

FIDUCIARY BOND REQUIREMENTS

One of the requirements of qualified plans is that trustees, and anyone else authorized to handle plan funds, must be secured by a bond. The amount of the bond must be equal to at least 10 percent of total plan assets.

The easiest and most economical strategy is to estimate what the size of the trust will be in three years, and then purchase a three-year policy for 10 percent of that projected amount. The bond premiums tend to be very reasonable. For example, a three-year policy on a \$50,000 bond (which satisfies a half million in plan assets) should cost less than \$200.

Ask your regular insurance representative if he/she can sell you such a bond. If not, or if the price seems inappropriate, please call Sunburst for a suggestion of a possible alternative agent.

The annual IRS filing asks whether the plan assets are covered by a bond; so please send a copy of your bond to Sunburst. If you have any questions regarding this government requirement, don't hesitate to call.