

Preparation of Wrap Documents and SPDs

Provide an easy and inexpensive way for employers to comply with ERISA Summary Plan Description (SPD) and Wrap document requirements.

What is SPD Wrap?

A Summary Plan Description is a document that outlines the details and terms of a group's health plan in understandable language for all eligible plan participants. ERISA guidelines dictate what information is to be included, to whom it has to go, and when it has to be sent. And a Wrap allows multiple benefits to be combined and wrapped into a single plan document.

Why do groups need it?

It's important to be aware that the booklets provided by the insurance don't usually meet the ERISA SPD language requirements. An SPD Wrap from Ameriflex will meet the document requirements and save time and money by allowing employers to file one Form 5500 instead of filing a separate Form 5500 for each benefit offered.

What if I don't get one?

ERISA regulations require *most organizations have an SPD in place and distribute it as outlined in the guidelines. When the plan administrator fails to provide the SPD or provides an inadequate SPD, they become vulnerable to U.S. Department of Labor (DOL) fines and penalties.

**Government and faith-based organizations are exempt from ERISA SPD requirements.*

Benefits of an Ameriflex SPD Wrap:

- User-friendly intake form to collect plan details
- Document generated in English and Spanish*
- Regularly updated with the most current ERISA regulations
- Summary of Material Modifications (SMM) available to communicate plan changes*
- 24-48 hour turn-around time to produce documents
- Integrates seamlessly with *Form 5500, *Federal Filing Notices, and other compliance services.

KNOW YOUR RISKS

Fines and penalties for noncompliance include:

- Fines up to \$110/day per participant for each violation of failure to provide an SPD or plan document within 30 days of receiving a request from a plan participant or beneficiary
- Not having an SPD could trigger a plan audit by the DOL
- Failure to furnish plan-related information requested by the DOL carries a penalty of up to \$184 per day, not to exceed \$1,846 per request
- Criminal penalties may be imposed for willful violations of any requirement of Title I of ERISA, which includes the SPD and plan document disclosure rules. The penalty per conviction could be \$100,000 or imprisonment for up to 10 years. The fine can be increased up to \$500,000 when it is imposed against an entity.

SPD WRAP FAQs:

What is the timeline for calendar-year plans?

- Summary Plan Description (SPD) must be distributed to covered participants within 90 days after becoming covered by the plan
- Summary Plan Description (SPD) must be distributed to covered participants within 120 days of a new plan being established
- The Wrap document must be created and effective prior to the Form 5500 filing deadline of July 31
- Distribute Summary of Material Modifications (SMM) within 60 days of a material reduction in covered services. (Varies)

What offerings fall under ERISA SPD regulations?

- Health Insurance
- Dental Insurance
- Vision Insurance
- Health Flexible Accounts (FSAs)
- Health Reimbursement Arrangements (HRAs)
- Accidental Death & Dismemberment Insurance
- Group Term Life Insurance
- Short and Long- Term Disability
- Severance Insurance
- Wellness and Employee Assistance Programs
- Voluntary Benefits offered as pre-tax benefits under any Section

Who should receive an SPD?

- Participants must automatically receive an SPD free of charge when they become covered under the plan.
- COBRA-qualified beneficiaries.
- Parent or guardian of a child designated by a Qualified Medical Child Support Order (QMCSO).
- Spouse or dependent of a deceased retiree who remains entitled to benefits.
- Guardian of an incapacitated person.

What other Federal Notices are required outside of the SPD Wrap?

*Federal Notices are required to be sent for the following items as well:

- Information of COBRA
- HIPAA pre-existing condition and special enrollment disclosures
- Mental Health Parity Act – mental health parity disclosures
- Women's Health and Cancer Rights Act – coverage for reconstructive surgery after mastectomy
- Newborns' and Mothers' Health Protection Act – minimum hospital stays after childbirth disclosures
- Qualified Medical Child Support Order (QMCSO) information

Our Federal Notice services can integrate seamlessly into an organization's suite of compliance services.

**additional fees may apply. Ask your Ameriflex representative for more details.*