

ERISA Client Administration Manual



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This Administration Manual provides guidance to properly manage your ERISA service. Besides detailing the requirements necessary to keep your Plan compliant with ERISA document and disclosure requirements, this document will familiarize you with all the tools we offer to help you do so.

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Welcome

The Employee Retirement Income Security Act, known as ERISA, covers far more than retirement, unlike its name might imply.

Most employers fail to realize the power of ERISA. This complex law guarantees employees and their beneficiaries the right to initiate civil and criminal actions in federal court when such actions seek to enforce the requirements of ERISA and/or the terms of a health and welfare plan. Failure to comply with ERISA document and disclosure requirements can be costly to an employer, with daily and cumulative penalties possible.

Fortunately, we are here to ensure your company complies with ERISA health welfare and document and disclosure requirements.

We welcome you!

Getting Started

How does our ERISA service work?

As a first step in implementing your Plan, you must provide our team with information regarding all health and welfare benefit plans you offer. Some of the information required to prepare your document was outlined in the Purchaser Details. An ERISA representative will review your Purchaser Details and email you a list of additional information needed to prepare your ERISA Wrap Document/SPD and Form 5500 Return(s), if applicable. Without complete information, we cannot continue our service, and your Plan will not be in compliance.

As mentioned above, your ERISA service can begin once we have information for the health and benefit plans that you offer your employees. At that point, we will assemble your ERISA Wrap Document(s)/SPD(s), which along with the Certificates of Coverage and benefit summaries that you distribute to participating employees, will fulfill the Plan Document and Summary Plan Description (SPD) requirements under ERISA.

ERISA Wrap Document/Summary Plan Description (SPD)

We will create the ERISA Wrap Document/Summary Plan Description (SPD) for your Plan. The ERISA Wrap Document/SPD, which incorporates by reference the Certificates of Coverage and/or benefit summaries that you distribute to participating employees, will describe the Plan's terms and conditions and by law must address several topics; some of the most important follow.

If you keep all of your ERISA Plan benefits separate, you will be required to submit separate Purchaser Details for each individual ERISA Plan benefit. We will then provide a Wrap Document for each benefit Plan that will include the Plan Document/SPD. Each Wrap Document will include the Plan Document/SPD, and incorporate by reference any Certificate of Coverage or benefit summary for that benefit only.

General Information About the Plan

This includes Plan Name, Type of Plan, Plan Number, Plan Year, Effective Date, Plan Sponsor, Plan Sponsor's Employer Identification Number, Plan Administrator, Benefits Contact, Named Fiduciary, and Agent for Service of Legal Process.

Summary of Plan Benefits

This section discusses the various benefits available and details the Plan's funding method as well as how payments are made to and from the Plan. If the Plan has assets, then the Document must also address how

benefits will be funded. In addition, this document will address required provisions for group health plans, including COBRA, qualified medical child support orders, coverage of dependent children in cases of adoption, HIPAA portability, special enrollments, access provisions, hospital stays for newborns and mothers, parity in the application of certain limits to mental health benefits, and coverage for reconstructive surgery in connection with mastectomy (WHCRA).

How the Plan is Administered

This addresses who is responsible for the Plan Administration. That individual will see to it that the Plan is carried out in accordance with the ERISA Wrap Document/SPD and applicable laws that govern ERISA health and welfare benefits. The duties of the Plan Administrator include, but are not limited to, interpreting the Plan, prescribing applicable procedures, determining eligibility for and authorizing payments of benefits, and gathering information necessary for administering the Plan.

Other Items

Some of the other items that must be addressed in the ERISA Wrap Document/SPD include:

- circumstances that may affect benefits,
- amendments or termination of the Plan,
- no contract of employment,
- claims procedures, and
- statement of ERISA rights.

Eligibility and Participation Requirements

This points to benefit eligibility information and also details the termination policy, the continuation of coverage under COBRA and USERRA, and the WHCRA requirement.

Summary Plan Description

The Summary Plan Description (SPD), which we provide in a document that serves as both the Plan Document and SPD, is a vital document and is required by ERISA. Indeed, this is probably the most important ERISA document because it is the main vehicle for communicating ERISA Plan rights and obligations to Participants and their beneficiaries. By law you have 120 days from the Plan's start-up during which you must disclose the SPD to all current participating employees. In addition, you must distribute the SPD to all newly-hired participating employees within 90 days of their coverage date.

Who must comply with ERISA?

Any business that offers one or more employee health and welfare benefit plans, which may include the following:

- health insurance
- dental insurance
- vision insurance
- life insurance
- disability plans
- disability and death benefits
- funded vacation benefits
- funded sick pay benefits
- certain dependent and day care assistance benefits
- pre-paid legal services
- financial assistance for employee housing expenses

Do you offer any of these Plans? If you do, like most businesses, then you need our ERISA service.

What is ERISA?

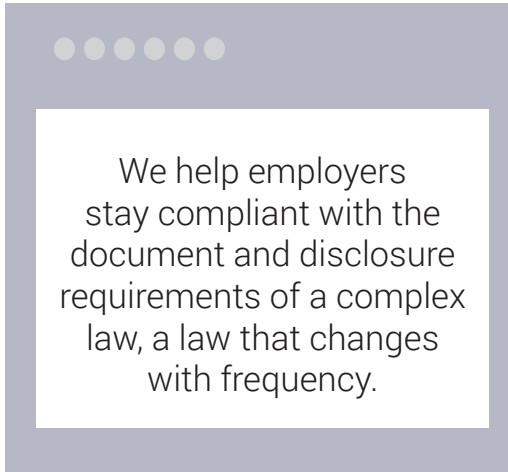
ERISA is a comprehensive federal law enacted by Congress in 1974 and amended several times since to regulate group sponsored benefits called “employee benefit plans.” The main purpose of ERISA is to protect the interests of employees and their beneficiaries who are participating in employee-sponsored health and welfare benefit plans, and to ensure that employees receive pensions and group sponsored health and welfare benefits promised by their employers. For most Plans, ERISA requires full disclosure to covered individuals (employees and beneficiaries). Meanwhile, for many Plans, ERISA additionally requires detailed and timely reporting to the government. Further, the law imposes a strict fiduciary code of conduct on many of those who sponsor and administer ERISA Plans. Failure to comply with ERISA can result in costly Department of Labor enforcement actions and penalty assessments, as well as employee lawsuits.

What is our ERISA Service?

Our ERISA service helps employers stay compliant with the document and disclosure requirements of a complex law, a law that changes with frequency. And this innovative product deals with the mandates of the law methodically and proactively.

- We prepare a combined ERISA Wrap Document/SPD for your employees, based upon the ERISA health and welfare benefits you provide.
- We prepare and assist you in electronically filing any annual Form 5500 return that is required for your health and welfare benefits, if applicable to your contract.
- We provide information on how to disclose employee communications about any changes in their health and welfare benefit plan.

In sum, we help ensure your Plan’s compliance with the law.



We help employers stay compliant with the document and disclosure requirements of a complex law, a law that changes with frequency.

Plan Administration

While the ERISA Plan Document and SPD are important parts of your Plan, having these documents in place is only part of being fully compliant with ERISA. We help you with compliance all year long. For example, employees must be kept informed of any material Plan changes that take place during the year, with said changes communicated swiftly and thoroughly. Further, employers with 100 or more employees who are participating in any health and welfare benefit plan must complete and provide the Dept. of Labor with an IRS Form 5500 and applicable Schedules, and must do so within 7 months of the Plan Year's end. We can assist with the Form 5500 preparation if that is included in your contract.

Amending and/or Restating Your Plan

In summary, we create and deliver the initial ERISA Wrap Document/SPD to you (or your designated contact) via email and you must disseminate the document to your employees. After that point, ERISA further requires that any subsequent changes or modifications that affect any of your employee health and welfare benefit plans must be promptly reported to all participating employees.

Our ERISA service complies with that requirement by collecting any changes via our Change Form, which can be found later in the manual. On the form, please indicate the type of change, the effective date of the change, and all other details needed. Once all required details are confirmed, we would then provide you with an Amended and/or Restated ERISA Wrap Document/SPD, accompa-

nied by distribution instructions.

Changes that require submission of a change form include, but are not limited to, the following:

- to change a carrier,
- to change the contract year,
- to change the insured status of a benefit,
- to add or remove benefits from your Plans.

After receiving the completed Change Form, we will amend and/or restate your ERISA Wrap Document/SPD and send it to you. Finally, you must distribute the amended ERISA Wrap Document/SPD to all participating employees within 210 days after the close of the Plan Year. Unless it is a material reduction in benefits in which case the amended ERISA Wrap Document/SPD must be distributed in 60 days.

Form 5500; Schedule A; Schedule C; Summary Annual Report (if applicable to your contract)

As mentioned above, employers with 100 or more employees who are participating in any health and welfare benefit plan as of the first day of a Plan Year must complete an IRS Form 5500 with applicable Schedules for that Plan Year, and must do so within 7 months of the Plan Year's end. Said employer must electronically file these returns with the Employee Benefits Security Administration (EBSA). Penalties for failure to submit a Form 5500 can be costly. In addition to possible criminal penalties, monetary penalties can be imposed on a plan administrator that fails or refuses to file a complete and accurate report. To fulfill this requirement and avoid penalties, each year we complete the Form 5500 and applicable Schedules and return to you. You must then electronically sign and submit these to the EBSA.

At the end of your Plan Year, we will send you an email message requesting Schedule A information (and Schedule C information if applicable) from your carriers or service provider. (Your carriers and service providers will know which Schedule information to send for each of your ERISA benefits.) Please forward the carrier/service provider information to us as soon as you receive it from your carriers or service providers. Upon receipt of all carrier/ service provider information, we will complete a Summary Annual Report (described below) and will prepare Form 5500 and all Schedules, along with filing instructions and deadlines for submission to the EBSA. Filed and processed under the ERISA Filing Acceptance System (EFAST), your Form 5500 must be filed electronically.

The image shows a sample of the ERISA Administration Change Form. It includes fields for Client Name and Client ID, a list of questions regarding employee counts, ACA compliance, and benefit changes, and a table for recording changes to various benefit plans.

| Change Code | Details (include full carrier name, if different) | Insured Status (Fully-Insured or Self-Insured) | Effective Date of Change |
|----------------------|---|--|--------------------------|
| Health | | | |
| Dental | | | |
| Vision | | | |
| Life (employer-paid) | | | |
| AD&D (employer-paid) | | | |
| Voluntary Life | | | |
| Voluntary AD&D | | | |
| Dependent Life | | | |
| Dependent AD&D | | | |
| STD | | | |
| LTD | | | |
| Wellness | | | |
| EAP | | | |
| Stop Loss * | | | |
| Voluntary Products | | | |
| Other * | | | |

Certain employee health and welfare benefit plans are exempt from the annual reporting requirements or are eligible for limited reporting options. The major classes of plans thus exempt or eligible are described in the Form 5500 instructions.

The IRS Form 5500s that must be filed by Plan Administrators are due by the last day of the 7th calendar month after the end of the Plan Year. See the Form 5500 instructions for information on extensions.

All Clients are obliged to maintain up-to-date contact information in our databases, so please contact us with any updates; this includes email and mailing addresses, phone numbers, and names of contacts. Our team periodically sends important Plan notifications (regarding balances, deadlines, and/or Plan changes). We are not responsible for any consequences resulting from communications not received due to inaccurate contact information.

Summary Annual Report

Once the IRS Form 5500 and the appropriate Schedules are completed, we will prepare and return to you a Summary Annual Report (SAR) for each Form 5500 filing. By law, you must distribute a copy of the SAR(s) to each participating employee within 9 months of Plan Year end. Please note: An employee also has the right to receive from the Plan Administrator, upon request a copy of the full annual report, i.e., the Form 5500 itself. An employee also has the legally protected right to examine the annual report (the Form 5500) at the main office of the Plan.

Document Disclosures

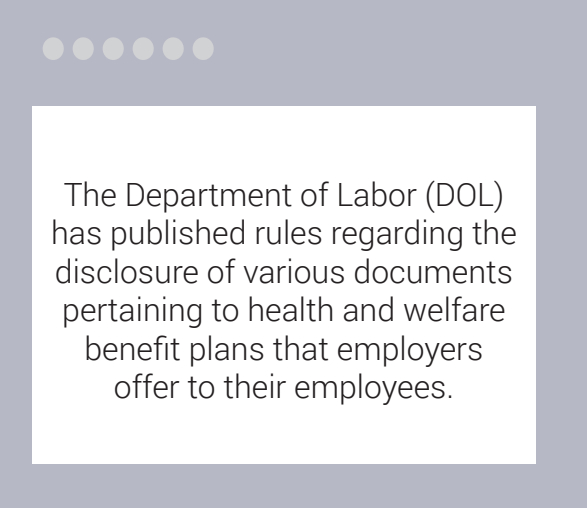
As part of your Plan administration, each time our team completes an ERISA Wrap Document/SPD, Form 5500 return, SAR or an Annual Notice for you, along with the document itself you will be provided with clear instructions for how to proceed. These will include who should receive a copy of the document, how the document must be delivered, and the time frame during which the document must be delivered. ERISA documents have varying disclosure requirements. This means you should pay careful attention to the specific directions accompanying each document.

Disclosure Requirements

The Department of Labor (DOL) has published rules regarding the disclosure of various documents pertaining to health and welfare benefit plans that employers offer to their employees. These disclosure rules regard the hard copy distribution of these documents as well as disclosure through electronic means. In addition, DOL has set standards for using electronic media to maintain and retain records for these plans, as required by ERISA. In sum, the Safe Harbor Guidelines in the rule apply to the disclosure of all reports, statements, notices, and other documents that a Plan must automatically furnish to Participants (and their beneficiaries upon request). These guidelines also expand the categories of individuals who may receive disclosures to include Participants and their beneficiaries as well as others (e.g., eligible employees not participating) entitled to this information.

The major standards for disclosure rules are highlighted here:

- The system for furnishing documents, whether via hard copy or electronically, must reasonably ensure the actual receipt of the information and protect the confidentiality of personal information relating to the individual's accountants and benefits. The Plan Sponsor should also keep a record of the steps taken to ensure the method used to disclose the information would result in actual receipt.
- If In order for documents to be electronically furnished in the workplace, Participants must be able to access the system for disclosing the documents at their individual workstations. The DOL emphasizes that making electronic information systems available only within the common areas of the workplace is not a permissible means to furnish information to Participants. If disclosed electronically, an individual always has a right to a paper version of that document.
- If the documents are electronically furnished outside of the workplace, individuals must affirmatively consent to receiving said documents. Prior to consent, individuals must be fully informed about types of documents that they will receive, their right to withdraw consent without charge, the procedures for updating their electronic mailing address, and their right to request and obtain a paper version of a document that has been provided electronically. Following consent, the individuals must receive information and updates about any change in hardware or software requirements which could impact their receipt of electronically furnished documents; said information must be provided in a written statement detailing the revised hardware or software requirements.
- If the documents are not or cannot be disclosed electronically, then a paper copy must be provided. The method for distributing the hard copy must be a method that would result in actual receipt of the document.



The Department of Labor (DOL) has published rules regarding the disclosure of various documents pertaining to health and welfare benefit plans that employers offer to their employees.

Recordkeeping/Plan Renewal

Recordkeeping

Recordkeeping instruction is a critical component to the ERISA administration service. ERISA imposes a specific recordkeeping rule which requires employers (a) to maintain sufficient records, (b) to document specific Plan information, and (c) to make documents available for examination for various durations of time.

Documents must be provided or made available for inspection upon written request from Participants and/or their beneficiaries. DOL regulations require documents to be readily accessible and clearly identified at all times. In addition, employers must institute reasonable procedures for Participants and beneficiaries that wish to examine documents.


Plan Administrators can use electronic media to comply with records maintenance and/or retention requirements under ERISA. The standards require a recordkeeping system that provides reasonable controls in order to ensure the integrity, accuracy, authenticity, and reliability of all Plan records that are maintained in electronic form. The Plan Administrator may dispose of original paper records any time after they are transferred to a system that complies with the electronic recordkeeping requirements, if original records are not required by the Plan or by state or federal law. Finally, said records must be maintained in a manner such that they can be easily converted into paper copies.

Plan Renewal

Near the end of the Plan Year, various procedures are permitted and/or required.

- Employees may re-enroll in benefits for the upcoming Plan Year.
- Employers may change the parameters of the Plan.
 - o Refer to the ERISA Wrap Document/SPD to determine if any changes have occurred.
 - o Communicate said changes in your Plan to your ERISA Administrator.

After a notification of any changes is received, we will complete and deliver to you an amended ERISA Wrap Document/SPD. By law, you must provide these updated documents to your participating employees. Please note that you may also make changes to your Plan parameters midyear. To do so, simply complete the Change Form and we will prepare and provide you with an amended ERISA Wrap Document/SPD.



Plan Year end is
renewal time for the
ERISA service!

Business Processing Event Time Line

| Event | Event Title | Duration* | Responsibility |
|---|---|---|----------------------|
| | 1. Submit Purchaser Details. | Varies | Provider |
| | 2. Purchaser Details are received and reviewed. | 2+ days(if clean) | Administrator |
| | 3. New business is entered. | 1+ days | Administrator |
| | 4. Account information is entered and account is established. | 2 days | Administrator |
| Welcome Kit | 5. Client receives account material, including the Client Administrative Manual. | 1 day | Administrator |
| | 6. Email is sent to client requesting additional information needed to proceed with ERISA Wrap Document/SPD preparation and Form 5500 Return(s), if applicable. | Within 5 business days of client being assigned | Administrator/Client |
| ERISA Wrap Document/SPD | 7. When all information has been received, ERISA Wrap Document/SPD is prepared and sent to client. | 35 days | Administrator |
| | 8. Client discloses ERISA Wrap Document/SPD to participants. | Within 90 days | Client |
| Document Amendment | 9. When a Plan or a provision of the Plan incurs a material change, client completes and submits a Change Form. | Varies | Client |
| | 10. Amended ERISA Wrap Document/SPD is created and sent to client. | 20 days | Administrator |
| | 11. Client discloses document to participants. | Varies | Client |
| 5500 & SAR (if applicable to your contract) | 12. Request is sent to client via email, for annual Schedules from carriers. | 1 day | Administrator |
| | 13. Client returns requested Schedules. | Varies | Client |
| | 14. Form 5500 Return and the Summary Annual Report (SAR) are prepared. Signing information and SAR are sent to Client. | Varies | Administrator |
| | 15. Client signs completed Form 5500 and submits it to the EBSA and distributes the SAR to all participating employees. | Varies | Client |

* Duration is noted in business days.

ERISA Administration Change Form

Client Name: _____ Client ID: _____

- Anticipated number of enrolled employees as of the first day of your new Plan Year (including those on COBRA): 1-99 100 or more
- Are you considered an Applicable Large Employer (ALE) under the Employer Shared Responsibility provision of the Affordable Care Act (ACA) and are you currently tracking employee hours to determine if any variable hour, part-time, or seasonal employees are “full-time” employees for purposes of health plan eligibility? Yes No
- Upon renewal, the status of your Group Health Plan offered to employees will be:
 Grandfathered Non-Grandfathered
- Detail changes to benefits below.

No changes to benefit plans:

Change Codes:

- (1) Change of Carrier (3) Change of Insured Status (5) Cancel Existing Benefit
 (2) Change of Contract Period (4) Add New Benefit

| | Change Code | Details (include full carrier name, if different) | Insured Status (Fully-Insured or Self-Insured) | Effective Date of Change |
|----------------------|-------------|--|---|--------------------------|
| Health | _____ | _____ | _____ | _____ |
| Dental | _____ | _____ | _____ | _____ |
| Vision | _____ | _____ | _____ | _____ |
| Life (employer paid) | _____ | _____ | _____ | _____ |
| AD&D (employer paid) | _____ | _____ | _____ | _____ |
| Voluntary Life | _____ | _____ | _____ | _____ |
| Voluntary AD&D | _____ | _____ | _____ | _____ |
| Dependent Life | _____ | _____ | _____ | _____ |
| Dependent AD&D | _____ | _____ | _____ | _____ |
| STD | _____ | _____ | _____ | _____ |
| LTD | _____ | _____ | _____ | _____ |
| Wellness | _____ | _____ | _____ | _____ |
| EAP | _____ | _____ | _____ | _____ |
| Stop Loss * | _____ | _____ | _____ | _____ |
| Voluntary Products | _____ | _____ | _____ | _____ |
| Other * | _____ | _____ | _____ | _____ |

Confirm with your benefits advisor that these are Employer Sponsored Plans subject to ERISA.

Signature _____

Date _____

The information in this communication is confidential and may be used by the authorized recipient only for its intended purpose only. Any other use or disclosure is prohibited.