

Example of Certification from a Qualified Trust Company

The information provided in the attached report is a summary of the financial activity for the trust, trustee by ABC Trust Company ("ABC") for the 403(b) Plan for the plan year ending 12/31/20X1, and includes all applicable contributions received by the trust through this date. This summary is subject to the terms and conditions of the Plan Document and Trust Agreement. ABC, as trustee, hereby certifies to the existence of the plan assets which are under our control and reflected in the enclosed report. ABC further certifies that the information in the enclosed reports is complete and accurate. This statement is being furnished pursuant to 29 CFR 2520.103-5(d).

By: _____ Title: President, Authorized Signatory
Date: _____

Note 1: The above certification may enable the Plan to qualify for the "limited scope" audit under CFR 2520.103-8 of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, if ABC is the trustee. ABC is a chartered trust company regulated, supervised, and subject to periodic examinations by a state agency. The certification only applies to the period during the plan year that Plan assets were record kept by ABC Trust Company and were under the control of ABC as trustee. Please consult with the Plan's independent public accountants for further information.

Note 2: Please contact the plan's recordkeeping representative if additional plan documentation is required.

A. Bonding requirements

ERISA bonding requirements are intended to protect employee benefit plans from risk of loss due to fraud or dishonesty on the part of persons that handle plan funds or other property. Every fiduciary of an employee benefit plan is required to be bonded in accordance with ERISA Section 412. Plan sponsors often confuse the bonding requirement with their coverage under other insurance policies. However, the fidelity bond is a separate agreement from the fiduciary coverage that is provided under the general umbrella policy of a corporate policy. The fidelity bond may be applicable to cover several fiduciaries at one time and is renewable annually. The minimum amount of the bond must be equal to at least 10 percent of the amount of the funds managed or handled by the fiduciary. The minimum amount of fidelity bond is \$1,000 up to a maximum required bond amount of \$500,000. The bond amount is required to be fixed as of the beginning of the calendar, policy, or fiscal year that represents the plan's reporting year.

In the event that a plan fails to obtain a fidelity bond or the bond lapses, the auditor should disclose the fact in the notes to the financial statements and whether or not the plan administrator has since renewed or obtained a bond.