

FIDELITY BOND REQUIREMENTS

ERISA generally requires that every fiduciary of an employee benefit plan, and every person who handles funds or other property of such plan shall be bonded with a fidelity bond. A fidelity bond protects the assets in the plan from misuse or misappropriation by the plan fiduciaries or anyone who handles plan assets. At the very least, the bond must equal 10% of the value of the total plan assets, with a minimum bond value of \$1,000. For the first year, the bond amount will be based on the estimated amount of assets that will be handled by the plan for the year. The bond is never required to be more than \$500,000, regardless of plan assets.

Fidelity bonds must be purchased from a surety company approved by the Department of the Treasury. They list approved surety companies on their website at <http://www.fms.treas.gov/c570/c570.html>. You can easily obtain an ERISA Fidelity bond for your plan from Colonial Surety Company quickly on their secure website, <https://my.colonialdirect.com/quote?ref=ok0104>. If you prefer, you can call Colonial Surety Company at (888) 383-3313 and an ERISA Associate will assist you with the bond application. You are under no obligation to purchase your bond from Colonial Surety. Wherever you decide to obtain your bond, **be certain that you are purchasing an ERISA Fidelity bond which fulfills Department of Labor regulations for ERISA compliance in accordance with Section 412 Bonding.**

A fidelity bond is not the same thing as fiduciary liability insurance. Such insurance is not required. However, you may also wish to maintain fiduciary liability insurance. If plan participants bring a lawsuit against the plan, trustees are personally liable for the cost of their legal defense and any damages that may be awarded by the Court. Lawsuits may be brought for investment choices, management fees -- even incomplete enrollment advice. Plan trustees should consider protecting themselves with fiduciary liability insurance, which can also be purchased as an endorsement to a Colonial Surety ERISA fidelity bond for qualified plan assets.

If you would like further information regarding bonding requirements, please contact your Retirement LLC plan administrator.