**ERISA “WRAP” DOCUMENT AND SUMMARY PLAN DESCRIPTION (SPD)**

If an employer is subject to ERISA, the employer plan sponsor must have a written plan document and a summary plan description (SPD) that must be given out to plan participants.

**Applies To:**

* All plan sponsors subject to ERISA offering group health plan benefits, regardless of size or funding strategy.
* Exempt: employers not subject to ERISA:
  + Church plans,
  + Federal/state/local governmental plans,
  + Indian Tribal Governments

**Go Deeper:**

Beyond requiring that a plan “be established and maintained pursuant to a written instrument,” ERISA does not say exactly what constitutes a plan document. Given the ambiguity, the ERISA plan document requirement has been interpreted in many different ways. One of those interpretations is the common use of an ERISA “wrap” document and summary plan description (SPD).

***There are two main purposes of a “wrap” document:***

1. The first purpose of a wrap document is to fill in missing ERISA content that is not typically found in the carrier’s certificate of coverage. “Wrap” documents are tools used to supplement existing documentation. A wrap document provides the necessary ERISA-required language by incorporating (or wrapping itself around) the insurance policy/certificates of coverage or similar third-party contract. The insurance policy or contract remains part of the plan document (reflecting many of the plan's most important terms and conditions), and the wrap document merely supplements with the necessary information.

The insurance policy booklet or carrier certificate of coverage is generally not sufficient to be the SPD and plan document on its own. These documents are missing required elements that must be present under ERISA.

For example, the insurance company is not necessarily going to list the ERISA rights or procedures for refunds or rebates, named fiduciary, ERISA plan number or plan year. Also, many times the carrier’s certificate of coverage points back to the SPD for specific definitions of eligibility under the plan, including leaves of absence and lookback method details. In addition, some but not all of the required notifications that should be in the SPD are listed in a carrier certificate of coverage.

Thus, the first reason for adopting a wrap document is to supplement missing required ERISA language and information.

Note an amendment to the wrap SPD must be made anytime the contents of the document are changed (e.g., carrier or plan change, new address, company name change, short plan year, etc.)

1. The second purpose of a wrap document is to bundle all component benefits together. An umbrella plan or sometimes called a “mega-wrap” can be useful for bundling single policies and health plan benefits together (e.g., medical, dental, vision, disability, life, FSA, HRA, etc.) to create one single ERISA plan. This is useful because the employer would only have to file one single Form 5500 instead of multiple 5500 filings for each applicable health and welfare plan.

In practice, many employers already file one single 5500 with component plans included. However, this should also be reflected in the plan's wrap document and certificates of coverage/TPA documents.

Therefore, the wrap document plus carrier certificates of coverage/policy booklets/TPA contracts altogether constitute the plan’s SPD, which all need to be provided to participants and filed under the health and welfare 5500 filing as such.

***When to distribute the wrap SPD:***

* Distribute to plan participants within 90 days of enrollment (for new hire or someone who had previously waived coverage)
* Distribute within 120 days of new plan effective date
* Ongoing distribution every 5 years if amended, or every 10 years if not amended
* Provide within 30 days of a participant request

***Method of delivery of the wrap SPD*:**

* By Mail
* Hand Delivery
* Electronic Delivery: email, HRIS or benefit administration portal, shared drive, etc. (DOL electronic distribution safe harbor rules apply, which may necessitate obtaining employee consent)

Whatever method of delivery used, the employer plan sponsor must provide a notice with the wrap document/SPD informing the participant of its availability, where and how it can be accessed, and their right to request a paper copy and whether a cost applies (sample below).

***SAMPLE Notice to Notify Participants of Location/Importance of Wrap SPD:***

*Attached is a Summary Plan Description ("SPD") for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ WELFARE BENEFIT PLAN (the "Plan"). The purpose of this SPD is to provide a basic summary of the Plan's terms as of \_\_\_\_\_\_\_\_\_\_\_\_\_, 2025, including benefits provided under the Plan and your rights and obligations with respect to the receipt of such benefits. Please note that you may access a current copy of the SPD online, and any "Summaries of Material Modifications" that may be provided to reflect amendments to the Plan, at any time by visiting [insert website address]. You also have the right to request a paper copy of the SPD, free of charge, by contacting \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ at <email> or <phone>.*

*[Describe any special instructions required to view the document, such as how to obtain any login and PIN information that may be required to access the document. For example, if the document is provided in PDF format, it may be necessary to include the following disclosure]: The attached SPD is provided in PDF format. You may need to download Adobe Reader to your computer to be able to access and read the SPD. Adobe Reader can be downloaded for free at* [*http://get.adobe.com/reader/*](http://get.adobe.com/reader/)

**Consequences of Non-Compliance:**

ERISA does not impose any specific penalties on the failure to distribute the wrap SPD. However, an employer could become subject to a daily $110 penalty if an employee asks for the SPD and the employer fails to provide a copy within 30 days. They could also be sued for their failure to provide the SPD and subjected to criminal penalties for a willful failure to distribute the SPD.

**Practical Implications for Employers:**

The wrap SPD is generally provided to an employer plan sponsor by the broker or other vendor, including in some cases, engaging a qualified ERISA attorney to draft the document. However, the employer as plan administrator is ultimately responsible for completing, distributing and amending as necessary the wrap SPD on a timely basis.