

Employers of all sizes face a growing list of compliance obligations tied to the health benefits plans they offer. While many of these requirements appear administrative on the surface, they carry real legal, financial, and operational risks if mishandled. This guide highlights three of the most critical compliance areas – ERISA Plan Documents/Section 125 POP Plans, Form 5500, and ACA 1094/1095 Reporting – and explains why the right compliance partner makes all the difference.

## ERISA Wrap Documents, SPDs, and Section 125/POP Plans: The Legal Foundation of Your Health Plan

ERISA and the Internal Revenue Code require health and welfare plan sponsors to maintain written plan documents and provide plan participants with a Summary Plan Description (SPD). Carrier certificates and benefit summaries do not meet these ERISA requirements. When employers allow employees to pay health and welfare plan premiums on a pre-tax basis, the IRS also requires a Section 125 cafeteria plan document (commonly known as a POP Plan). These documents collectively serve as the legal backbone of your benefits program. They establish official plan terms, clarify participant rights, and ensure the plan is administered consistently and compliantly.

### Benefits of Accurate, Carefully Drafted Documents:

**Clear governance:** Wrap documents and SPDs outline eligibility, plan terms, continuation rights, appeals procedures, and employer obligations.

**Simplified plan structure:** Wrap documents consolidate multiple benefits— medical, dental, vision, FSA, HSA, etc.—under one ERISA plan number and SPD.

**Tax protection:** A compliant Section 125/POP plan ensures employee pre-tax deductions are valid under IRS rules.

**Risk management:** Strong documentation protects employers in the event of Department of Labor (DOL) audits, claims disputes, or employee requests for SPDs (which must be provided within 30 days).

### Risks of Missing, Outdated, or Inaccurate Documents:

**DOL enforcement:** Missing or outdated documents are among the most common audit findings. Employers must also provide an SPD within 30 days of an employee's request as failure to do so may result in statutory penalties of up to \$110 per day.

**Loss of tax advantages:** Without a valid POP plan, pre-tax premium deductions may be deemed improper by the IRS.

**Legal exposure:** Inconsistency between how a plan is documented and how it operates creates liability.

**M&A and corporate due diligence issues:** Missing documents create red flags and delay transactions.

### Why Employers Need the Right Compliance Partner:

A strong compliance partner maintains these documents annually, aligns them with carrier updates, and ensures employers meet both ERISA and IRS requirements year-round. Engaging Ameriflex Compliance Services for plan documents allows the plan sponsor to stay in compliance without adding administrative strain to HR teams.

## Form 5500: A Critical Filing With Significant Consequences

Annual Form 5500 filings are required of every employer-sponsored health and welfare plan with 100 or more participants on the first day of the plan year. The filing provides transparency to the DOL and IRS and documents how an employer's ERISA-covered plans are structured and administered. The filing is due within seven (7) months of the end of the plan year.

Accurate Form 5500 filings demonstrate good plan governance, protect employers during audits, and prevent costly enforcement actions.

### Benefits of Timely Filing Accurate Forms 5500:

**Avoidance of severe DOL penalties:** Late, incomplete, or unfiled 5500s can trigger penalties of up to \$2,670 per day.

**Proof of regulatory due diligence:** Clean, timely filings demonstrate proper oversight of the plan and reduce the likelihood of further inquiries.

**Strong documentation:** Form 5500 reinforces that employer benefits are administered correctly and consistently.

### Risks of Non-Compliance:

**Steep penalties:** The DOL treats rejected filings as "not filed," meaning the penalty clock keeps running. Non-compliance also triggers broader scrutiny into plan governance.

**Potential criminal penalties:** Willful avoidance of Form 5500 filing can escalate to criminal enforcement.

**External exposure:** Mergers, acquisitions, and audits all require accurate Form 5500 filing history.

### Why Employers Need the Right Compliance Partner:

A knowledgeable partner ensures filings are prepared correctly, schedules are accurate, and electronic submissions are accepted without issue—with ongoing updates aligned to DOL rules. Engaging Ameriflex Compliance Services to file the Form 5500 provides a well-managed Form 5500 process that removes guesswork and reduces HR and benefits teams' liability.

## ACA 1094/1095-C Reporting: High-Stakes IRS Compliance

Under the Affordable Care Act, Applicable Large Employers (ALEs) (those with 50 or more full-time employees and equivalents) must offer affordable, minimum value health coverage to all full-time employees and annually report the offer to the IRS and employees. ACA reporting is highly technical and heavily enforced.

Accurate reporting on Forms 1094-C (the transmittal) and 1095-C (employee statements) document compliance with the ACA and provide employees with information needed to confirm their employer's offer of coverage.

### Benefits of Accurate and Timely ACA Reporting:

**Avoidance of IRS penalties:** Penalties apply per form, making inaccuracies extremely costly. Penalties for failure to file with the IRS and failure to distribute to participants can be up to \$680 per form, resulting in millions of dollars in penalties if errors are widespread or repeated.

**Reduction of employer mandate enforcement risks:** Mistakes in reporting can lead the IRS to allege Employer Shared Responsibility (employer mandate) penalties, which are often thousands of dollars per employee. Clean filings demonstrate that the employer has offered the right coverage to the right employees at the right cost.

**Fewer Employee issues:** Correct 1095-C forms limit issues with marketplace subsidies and IRS notices to employees.

### Risks of Late and/or Improper Reporting:

**Employer receiving IRS Letters 226J, 5699, and 5005-A:** Even minor data issues generate lengthy audits or requests for documentation.

**Data complexity:** Monthly coding, look-back rules, affordability thresholds, and controlled group rules create pitfalls. Transactional risk: ACA documentation is now a standard due-diligence item in corporate transactions.

### Why Employers Need the Right Compliance Partner:

A true ACA partner manages monthly coding, validates data, performs regulatory calculations, transmits filings, and supports employers if the IRS issues inquiries or assessments. Engaging Ameriflex Compliance Services to file Forms 1094/1095-C ensures partnership with a vendor who understands the ACA rules, monitors regulatory changes, and works to ensure accuracy from start to finish.

### For Brokers: A High-Value Advisory Opportunity

Health and welfare brokers and consultants play a critical advisory role in helping employers remain compliant with the various employee-benefits related laws. By guiding clients toward experienced compliance partners for ERISA documents, Form 5500 filing, and ACA reporting, brokers can:

- Protect clients from government penalties and administrative headaches
- Strengthen long-term advisory relationships
- Ensure consistent compliance across all benefit areas
- Deliver proactive value beyond renewal strategies

### Conclusion: Compliance Is Mandatory—But Stress Doesn't Have to Be

Wrap documents, SPDs, POP plans, Form 5500, and ACA reporting each carry unique regulatory requirements. The risks of errors—or of missing these obligations entirely—are significant.

By partnering with Ameriflex Compliance Services, employers gain accuracy, protection, and peace of mind. A strong partner doesn't just prepare documents or file forms; they provide year-round support that safeguards organizations and strengthens benefits programs.

Compliance doesn't have to be confusing or overwhelming. Employers simply need the right expertise guiding them through it.