

Date

Company Name

Address

Dear Client,

During your annual administration, our file review detected an issue that concerns your E.R.I.S.A. bond.

<Insert>: Our records indicate that your plan needs an E.R.I.S.A. bond
 Our records indicate that your plan needs to renew the E.R.I.S.A. bond
 Our records indicate that your plan needs to increase the E.R.I.S.A. bond
 amount.

Federal law requires that you carry a fiduciary bond, which provides insurance on the people associated with the administrative functions of your plan. We recommend a blanket bond for one or more plans and one or more people in a plan with fiduciary responsibility.

You may currently have this coverage as a line item in your business liability insurance. If this is the case, please e-mail or fax us a copy of the part of your policy that outlines your E.R.I.S.A. coverage.

You may be able to add this coverage to your current liability policy at a very low cost. Please check with your business insurance provider and provide us with a copy if you choose this option.

Finally, you may purchase coverage through Colonial Surety if the above options are not available to you. Colonial has a website where you may set up a new E.R.I.S.A. bond and they will help walk you through the process. The website address is www.colonialsurety.com and the phone number is 1-800-221-3662. When you call, ask for an ERISA associate and they will guide you through the bond set-up process.

We recommend Colonial Surety because they now offer a five-year bond with extended coverage that covers any growth in your plan's assets. Colonial also offers the standard one year of coverage for plans with assets that don't see large increases over time.

E.R.I.S.A. Bond Notice

FEDERAL LAW REQUIRES THAT YOU CARRY A FIDUCIARY BOND, WHICH PROVIDES INSURANCE ON THE PEOPLE ASSOCIATED WITH THE ADMINISTRATIVE FUNCTIONS OF YOUR PLAN. THIS IS COMMONLY CALLED AN ERISA BOND.

(Note: If your only employees are company owners, including spouses of owners but not siblings or children, you are not required to have an E.R.I.S.A. Bond. However, once you hire a non-owner employee, you should obtain a bond.)

***You need to have an Erisa bond for each plan.** Check with your insurance provider to see what needs to be done. For example, the profit sharing plan is covered by one but your money purchase plan is not.

You may currently have this coverage as a line item in your business liability insurance. If this is the case, just fax us a copy of the part of your policy that outlines your ERISA coverage.

You may be able to add this coverage to your current liability policy at very low cost. Check with your business insurance provider and provide us with a copy if you choose this option.

You may purchase coverage through one of our associates, if the above options are not available to you. Pricing is attached. If you choose this option, please make a check payable to Colonial Surety and mail them to us, Innovative Pension.

** Buy a bond for 10% of the Plan's assets, e.g. \$75,000 bond if the Plan has \$750,000 in assets. (YOU MUST ROUND UP.) If you are buying a 3-Year bond, use the Plan's projected assets at the end of the third year.