ERISA is the Employee Retirement Income Security Act, a federal law enacted in 1974. ERISA established minimum standards for plan administrators and investment advisers to protect employee pension and health plans in the private sector.

## ERISA Bond

ERISA requires that plan officials who manage, oversee, recommend or handle funds or other property of an employee benefit plan must be covered by a personal fidelity bond, according to the U.S. Department of Labor.

## Bond Purpose

If a plan official commits fraudulent or dishonest acts, his bond ensures that the pension fund can recover some of its losses. The bond only pays if the fraudulent administrator is financially unable to meet his obligations.

Bond Amount

A plan official must be bonded for at least 10 percent of the funds he handles, with a minimum bond amount of $1,000, according to the Department of Labor. The maximum bond amount is $500,000 per plan. However, if the plan invests in employer securities, such as company shares, the maximum