HK Insurance Agency

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ERISA Bond — Step-by-Step Buying Checklist

Goal: Get from plan assets → compliant ERISA fidelity bond (ERISA §412) with documentation for the plan file.

1) Confirm who must be bonded

Identify fiduciaries and **anyone who "handles funds or other property"** of the plan (e.g., those with authority to sign, disburse, transmit, or safeguard plan money or property).

2) Find your plan's assets (year-end)

Use the DOL's public search to pull the latest **Total Plan Assets — End of Year**.

- DOL eFAST/5500 Search: https://www.efast.dol.gov/5500search/
- In the results table, read the **rightmost column** for assets. Use the most recent filed year.

New plan with no filing yet? Use the latest **trust/custodian statement**.

3) Calculate the required bond amount

Apply the ERISA formula (no employer securities):

- **Minimum:** $1,000
- **Amount: 10% of plan assets**
- **Cap: $500,000** (or **$1,000,000** if the plan **holds employer securities**)

Plain-English rule: Required Bond = the **greater** of **$1,000** or **10% of assets**, but **not more than** the applicable **cap**.

Examples

- $2,400,000 assets → 10% = **$240,000** → bond **$240,000**.
- $9,000,000 assets, **no** employer stock → 10% = $900,000 → cap applies → **$500,000**.
- $9,000,000 assets, **with** employer stock → 10% = $900,000 → under $1M cap → **$900,000**.
- $7,500 assets → 10% = $750 → minimum applies → **$1,000**.

4) Choose an acceptable surety

The bond must be issued by a **Treasury-listed surety** (Department **Circular 570**).

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- U.S. Treasury — Circular 570 (Approved Sureties): https://www.fiscal.treasury.gov/surety-bonds/circular-570.html
- Verify the **exact legal name** on your bond appears on the list (and note any limitations).
- Avoid conflicts: the plan/plan sponsor/parties in interest should **not** control the surety.

5) Bind the bond and save proof

- Bind the bond for the required amount and **save**: declarations/certificate **and** a screenshot/PDF showing your surety on **Circular 570**.
- Keep copies with plan records for your auditor/TPA.

6) Set a renewal reminder

- Annually confirm assets; ensure the bond keeps pace with the **10% rule** (respecting the cap).
- If assets grow, you may need to increase the bond. Many programs, including ours, include **Inflation Guard**, but you should still verify.

Helpful government links

- DOL 5500 Search (eFAST): https://www.efast.dol.gov/5500search/
- DOL — ERISA Fidelity Bonding Q&A (plain-English guidance): https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/qa-fidelity-bonding
- U.S. Treasury — Circular 570 (List of Approved Sureties): https://www.fiscal.treasury.gov/surety-bonds/circular-570.html

One-minute compliance checklist

- Pulled **year-end assets** (latest filing)
- Calculated **10%**, checked **$1,000 minimum** and proper **cap**
- Surety is **Treasury-listed** (legal name matches Circular 570)
- Saved **bond + Circular 570 proof** in plan file
- Set **renewal reminder** and yearly asset review

Any questions? Reach out to info@hksurety.com for assistance or buy your bond here: https://hksurety.my.site.com/SelfRegister