

ERISA Fidelity Bonds

WHAT IS A FIDELITY BOND?

- also known as a surety bond, a fidelity bond is a special type of insurance that protects a company-sponsored retirement plan from losses due to misuse or misappropriation of plan assets by a plan official; deductibles are prohibited

HOW DO I OBTAIN A FIDELITY BOND?

- most business insurance consultants, such as your property and casualty agent, can assist you with securing a fidelity bond with a company that is named on the Department of the Treasury's listing of approved Sureties
- we work with various approved providers and can assist with obtaining a bond if you need assistance
- visit the Employee Benefits Security Administration's website at dol.gov/EBSA (or scan the QR code) to obtain more information



FAQ

Who is covered by the fidelity bond?

- although the plan is the named insured, the insurance must actually bond every person who handles funds or other property of the plan

Do I have to have a fidelity bond?

- The Employee Retirement Income Security Act (ERISA) of 1974 requires trustees of retirement plans to have fidelity bond coverage
- plans that are exempt from ERISA's rules are not required to be covered

Who can I call at ERISA Services for help?

- contact your dedicated Installation/Conversion or Relationship Manager

How do I determine the coverage amount?

- minimum is the greater of \$1,000 or 10% of plan assets, as of the first day of the plan year
- maximum amount is typically \$500,000 **there are exceptions to this rule that we would be happy to discuss in greater detail with you**
- many insurers offer bonds where the bond automatically adjusts with the plan asset size

Do I have to report my coverage?

- yes, the amount of the bond must be reported on the Form 5500, which we will prepare
- failure to obtain a fidelity bond puts the company at risk of non-compliance

PLEASE OBTAIN A FIDELITY BOND, COMPLETE THE REQUIRED INFORMATION BELOW, AND RETURN BACK TO US:

Name of Plan Sponsor: _____

Surety Company: _____

Amount of Bond: _____

Bond Effective Date: _____ Bond Expiration Date: _____