

LEGAL FOUNDATION

Early Retirement Income Security Act

ERISA sets standards to ensure that employee benefits are established and maintained in a fair and financially sound manner. Employers are also required to provide promised benefits and manage private pension plans. The Department of Labor and the Internal Revenue Service have principal jurisdiction over the enforcement of ERISA.

Persons and entities that manage and control funds must

- Manage plans for the exclusive benefit of participants and beneficiaries
- Carry out their duties in a prudent manner and refrain from conflict of interest transactions expressly prohibited by law
- Comply with limitations on certain plans' investments in employer securities and properties
- Fund benefits in accordance with the law and plan rules
- Report and disclose information on the operations and financial condition of plans to the government and participants
- Provide documents required in the conduct of investigations to ensure compliance with the law

Individuals and entities affected by ERISA may obtain advisory opinions and information letters from the Department of Labor and the Treasury Department regarding the application of the departments' regulations and procedures.

Employees are granted the right to

- Receive important information about their pension or health benefit plans
- Participate in timely and fair processes for benefit claims
- Elect to temporarily continue group health coverage after losing coverage
- Receive certificates verifying health coverage under a plan
- Recover benefits due under the plan

Punishment for Violating ERISA

- A penalty of up to \$1,100 per day
- Civil penalties ranging from 5% to 100% of the amount involved in the transaction
- Excise tax against disqualified persons who engage in prohibited transactions with tax-qualified pensions and profit sharing plans
- Mandatory civil penalties equal to 20% of any amount recovered with respect to fiduciary breaches resulting from either a settlement agreement with the Department of Labor or a court order as the result of a lawsuit brought by the Department of Labor

For a complete copy of this law or any other information please refer to the U.S. Department of Labor at 1-877-889-5627 or visit their website at www.dol.gov.

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