

How to Secure a Bond for Individual(s) Who Handles Money

These steps are intended to guide you through the process of securing a bond for persons who will be handling money on behalf of the organization.

Step 1: Identify the individual(s) that have responsibility and will be handling the organization's funds. This may also include anyone who has access to the organization's accounts or assets. You can bond as many people in your group as necessary.

Step 2: Complete the Bonding Computation Worksheet to determine the amount of money that is to be covered by the bond.

Step 3: Contact an approved surety company. A listing of companies approved by the U.S. Treasury Department can be found at <http://www.fms.treas.gov/c570/c570.html>. Some of your local insurance companies may be listed with the U.S. Treasury and may be able to provide this service to your organization.

Step 4: The surety company can guide you in determining the needed amount for bonding as identified in the sample worksheet above on lines 7 and 8. The surety company may ask other questions about your organization to help determine the cost of the surety bond. Some questions might include the nature of the organization (non-profit) and the status of the individual (volunteer or employee) to be covered by the bond.

Step 5: As the premium may vary from one surety company to another, it is advisable to contact more than one to compare services and cost.

Step 6: Make arrangements with the surety company selected to provide the service to pay the premium and provide the necessary information to secure the bond.

Step 7: The organization should keep the bonding records on file with other group records and make necessary changes immediately upon change of status of the bonded individual(s).

Estimated Costs for Securing a Bond

Costs will vary from organization to organization and surety company to surety company. Variables in determining the cost include but are not limited to:

- * Number of people to be covered by the bond
- * Role of the people to be covered by the bond (receipting only vs. receipting and access to assets)
- * Position of the people in the organization (volunteer vs. employee)
- * Nature of the organization (non-profit)
- * Amount to be covered/bonded

A quote from one approved surety company listed a premium of \$95.00 annually to cover one person who was only receipting funds for a non-profit organization as a volunteer, and for the amount listed in the sample worksheet above. The quote covered the individual from \$50,000 to \$500,000. This information may be helpful in understanding the cost to secure a bond. Keep in mind that this is similar to an insurance policy for a vehicle or home, the premium (cost) will vary based on the determinable risk.