Employer Compliance Resource: ERISA Wrap Plan Documents

*Presented by **IBT Consulting – Innovative Benefits***

What Is an ERISA Wrap Document?

An **ERISA Wrap Plan Document** (commonly called a *wrap document*) is a formal legal document that "wraps" multiple employer-sponsored benefit plans—such as medical, dental, vision, life, and disability—into **one single ERISA plan**.

The purpose of a wrap document is to ensure the employer's benefit offerings meet the **Employee Retirement Income Security Act of 1974 (ERISA)** documentation and disclosure requirements.

For most employers offering group benefits, maintaining a compliant wrap document is **not optional**—it is a legal obligation.

Why a Wrap Document Is Required

ERISA requires that every covered employee benefit plan be **established and maintained pursuant to a written plan document**.

Insurance carrier certificates and benefit booklets **do not satisfy ERISA's plan document requirements on their own**. A wrap document fills the compliance gaps by clearly defining:

- The official plan sponsor
- Plan administrator and fiduciary roles
- Eligibility and participation rules
- Funding and benefit structure
- Claims and appeals procedures
- ERISA-required rights and disclosures

Without a wrap document, employers are often **technically out of compliance**, even when fully insured.

Employers Subject to Wrap Document Requirements

Most private-sector employers are subject to ERISA if they offer:

- Group medical insurance
- Dental or vision plans
- Employer-paid or voluntary life insurance
- Short-term or long-term disability
- Health reimbursement arrangements (HRAs)

ERISA generally applies to:

- Private employers
- Non-profits (with limited exceptions)

ERISA generally does NOT apply to:

- Government employers
- Church plans (unless they opt in)

Compliance Risks of Not Having a Wrap Document

Failure to maintain a compliant wrap document may expose employers to:

- Department of Labor (DOL) penalties
- Participant lawsuits
- Audit findings
- Inability to enforce plan terms
- Required plan document penalties of **up to $110 per day per participant** upon request

In many cases, employers only discover the issue **after** a claim dispute, audit, or employee complaint.

Relationship Between Wrap Documents and SPDs

ERISA also requires employers to distribute a **Summary Plan Description (SPD)** to plan participants.

A wrap document:

- Serves as the **legal plan document**, and

- Is commonly paired with or drafted to also function as the SPD

Using carrier-issued summaries alone often leaves employers without required ERISA language, particularly around fiduciary authority and appeals rights.

What a Compliant Wrap Document Should Include

A properly drafted ERISA wrap document should clearly define:

- Plan name and plan year
- Plan sponsor and administrator
- Named fiduciaries
- Benefits incorporated into the plan
- Eligibility and enrollment provisions
- Funding mechanisms
- Claims and appeals procedures (ERISA-compliant)
- Participant rights under ERISA
- Amendment and termination provisions

The document must be **maintained, updated, and provided upon request**.

Documented Regulatory Sources

Employers may reference the following official sources governing ERISA plan documentation:

- **ERISA §402(a)(1)** – Requirement for Written Plan Document
  https://www.law.cornell.edu/uscode/text/29/1102

- **ERISA §102** – Summary Plan Description Requirements
  https://www.law.cornell.edu/uscode/text/29/1022

- **Department of Labor – ERISA Compliance Assistance**
  https://www.dol.gov/general/topic/health-plans/erisa

- **29 CFR §2520.102-3** – SPD Content Requirements
  https://www.ecfr.gov/current/title-29/subtitle-B/chapter-XXV/subchapter-A/part-2520

These sources establish the employer's obligation to maintain written plan documentation and provide it to participants.

How IBT Consulting Supports Employers

IBT Consulting takes a **fiduciary-aligned, compliance-first approach** to employer benefits.

Our wrap document support includes:

- Determining ERISA applicability
- Reviewing existing documentation
- Coordinating compliant wrap plan documents
- Aligning SPDs, insurance policies, and administrative practices
- Supporting audit readiness and risk mitigation

Our role is to help employers **understand, document, and maintain compliance—not just check a box**.

Next Steps for Employers

If you are unsure whether your organization maintains a compliant ERISA wrap document—or if your current documentation is outdated—now is the time to review.

IBT Consulting can help assess gaps and guide corrective action.

Contact IBT Consulting

IBT Consulting – Innovative Benefits
Trusted advisor to employers navigating benefits, compliance, and fiduciary responsibility.

📞 817-367-7774
🕘 Monday–Friday | 8:00 AM – 5:30 PM

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