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.

ERISA Essential

- Plan document
- Summary Plan Description
- Annual Wrap Document
- Board of Directors Adoption Resolution
- Administrative Guide
- Annual Compliance Check-in

ERISA Elite

- Plan document
- Summary Plan Description
- Annual Wrap Document
- Board of Directors Adoption Resolution
- Administrative Guide
- Annual Compliance Check-in
- Summary Annual Report
- Form 5500

ERISA Wrap Documents FAQs

isolved is offering an ERISA wrap document, summary plan description (SPD) and board resolution as part of our overall plan document services. The following are questions and answers related to this service:

General

1. What is the purpose of a wrap document? All ERISA plans have a written document requirement (29 USC §1102) and must provide SPDs (29 USC §1022) to plan participants. 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). As a result, a common solution is to "wrap" all ERISA plans into a single document. This practice has been endorsed by the DOL in its Form 5500 instructions: "Some plan sponsors use a "wrap" document to incorporate various benefits and insurance policies into one comprehensive plan."

2. Is this a mega-wrap document or just a wrap document? What is the difference? This is a mega-wrap document in that it can wrap one or more ERISA plans into a single document. A simple wrap document is typically used for a single fully-insured or self-funded medical plan.

Legal

3. Are there any limitations or exceptions based on employer size for a wrap document? No. This wrap document may be used for employers of all sizes. The ERISA written plan document and SPD requirements apply to all ERISA plans, regardless of the number of employees and participants. The Form 5500 exception for small plans (fewer than 100 participants) does NOT apply to this requirement.

4. Is a wellness plan an ERISA plan and therefore included in the wrap document? A wellness plan is an ERISA plan if it provides medical care, which can include screenings and physicals.

5. Does an employer need to file the SPD with the DOL? No. The employer needs to maintain the plan document and SPD in case of an audit.

6. Legally, what responsibility, if any, do TPAs have for compliance with the plan document and SPD requirements? TPAs are not responsible. The Plan Sponsor and Plan Administrator (typically the employer) bear responsibility.

7. Can you provide a legal checklist for what is required in a plan document? The list is contained in 29 USC 1102, which can be sent externally.

8. Can you provide a legal checklist for what is required in an SPD? The list is rather lengthy and is contained in the DOL SPD Content Regulations, which can be sent externally.

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