA added several new employee notification requirements and its stiff \$110 per day, per participant, penalties for non-compliance that most employers became motivated to comply with the requirement.

Wrap SPDs are typically not long or overly complicated documents, but they are valuable in the sense that they supplement the carrier booklet and fill in any necessary gaps. Plus, an employer providing a group benefit plan must have one to protect against the significant ACA fines and penalties.

What is the "wrap" part of the SPD?

The term "wraparound" as it relates to SPDs originally came from DOL guidance suggesting the supplemental document be formally bound to the benefit plan booklet. The combination of the two documents would, upon distribution to participants, represent a joint, compliant Wrap SPD for a particular benefit plan.

Obviously times have changed, and most of these documents are now provided electronically. While the "wraparound" no longer applies in the literal sense, the concept remains.

There is an SPD in my Plan Document package -- will that suffice?

Your Section 125 Plan or HRA Plan Document and SPD does not constitute an ERISA Wrap SPD Document for the employer group health insurance plan.

Also, the insurance company's Master Contract, Certificate of Coverage, and Summary of Benefits do not meet the a Wrap SPD requirement.

The above items may constitute some of the plan documents but they do not constitute the ERISA, DOL, and ACA-required Wrap SPD document that must be prepared by the employer.

What kind of information does the Wrap SPD contain?

Here is a partial list of what the document communicates:

- The plan name.
- The plan sponsor/employer's name, EIN, and address.
- The plan administrator's name, address, and phone number.
- Each plan trustee's name, title, and address of principal place of business (if the plan has a trust).
- The name and address of the plan's agent for service of legal process, along with a statement that service may be made on a plan trustee or administrator.
- The type of plan administration, e.g., administered by contract, insurer, or sponsor.
- Eligibility terms, e.g., classes of eligible employees, employment waiting period, and hours per week, and the effective date of participation, e.g., next day or first of the month following satisfaction of an eligibility waiting period.
- A summary of any plan provisions governing the benefits, rights, and obligations of participants under the plan on termination or amendment of the plan or elimination of benefits.
- Plan provisions.
- Claims procedures.