

Are Voluntary Plans Subject to ERISA?

Whether the voluntary plan is subject to ERISA hinges on the extent of the employer's involvement in the administration of the plan.

There are two common types of Voluntary plans: supplemental insurance and group insurance. Both are offered to employees on a voluntary basis and require the employee to pay the whole premium. Supplemental insurance, such as Hospital Indemnity and Cancer, issues individual policies directly to employees who enroll and pay for the coverage. Though individual policy arrangements, the employer might allow insurance representatives to contact employees at work to explain the offering and help interested employees sign up. The employer may collect premiums from the employees through payroll deductions and typically sends one premium check to each insurer.

Voluntary group insurance, by contrast, involves an insurance contract signed by the employer, even though participation is voluntary and premiums are fully employee-paid. This distinction is important because employer endorsement can bring the arrangement under ERISA's scope.

Under Department of Labor regulations, certain voluntary insurance arrangements may qualify for a "safe harbor" exemption from ERISA if four conditions are met:

- 1) The employer makes no contributions;
- 2) Participation is completely voluntary;
- 3) The employer's role is limited to allowing the insurer to promote the program and collecting/remitting premiums—without endorsing the coverage; and
- 4) The employer receives no compensation beyond reasonable administrative costs.

Many supplemental insurance arrangements likely fall within the safe harbor because the employer's involvement is limited to the permissible activities under the safe harbor. But signing the group insurance contract, can be considered an employer endorsement, taking the arrangement outside the safe harbor.

An arrangement that does not satisfy the voluntary plan safe harbor likely will be subject to ERISA and its many compliance obligations, such as filing required Form 5500s. Source: [Thomson Reuters](#)

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Dependent Eligibility Audits: A Fiduciary Tool

Administering employee benefit plans in accordance with plan documents is a core fiduciary responsibility. One area that continues to present both financial and compliance risk for employers is dependent eligibility.

Plan documents should clearly define who qualifies as an eligible dependent. When eligibility provisions are vague or outdated, employers may face claim disputes, administrative confusion, and potential regulatory exposure. Even with clear definitions, employers may inadvertently cover ineligible dependents, often due to life events such as divorce, aging out, or misunderstandings about eligibility rules.

Covering ineligible dependents can create significant downstream risks, including inflated premiums, increased claims costs, and denied claims. If a carrier or stop-loss provider determines that a claim was incurred by an ineligible individual, the employer may be left fully responsible for the cost. Additionally, cafeteria plan rules limit pre-tax treatment to qualifying dependents; providing tax-favored benefits to ineligible individuals can result in adverse tax consequences for both the employer and employee.

Dependent eligibility verification audits are an effective way to address these risks. These audits confirm the relationship between employees and enrolled dependents, helping ensure that only eligible individuals participate in the plan. In most cases, ineligible enrollment is unintentional and driven by uncertainty or lack of awareness following a change in family status.

When audits identify ineligible dependents, employers can terminate coverage prospectively and adjust pre-tax elections accordingly. Retroactive terminations should be approached cautiously and are generally limited to cases involving fraud, intentional misrepresentation, or failure to remit required premiums. COBRA obligations may also vary depending on whether the dependent was ever eligible and the circumstances under which eligibility was lost.

Beyond cost savings, dependent eligibility audits reinforce fiduciary diligence, promote plan integrity, and support compliance with ERISA and tax regulations—making them a best practice rather than a one-time corrective measure. Source: [MZQ Consulting](#)

Social Ties Lead to Healthy Aging

Emerging research continues to highlight the powerful connection between social well-being and long-term health outcomes. A recent study examining the cumulative impact of social connections across a person's lifetime suggests that strong, sustained relationships may slow biological aging.

The research assessed social advantage across four dimensions: parental warmth in childhood; feelings of connection to one's community; involvement in religious or faith-based organizations; and emotional support from friends and family in adulthood. Individuals with higher levels of social advantage showed signs of slower biological aging, as measured by epigenetic markers linked to DNA methylation.

Notably, these individuals also exhibited lower levels of interleukin-6, a pro-inflammatory marker associated with chronic conditions such as heart disease, diabetes, and neurodegenerative disorders. The findings suggest that long-term social support influences health through sustained physiological pathways rather than short-term stress responses alone.

Unlike earlier studies that focused on isolated factors—whether a person is married, for example, or how many friends they have—this research emphasizes the cumulative effect of social ties over time. Social resources build upon one another, shaping health trajectories in meaningful and measurable ways.

The researchers liken social connection to a retirement account: early and consistent investment yields compounding returns. Importantly, those returns are not just emotional or psychological; they are biological.

For employers, this reinforces the value of workplace cultures and benefit strategies that promote connection, inclusion, and community. Healthy aging is not solely about physical wellness—it is deeply intertwined with sustained social engagement.

Source: [Cornell Chronicle](#)

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