

BK GROUP BENEFITS, LLC

Federal Compliance Warning Summary Plan Descriptions (SPDs) Must Be Distributed to Your Plan Participants

The Problem

ERISA (the federal Employee Retirement Income Security Act) requires employers who are plan administrators of their group health plans to comply with 2 important requirements or risk potential penalties and possible audits:

1. Maintain and distribute Summary Plan Descriptions (SPDs) to plan participants which accurately reflect the contents of the plan and which include specific information as required under federal law.
2. Group health plans must be administered in accordance with a written Plan Document which must be made available to plan participants and beneficiaries upon request.

Many companies mistakenly assume that insurance contracts, certificates of insurance and benefits summaries fulfill the ERISA requirements for an SPD and Plan Document--**but they don't include the required or recommended provisions that protect the plan and the employer.**

Penalties for Non-Compliance

Employers/plan administrators may be liable for serious penalties if they don't provide an SPD or have a current Plan Document:

- Failure to provide an SPD or Plan Document within 30 days of receiving a request from a plan participant or beneficiary can result in a penalty of up to \$110/day per participant or beneficiary for each violation.
- Lack of an SPD could trigger a plan audit by the U.S. Department of Labor (DOL).
- DOL has increased its audit staff and companies, small and large, are being audited.

The Solution

Typically, the cost to develop an SPD and Plan Document can be very expensive--but we have solved this problem with a sophisticated system developed together with a major ERISA law firm that makes it easy and economical to comply with federal requirements.

Brown & Knapp Group Benefits, LLC will provide you with 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. To be compliant, the Wrap SPD and accompanying benefit plan component documents must be distributed to plan participants. Our document compliance solution includes the following benefits:

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