

# SUMMARY ANNUAL REPORT (SAR)

## *Distribution Requirements*

### WHAT...

A Summary Annual Report (SAR) is a summary of the Form 5500 and or Form 5500-SF and must be distributed to each “participant” in the ERISA plan.

**The term “participant” means any employee or former employee of an employer who is (or may become) eligible to receive a benefit of any type from an employee benefit plan. This includes retirees and former participants that had an account balance during the plan year being reported, even if they’ve since taken a distribution of their entire account balance.**

### HOW...

The following are the acceptable methods for delivery of the SAR:

- **In-hand delivery** to employees
- **First class mail**
- **Inclusion in a union or company publication**, but only if the mailing list for the publication is complete and up-to-date, and notice that the information is contained in the issue is displayed prominently on the cover, and steps are taken to ensure delivery to participants not on the mailing list.
- **Electronic transmission** under the following circumstances:
  - The plan administrator takes steps to ensure that the system for furnishing documents results in actual receipt of the information. (Email return receipt records are recommended.)
  - The document furnished electronically must be in the same style and contain all of the information included within the hard copy.
  - Each participant must receive notice that the document will be sent or made available electronically, the importance of the document, and the right to request and receive a paper copy of the document.
  - If electronic delivery is to occur at work, electronic delivery is permitted only if the participant’s job duties require the use of a computer. Paper copies (free of charge) must be distributed to persons who lack computer access.
  - If electronic delivery is to occur outside of the workplace, employees must consent to the electronic delivery, and they must be given prior notice regarding the materials that they will receive electronically. Employees must also be told how they can withdraw their consent, and whether or not there will be a charge for printed plan materials.

**Note – Although it’s NOT a legal requirement, some employers may have employees sign a receipt or acknowledgment indicating that they have received the SAR.** Employers should retain proof of SAR distribution in preparation for DOL audits and also to counteract employee claims that SARs were not distributed.

### WHEN..

The SAR must be furnished to plan participants within nine months after the close of the fiscal year of the annual report (Form 5500).

**Example: December 31st Plan Year – 5500 due by July 31st – SAR due by September 30th**

If the Form 5500 deadline has been extended, the SAR must be furnished within two months after the extended deadline for filing the annual report.

**Example: December 31st Plan Year – 5500 extended deadline October 15th – SAR due by December 15th**