



Benefits Enrollment Made Easy!

What is a WRAP Document?

ERISA requires group health plans to have a written plan document in place, and to provide a summary plan description (SPD) to all employees. The written plan document is the instrument by which the plan administrator must operate. The SPD, on the other hand, is the instrument by which the plan notifies the participants of the plan's terms, such as plan eligibility, funding, contributions and benefits. While the plan document and the SPD should be consistent, they are two separate documents and are both separately required by ERISA.

ERISA places the burden of satisfying the plan document and the SPD requirements on the plan administrator, which is generally the employer. With respect to the SPD, fully insured plans may think that they can rely on the insurance carrier's contract, policy or certificate booklet (collectively, the certificates) with the plan sponsor to satisfy the SPD requirement. However, while the carrier certificates may contain much of the information that is required to be contained in the SPD, most certificates will not likely satisfy the SPD requirement in and of itself.

Why do we need a WRAP Document?

The first purpose of the WRAP document is to WRAP the required ERISA language around a carrier's certificate of coverage. Oftentimes, in conjunction with the carrier certificates, the plan administrator will use a "WRAP" document to ensure the insurance policy or contract issued to an employer meets all the requirements of an ERISA plan document. It is not surprising given that an insurer's focus is generally on complying with the state laws regulating insurance and not on ERISA compliance. Even when insurers attempt to satisfy ERISA's requirements, the resulting document does not typically contain all the provisions designed to protect the plan, the plan administrator, and the other plan fiduciaries. Consequently, the use of a WRAP ensures ERISA compliance (through the WRAP portion of the document) as well as an accurate insurer-provided benefit description (through the incorporation of the insurance policy/SBC).

The second purpose of the WRAP document is to combine or bundle many employer-sponsored plans into a single plan. The main reason that an employer would want to combine multiple plans into a single plan is that it simplifies their Form 5500 filing. If the employer is large and has several separate plans subject to filing, it must file multiple Forms 5500. If the employer uses a WRAP document to combine them into one plan, it only files a single Form 5500.



However, there are other considerations with using a WRAP. If an employer is close to 100 participants on one or more plans, the employer may not want to combine plans into a single plan, because it may have to file a Form 5500 that would otherwise not be subject to filing. When a wrap document is utilized, the insurance policy or contract and SBC remains part of the plan document. The WRAP document and the insurance policy/contract including the SBC, comprise the complete WRAP Document. This gives employer's an extra level of compliance with ACA and should be shared with your Tax Professional.

Who needs to have a WRAP Document?

All Private-Sector Employers of all sizes including Corporations, S-Corps, Partnerships, LLC, Sol-Proprietors and non-profits who maintain Welfare Benefit Plans for their employees should all have a WRAP document to be sure their ERISA requirements are met. In the event of a Department of Labor Audit, you will want to have this paperwork in place.

What if we do not have a WRAP Document?

Without a WRAP document, you should have a labor attorney create a Plan Document and SPD for each ERISA plan you sponsor to be sure you are ERISA compliant. Many employers rely on the insurance carriers to provide them the correct documents and ERISA-compliant information, only to find out it is not in complete compliance. Ultimately, it is the employer's responsibility to ensure ERISA-Compliance and in the event of an audit, the employer is fined if not in compliance. Your best bet is to purchase a WRAP document to ensure ERISA compliance.

We provide your WRAP Document and POP Plan!

EasyEnroll, LLC, will provide your WRAP Document and POP Plan (Section 125 Premium-Only Plan) for pre-taxing, along with instructions on distribution to your employees to keep you in compliance. We do all of this for \$150 Annually for the WRAP and \$150 Annually for the POP Plan. You will be provided a link that you and your Insurance Professional will fill out and submit to us for completion.

Contact your Insurance Professional for the Data Booklet and instructions.



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Contact Us

Give us a call for more information about our services and products

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