Employer Compliance Resource: Summary Plan Description (SPD)

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

What Is a Summary Plan Description (SPD)?

A **Summary Plan Description (SPD)** is a required ERISA disclosure document that explains an employer's benefit plan **in clear, understandable terms** so participants know:

- What benefits are offered
- Who is eligible
- How the plan works
- How to file claims and appeals
- What rights they have under ERISA

While the **wrap document is the legal plan**, the **SPD is the employee-facing disclosure**—and ERISA requires employers to have and distribute it.

Why an SPD Is Required

Under **ERISA §102**, plan administrators must furnish participants with an SPD that is:

- Written for the average plan participant
- Accurate and comprehensive
- Distributed within required timeframes

Carrier benefit summaries **alone** often fail to meet ERISA SPD standards because they do not include employer-specific fiduciary, administrative, and ERISA-rights language.

Who Must Provide an SPD

An SPD is required for:

- All **ERISA-covered welfare benefit plans**, including:
  - Medical
  - Dental

  - Vision
  - Life insurance
  - Disability plans
  - HRAs

Generally excluded from ERISA:

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

Most private employers offering group benefits are required to maintain and distribute an SPD.

Distribution Requirements

Employers must provide an SPD:

- **Within 90 days** of an employee becoming covered
- **Within 120 days** for newly established plans
- **Every 5 years** if amended
- **Every 10 years** if unchanged
- **Within 30 days** upon written request

Failure to provide an SPD upon request may result in penalties of **up to $110 per day per participant**.

What a Compliant SPD Must Include

ERISA regulations require SPDs to contain specific elements, including:

- Plan name and plan number
- Employer/plan sponsor information
- Plan administrator and fiduciary identification
- Eligibility and participation rules
- Description of benefits
- Circumstances causing loss of benefits
- Claims and appeals procedures
- Statement of ERISA rights
- COBRA, HIPAA, and other required notices (as applicable)

Many employers mistakenly believe carrier booklets satisfy this requirement—but **missing ERISA language creates compliance gaps**.

Relationship Between SPDs and Wrap Documents

In practice:

- A **wrap document** establishes the legal plan
- The **SPD communicates the plan to employees**

Many employers use a **wrap SPD**, where the wrap document is drafted to also satisfy SPD requirements—streamlining compliance and administration.

Compliance Risks of Not Having an SPD

Employers without a compliant SPD may face:

- DOL enforcement action
- Monetary penalties
- Inability to enforce plan terms
- Increased litigation exposure
- Audit findings during benefits or payroll reviews

Lack of an SPD often becomes an issue **only after a dispute**, when documentation matters most.

Documented Regulatory Sources

Official regulatory guidance governing SPD requirements includes:

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

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

- **Department of Labor – ERISA Disclosure Guide**
  https://www.dol.gov/general/topic/health-plans/summaryplan-description

These authorities establish both the requirement and content standards for SPDs.

How IBT Consulting Supports Employers

IBT Consulting helps employers:

- Determine ERISA applicability
- Identify SPD gaps
- Coordinate compliant wrap/SPD documentation
- Align carrier materials with ERISA disclosures
- Support audit readiness and fiduciary governance

Our focus is not just documentation—but **defensible compliance**.

Next: Contact IBT Consulting

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

📞 817-367-7774
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