

# BENEFITS-CENTRIC COMPLIANCE SERVICES

## ERISA Wrap

01

DOL's EBSA Audit ready ERISA wrap document prepared and delivered to your client based on just a questionnaire and hand holding from ETC Account Managers.

Allow Pre-Tax Deductions from your employees pay check by getting the required IRS documents in place in preparation for audit, and DOL or Employee request.

02

## Section 125 Compliance Documents

IRS Sets of Testing:  
Pre-Taxed Deductions (IRS Section 125) & Partial/Level & Self Insured plans (Section 105(h))  
Ensure your highly compensated and key employees are not tipping the scales.

## Annual Non Discrimination Testing

03

Delivery of a Required Benefit Notices Package in word format with guidance and notes for Brokers to insert into enrollment materials and communications as required.

04

## Annual Benefits Notices

For health plans that have over 100 participants at the beginning of the plan year, ERISA requires financial reporting to the DOL on Form 5500 and a Summary Annual Report (SAR) to be distributed to participants.

## 5500 Reporting Services

05



## ERISA Wrap

The ERISA Wrap (Plan Document & Summary Plan Description) - this set of compliance documents includes employer specific benefit offering details which must be communicated by the employer to plan participants. These documents supplement all of the various carrier benefit materials to, then, collectively fulfill the employer's plan document and disclosure obligations under the ERISA Regulations.

Issue: The Carrier's plan materials are not sufficient alone to fulfill the employer's obligations under ERISA regulations

Section 125 compliance documents - The IRS requires employers offering pre-tax benefits to have a plan document detailing and disclosing the terms of the pre-tax benefits (i.e. the Plan) to employee plan participants. This is a different set of compliance documents from the ERISA Wrap mentioned above. Section 125 compliance documents fulfill the IRS regulatory requirements vs the ERISA requirements.

## Section 125

## Non Discrimination Testing

Nondiscrimination Testing - much like Retirement plan nondiscrimination testing - the IRS ALSO obligates employers offering either pre-tax benefits or benefits through a self funded plan (inclusive of level funded or partially self-funded plans) to have annual testing conducted to ensure Plans are not unintentionally favoring Highly Compensated Employees.

There is a set of testing for pre-tax benefits (Section 125) and another set for self-funded plans (Section 105h). The tests are independent of each other with each fulfilling separate sections of the IRS Code (Thank you, IRS!) As a result, an employer could have to conduct both sets of tests depending on whether a self funded plan is offered or not.

Though there are no IRS filing or reporting obligations, employers are obligated to keep the record of the tests passing on file should there be an audit.

Should there be an IRS audit and no testing on record, the IRS will run the nondiscrimination testing and should the Plan be found to be discriminatory, the result is understated income for both select individual employees as well as the organization. Not only will the organization have to refile the applicable tax year's income tax filings but also, amended W2s for impacted HCE will need to be reissued. Impacted HCE's are then forced to amend their tax year's income tax filing with the IRS.

**Questions? Pricing? Contact the team at**  
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