



The Five Ws, and One H of Wrap Documents

Who is required to have a wrap document?

- All employers subject to ERISA regardless of size, or number of employees participating in a benefit plan, must have a plan document and a summary plan description (SPD) which describes the terms of the plan (e.g. eligibility requirements, benefits offered) and other ERISA provisions (e.g. named fiduciary, funding policy, procedures for amending the plan).
- There is no small employer exception to this requirement and only governmental employers (e.g. city, county, public schools) and churches can be exempt from ERISA. As a result, almost all employers that offer benefits subject to ERISA such as major medical, dental, and vision, must have a plan document.

What does a wrap document do?

- It helps employers satisfy and sometimes simplify ERISA reporting & disclosure requirements by including additional language required to satisfy ERISA/Code requirements for a plan document and/or SPD.
- The wrap plan document contains the “bells and whistles” that “wraps around” and incorporates by reference carrier documents and benefit descriptions to satisfy the ERISA plan document requirements and/or it may also wrap several benefits (e.g. medical, dental, vision) into a single health & welfare benefit plan.
- The benefits continue to be governed by the carrier’s coverage certificate, however, the wrap fills in the ERISA gaps, to provide additional protection to the employer, the party responsible for ERISA compliance.

Where does an employer obtain a wrap document?

- There is no one size fits all wrap plan document, nor is the term “wrap” defined under ERISA or the Internal Revenue Code, rather, a wrap plan document is customized so the language matches the employer’s administrative practices and describes the definitions, benefits and procedures applicable to their benefit plan.
- Alera Group is able to create these documents for their clients or they may be drafted by an ERISA compliance vendor or legal counsel.

Why use a wrap plan document or wrap SPD?

- In addition to helping to supplement the missing language from carrier documents, it also may document the employer's intent to treat multiple benefits as a single "plan" (e.g. single SPD, single plan number) for ERISA purposes which allows an employer to then file one Form 5500 (if applicable).
- Having a single plan also may simplify the administration process because a single plan means there is only one SPD to maintain, update and furnish to participants and the employer will only need to amend the wrap document and not adopt separate amendments for each component benefit affected by a change.

When is a wrap document required to be provided to participants? A SPD must be provided:

- to a new participant within 90 days after they enroll in a plan
- for a new plan, no later than 120 days after the plan is first subject to the SPD requirements
- every 5 years if there are changes to the plan – no later than 210 days after the end of the 5th year (every 10 years if there are no changes)
- within 30 days of request

How does a wrap document need to be distributed?

- The plan administrator must use a method that reasonably ensures actual receipt of the document.
- Paper delivery is the most straight forward option –
 - In hand delivery to employees at their worksite
 - Included in a mailed or hand delivered paycheck envelope
 - Insert in a company publication handed out to each employee
 - First class mail
 - Second or Third Class mail if return/forwarding is included and address correction requested
- Electronic delivery may be used if the distribution method satisfies the DOL's requirements. The DOL's rules differ based on whether it's a current employee who uses a computer in their day to day jobs and accesses the employer's electronic information system as part of their job duties, an employee who does not use computers in their day-to-day jobs, a former employee or non-employee (e.g. spouse).

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