

Compliance Bulletin

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SAR Is Due by Sept. 30 for Calendar Year Plans



Many employers that must file Form 5500 on behalf of their employee benefit plans must also provide plan participants with a summary annual report (SAR). The SAR is a summary of the information included in the Form 5500.

Employers with plans that operate on a calendar year basis must provide the SAR by **Sept. 30, 2024**. However, if the employer received an extension of time to file its Form 5500, the deadline for providing the SAR is Dec. 15, 2024.

The SAR requirement only applies to plans that must file a Form 5500. Also, self-insured welfare plans, regardless of size, are not required to provide a SAR if they are unfunded.

The DOL has released a [model SAR](#) relating to welfare plans for plan years beginning in 2023 and later. Acceptable delivery methods for the SAR include U.S. mail, in-hand delivery and electronic delivery, if certain requirements are satisfied.

Action Steps

Employers with calendar year plans that are subject to the Form 5500 and SAR requirements should provide the SAR to plan participants by Sept. 30, 2024, unless an extension applies.

SAR Requirement

Each year, employers that are subject to ERISA must file an annual report (Form 5500) with the DOL for their employee benefit plans, unless a reporting exemption applies. Employers must also give plan participants a summary of the Form 5500—or SAR—each year, free of charge.

If a plan is exempt from the annual reporting requirements (Form 5500), it is also exempt from the SAR requirements.

Large unfunded welfare plans (100 or more covered participants) are subject to the Form 5500 requirement—however, these plans are exempt from the requirement to provide a SAR. An unfunded welfare benefit plan has its benefits paid directly from the general assets of the employer sponsoring the plan. A plan that uses a trust or separately maintained fund to hold plan assets or pay benefits is not unfunded.

Required Content

The SAR must include certain information, provided that information was required to be on the plan's Form 5500. In general, a SAR must include:

- **Funding and insurance information**—If a plan is uninsured, then the SAR must state the types of claims the plan sponsor is committed to pay. If insured, the SAR must state the type of claims the plan has contracts with insurance carriers to pay, along with the names of the insurers and the annual premium paid.
- **Basic financial information**—If plan assets are held in trust or a separately maintained fund, the SAR should include the value of the plan assets at the beginning and end of the plan year, as well as the amount of increase or decrease in net assets. The SAR should also include the amount of total income during the plan year and plan expenses.
- **Rights to Additional Information**—A statement that plan participants have the right to request a copy of the full annual report (Form 5500).
- **Offer of Assistance in Non-English Language**—Large plans (covering more than 100 participants) that have the lesser of 10 percent or 500 or more covered participants literate only in the same language, and small plans (covering fewer than 100 participants) if 25 percent or more of the participants are literate in only the same language, must be given an offer of assistance in writing in the non-English language.

The DOL has released a [model SAR](#) that employers may customize and use.

Deadline

The SAR must be provided within nine months of the close of the plan year. For calendar year plans, this deadline is Sept. 30. Employers may receive a Form 5500 filing extension of two and one-half months by filing [IRS Form 5558](#). If the Form 5500 deadline was extended, the employer must provide the SAR within two months of the close of the extension period. For calendar year plans, this extended deadline is Dec. 15.

Distribution Methods

SARs may be distributed by any method that is permissible for summary plan descriptions (SPDs). These methods include:

- Hand delivery to employees at their worksite;
- U.S. mail; or
- Electronic delivery (if certain requirements are satisfied).

Rules for Electronic Delivery

[DOL regulations](#) include a safe harbor for employers to use electronic media to distribute certain ERISA-required documents, including the SAR. The DOL's safe harbor allows employers to distribute ERISA disclosures to: (1) employees with work-related computer access; and (2) other plan participants and beneficiaries who consent to receive disclosures electronically. In addition, to satisfy the safe harbor, employers must notify plan participants each time the disclosure is provided electronically, and they must take steps to ensure that the electronic delivery results in actual receipt.

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