

Qualified Domestic Relations Orders

A state court can only order the Pension Trust to pay a portion of your benefits to your spouse, former spouse or a dependent as alimony, spousal or child support or in satisfaction of marital property rights if the order is a *Qualified Domestic Relations Order* (QDRO).

Several key requirements must be met for an order to be considered a QDRO:

1. The order *must* clearly identify the plan participant, alternate payee and name of the Plan to which the order applies. This includes the last known mailing address for the participant and alternate payee.
2. The order *must* clearly state how much of the participant's benefit is to be paid to the alternate payee and when payments are to begin.
3. The order *must* clearly state what happens when the participant and/or alternate payee dies.

Once the order is entered by the court, a signed, official copy must be provided to your Area Administrative Office so the Pension Trust can make a formal determination whether the order meets all applicable requirements to be considered a QDRO. The order is not enforceable unless it is determined to be a QDRO.

Before you prepare a proposed QDRO for the court, you or your legal counsel should request a *QDRO Information Packet* from your Area Administrative Office. This packet describes the Plan's requirements for a QDRO and includes *Model Provisions* for a *Qualified Domestic Relations Order* and an explanatory memorandum prepared by the Pension Trust's legal counsel.

You can also obtain without charge a copy of the procedures the Pension Trust follows when determining if a state court order meets the requirements to be considered a QDRO.

Model Provisions

There are two principal types of *Model Provisions* that the Pension Trust can provide to your legal counsel, depending on whether you are retired at the time of your divorce:

- Separate Interest QDRO
- Shared Interest QDRO

Both types of *Model Provisions* use the *time rule* to determine the portion of your benefit that is subject to division in your marriage dissolution proceeding. See discussion that follows on the *time rule*. If you or your attorney want to use a different formula, contact your Area Administrative Office for assistance.

Separate Interest Model Provisions.

The Separate Interest Model Provisions can be used if you are **not retired** at the time of your divorce or the Pension Trust has been withholding benefits on behalf of an alternate payee since the date of your first payment. This model should be used when an alternate payee wishes to receive pension benefits based on his or her lifetime rather than the participant's lifetime.

A *Separate Interest QDRO* is calculated without regard to when the participant's payments start and without regard to the form of benefit payment the participant elected. Under a *Separate Interest QDRO* the participant's benefit is divided into two separate parts—one for the participant and one for the alternate payee.

The alternate payee may begin his or her payments before the participant and receive benefits over his or her lifetime rather than the participant's lifetime. This means that the alternate payee may begin receiving his or her benefit as early as the participant's earliest retirement date even if the participant has not retired yet. Also, the alternate payee can choose his or her form of benefit payment.

Shared Interest Model Provisions.

The *Shared Interest Model Provisions* must be used if your divorce occurs **after** you retire and the Pension Trust has not been withholding benefits for your former spouse. They can also be used instead of the *Separate Interest Model Provisions* if you are not yet retired.

With this model the participant and alternate payee share each benefit payment. The alternate payee cannot start receiving benefits before the participant. Payments under a *Shared Interest QDRO* stop when the participant dies or stops receiving benefits. Certain death and survivor benefits may also be awarded to an alternate payee after the participant's death.

Time Rule

The *time rule* is the formula most commonly used by family law judges to determine the portion of your benefit that is community or marital property subject to division in your marriage dissolution proceeding. This formula looks at the amount of time you have been a Plan participant during your marriage as a percentage of the total time you are a Plan participant. That percentage is then applied to your total retirement benefit to come up with the portion that is community or marital property. Usually, the non-participant spouse is then awarded one-half of the percentage of your total benefit earned during the marriage, although the parties may agree on a different allocation.

Notifying the Pension Trust of Your Dissolution

Keeping the Pension Trust updated on the status of your divorce and providing copies of your filed final order is extremely important. If your former spouse is awarded an interest in your benefits, it is also important that he or she keep the Pension Trust advised of any address changes.

IMPORTANT NOTE:

If you are currently going through a divorce, you or your legal representative should contact your Area Administrative Office for specific information regarding your Plan status. Plan representatives can provide information on your Plan coverage and determine the portion of your normal retirement benefit that was earned during your marriage.