

**INSIDE THIS  
ISSUE:**

**OOPS! I GOT  
A LETTER  
FROM THE DOL  
ABOUT THE  
PLAN'S  
FIDELITY BOND**

# The PRS Report

## **Oops! I got a letter from the DOL about the Plan's Fidelity Bond**

### DOL Initiative



Using Form 5500 as their source, the DOL (Department of Labor) has begun an initiative to target the compliance/non-compliance of pension plans regarding ERISA Fidelity Bond coverage. If the DOL sees a potential problem, a letter may be sent to you (most likely to the email address you have established on the EFAST2 system) with a "Request for Clarification of the Fidelity Bonding Coverage."

A Case Number is assigned to you and you are asked to complete an attached Form within 15 days from the date of the letter. This Form may be returned electronically, as per the letter's instructions. You will also have to include the previously or newly obtained Fidelity Bond in your response, and if the information regarding the Fidelity Bond was incorrect on the Form 5500, an amended Form 5500 must be prepared and submitted.

### Fidelity Bond Coverage Mandate

ERISA (pension law) requires qualified plan assets to be covered by a Fidelity Bond. Fidelity Bond coverage protects the Plan from any losses resulting from mishandling or misappropriation of the plan assets. A Fidelity Bond should be maintained for 10% of the plan's qualifying assets or, if greater, 100% of the value of all non-qualifying assets held by the plan. These rules regarding Fidelity Bonds apply to all qualified plans whose participants include non-owners.

## **Oops! I got a letter from the DOL about the Plan's Fidelity Bond (cont'd)**

### **Notifications and Reminders**

In our letter that accompanies the Plan document, we inform you of the need for Fidelity Bond coverage. Then, to assure that the Plan has a Fidelity Bond, PRS has always had the following procedures in place: in our Annual Reporting Package, we ask the question, "Is the Plan covered by a Fidelity Bond" and if yes, you are asked to supply the expiration date of the bond and the amount of the Bond. In addition, we discuss fidelity bonding in the cover letter to the valuation report we send to you annually. You are informed as to whether there is a Fidelity Bond and whether the Bond held is sufficient.



### **What To Do**

If you have any questions or concerns about Fidelity bonding for the Plan, do not hesitate to contact us. If you receive an email from the DOL regarding the Fidelity Bond for the Plan, contact us if you need assistance in responding to the DOL Request.



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