

# Fiduciary Insurance Acknowledgement

Under the Employee Retirement Income Security Act (ERISA), a **Fiduciary** of a company's ERISA plan may be held personally liable for a breach of fiduciary duty.

## Who is a Fiduciary ?

ERISA fiduciaries are named in the plan document, but may also be defined by the functional role they perform for the plan.

Since fiduciary status may be based on a person's conduct rather than their title, it is possible to be a fiduciary without being aware of it. Common examples of this would relate to individuals in an administrative and/or human resources position.

Regardless of knowledge of their status, an ERISA fiduciary must comply with five general standards in the administration of a plan,

1. acting solely in the interests of plan participants and beneficiaries and with the exclusive purpose of providing benefits to them,
2. exercising prudence in running the plan,
3. making sure the investments are diversified,
4. adhering to plan documents, and
5. paying only reasonable plan expenses

## What is Fiduciary Insurance ?

Fiduciary Insurance pays the legal liability arising from claims for alleged breach of fiduciary duties. Under ERISA, there is no corporate protection. Fiduciary Insurance can protect the personal assets of plan fiduciaries.

## Is there a difference between an ERISA Bond and Fiduciary Insurance ?

Yes, you are required by ERISA to bond or insure your plans from employee dishonesty in the lesser of \$500,000 or 10% percent of all plan assets. An ERISA Bond solely protects the plan assets, and will not defend plan fiduciaries. Fiduciary Insurance defends plan fiduciaries from allegations of breach of their fiduciary duties. Fiduciary Insurance is not required by ERISA. However, ERISA explicitly allows for the purchase of fiduciary insurance.

---

As your Investment Advisor I feel it is important to advise you of the availability of Fiduciary Insurance. For more information I would recommend that you visit **[www.fiduciaryinsurance.com](http://www.fiduciaryinsurance.com)**. I acknowledge that I have informed you of the availability of Fiduciary Insurance.

---

Adviser

Date

*This Fiduciary Acknowledgement is for illustrative purposes only. It provides only a general overview of ERISA requirements and Fiduciary Insurance. Only the insurance policy itself can provide actual policy conditions, provisions, and exclusions. Insurance availability is subject to underwriter review and approval.*