A MUST-HAVE FOR INVESTMENT ADVISERS: ERISA-COMPLIANT PROTECTION FOR FRAUD AND DISHONESTY LOSS.

Although ERISA has been in existence since 1974, some business owners may not be aware that certain financial institutions, including investment advisers, who handle ERISA plan assets, must obtain a bond in order to comply with Section 412 of ERISA.[1]

IS YOUR FIRM COMPLIANT?

Section 412 of ERISA requires every person who handles funds or other property of an ERISA plan to be bonded. These ERISA bonding requirements[1] are intended to protect employee benefit plans from risk of loss due to fraud or dishonesty on the part of persons who "handle" plan funds or other property.[2]

BONDING REQUIREMENTS, SECTION 412 PROVIDES:

"A plan official must be bonded for at least 10% of the amount of funds he or she handles, subject to a minimum bond amount of $1,000 per plan with respect to which the plan official has handling functions. In most instances, the maximum bond amount that can be required under ERISA with respect to any one plan official is $500,000 per plan. Effective for plan years beginning on or after January 1, 2008, however, the maximum required bond is $1,000,000 for plan officials of plans that hold employee securities."[2]

ENSURING COMPLIANCE

To help investment advisers fulfill Section 412 of ERISA compliance requirements, The Hartford offers the Premier Protection Fiduciary ERISA Bond.

Key Coverage Features

Coverage is available for investment advisers of any size who are registered with the state or SEC.

- Broad definition of "employee."
- Automatic addition of new benefit plans during the policy and associated limit requirement to comply with ERISA.
- Coverage for ERISA and non-ERISA qualified benefit plans including an insured's own benefit plan.
- Discovery of Loss for 12 months following the expiration, termination or cancellation unless a replacement bond is triggered to cover such loss.
- Pro rata return premium in the event of cancellation by the fiduciary.
- Primary or co-surety limits for all qualifying plans, or dedicated policy limits for a specific plan.
- Aggregate limit available up to $35,000,000.
- Two-year policy period available for limits up to $5,000,000 with automatic adjustment to comply with ERISA required limits.

HAVE THE RIGHT PROTECTION IN PLACE.
Email **FPservice@thehartford.com** or visit **The Hartford's Financial Institutions Resource Page.**

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[1] For more comprehensive information about bonding requirements, see http://www.dol.gov/ebsa/regs/fab2008-4.html, Background, ERISA § 412; 29 C.F.R. §§ 2580.412-11 through 2580.412-13, § 2580.412-16

[2] In accordance with the U.S. Department of Labor's Field Assistance Bulletin No. 2008-04. 11/25/2008.