

**OUTSTATE MICHIGAN TROWEL TRADES PENSION FUND
POLICY AND PROCEDURE FOR PROCESSING
DOMESTIC RELATIONS ORDERS**

The Employee Retirement Income Security Act of 1974, as amended by the Retirement Equity Act of 1984, (ERISA), permits state courts to issue an order in the course of a divorce, separation or family support proceeding that assigns a portion of a Participant's pension Benefits to certain other individuals ("alternate payees") if the order meets the requirements set out in ERISA and the Internal Revenue Code. Those requirements mandate that a Qualified Domestic Relations Order ("QDRO") must contain, at a minimum, the following information:

- The name and last known mailing address of the Participant and each alternate payee;
- The name of the plan, Outstate Michigan Trowel Trades Pension Fund;
- The dollar amount or percentage (or the method of determining the amount or percentage) of the Benefit to be paid to the alternate payee(s);
- The number of payments or time period to which the order applies.

In addition, there are certain provisions that a QDRO must not contain:

- The order must not require the Plan to provide an alternate payee or Participant with any type or form of Benefit, or any option, not otherwise provided under the Plan;
- The order must not require the Plan to provide for increased Benefits (determined on the basis of actuarial value);
- The order must not require the Plan to pay Benefits to an alternate payee that are required to be paid to another alternate payee under another order previously determined to be a QDRO;
- The order must not require the Plan to pay Benefits to an alternate payee in the form of a Qualified Joint and Survivor Annuity for the lives of the alternate payee and his or her subsequent Spouse.

When these requirements are met, the order is deemed a "Qualified Domestic Relations Order," and the Fund is required to pay Benefits to the Participant and alternate payee(s) as directed by the order.

The Trustees of the Outstate Michigan Trowel Trades Pension Fund, a defined benefit pension plan, hereby adopt the following procedure, in order to resolve QDRO determinations in a timely manner, and direct that each of their service providers follow this procedure regarding orders of state courts that may be Qualified Domestic Relations Orders:

1. **Notification of Receipt and of Information Available** - Upon receipt of any order from a state court in a divorce, separation or family support matter, Fund Office personnel will immediately:

- (a) Forward such orders to the Fund's Legal Counsel for determination of whether the order is qualified;
- (b) Notify each person specified in a domestic relations order received by the Fund (at the address specified in the domestic relations order) of his/her right to receive
 - 1) a copy of the Fund's Policy and Procedure For Processing Domestic Relations Orders;
 - 2) copies of important Plan information (such as the Summary Plan Description, Plan and individual Benefit and account statements); and
 - 3) information available to assist prospective alternate payee(s) in preparing a QDRO (such as the sample QDRO developed for the Fund and answers to frequently asked questions about QDROs).

If Legal Counsel receives an order which may be a Qualified Domestic Relations Order from any source other than the Fund Office, Legal Counsel will immediately notify the Fund Office of such receipt.

2. **Information Required from the Participant** - Fund Office personnel will inquire of every Participant applying for Benefits whether that person has ever been divorced or separated, and if so the Participant will be required to provide a complete and legible copy of every decree or judgment of divorce, separation agreement, property settlement and/or domestic relations order in which he/she was a party.

Participants are encouraged to provide a complete and legible copy of every decree or judgment of divorce, separation agreement, property settlement and/or domestic relations order in which he/she was a party at the conclusion of such legal action to avoid possible delays when applying for Benefits.

3. Review and Qualification by Legal Counsel - Upon receipt, these documents will be forwarded to Legal Counsel for review and determination as to whether a Qualified Domestic Relations Order has been entered.

If Legal Counsel determines that the order is a Qualified Domestic Relations Order, Legal Counsel will notify the Fund Office, the Participant, the alternate payee(s) and their legal representatives, if any, in writing of the order's effect on the payment of Benefits from the Fund.

After an order is determined to be a Qualified Domestic Relations Order, the Fund will recognize the alternate payee(s) as a Beneficiary(ies) under the Plan and provide all notices provided to other Beneficiaries.

If Legal Counsel determines that the order is not a Qualified Domestic Relations Order, Legal Counsel will notify the Fund Office personnel and the Participant. A Decree or Judgment of Divorce that is determined not to be a QDRO shall immediately terminate the status of the former Spouse as a Beneficiary.

If Legal Counsel believes that the parties intended the order to be qualified, but the order is **not** qualified because of a misstatement of factual identifying information or for some other reason, Legal Counsel may also notify the Participant's Spouse or former Spouse and legal representative and explain the reason(s) that the order is not a qualified order so that the parties and their representatives may take appropriate action to revise the order to meet the legal requirements.

At the request of a Participant, his/her Spouse or former Spouse or any of their legal representatives, Legal Counsel will review a draft order prior to its entry with the Court and notify the Fund Office, the Participant, his/her Spouse or former Spouse and their legal representatives, if any, on the effect the draft order would have on the payment of Benefits from the Fund if it were entered.

The Fund recognizes that it is not required to provide assistance to the Participant, the alternate payee(s) and/or their legal representatives, if any, through its Legal Counsel, however, Legal Counsel will provide assistance by providing sample forms and through telephone consultations in order to aid in resolving a matter promptly. If the Participant, the alternate payee(s) and/or their legal representative's use of this assistance becomes burdensome the Fund retains the option of withdrawing future assistance or requiring the Participant and/or alternate payee to pay the cost of the continued assistance.

4. Benefits Suspended/Reduced During Review and Qualification - No Benefits shall commence to any Participant on whose behalf the Fund has received or been notified of the existence of an order which may be a Qualified Domestic Relations Order until Legal Counsel has advised the Fund Office in writing what, if any, impact the order has on the payment of Benefits from the Fund. In addition, the Fund will suspend or reduce the payment of Benefits to any Participant in pay status on whose behalf the Fund has received or been notified of the existence of an order which may be a Qualified Domestic Relations Order until Legal Counsel has advised the Fund Office in writing what, if any, impact the order has on the payment of Benefits from the Fund.

5. Payment to the Alternate Payee(s) -

Commencement - No Benefits will be payable to the alternate payee(s) until Legal Counsel determines that the domestic relations order is a QDRO. The alternate payee will begin receiving Benefits no later than the Participant begins receiving Benefits. The alternate payee can, if the QDRO so provides, elect to begin receiving Benefits at any time on or after the date on which the Participant is first eligible to begin receiving Benefits.

Form of Benefits - Benefits can be assigned in the form of a Shared Interest or a Separate Interest based on the terms of the QDRO. The terms of the QDRO may also provide the alternate payee with the option to elect either type of assignment at the time Benefits would commence. If the QDRO does not specifically designate the type of assignment, the presumption will be that the parties intended a Separate Interest.

a) Shared Interest - If the alternate payee has been designated a Surviving Spouse in the QDRO for purposes of the Qualified Post-Retirement Joint and Survivor Annuity, the Fund will recognize him/her as such. The alternate payee will receive Benefits in the 50% Joint and Survivor form of Benefits unless another Joint and Survivor form provided under the Plan is specified in the QDRO.

Benefits payable to an alternate payee in a Joint and Survivor form must begin at the same time that the Participant's Benefits begin.

If the Participant retires early, the Benefits payable to the alternate payee will include a pro-rata share of the Early Retirement Benefit, if the QDRO so provides.

If the alternate payee elects to receive the Benefits assigned to him/her in the QDRO when the Participant is eligible for Benefits, but before the Participant elects to retire, the alternate payee's Benefits can be paid only in the Straight Life form based on his/her life expectancy or the Life-Ten Years Certain form calculated on his/her Straight Life Benefit amount (a Separate Interest form), not in a Joint and Survivor form, and will not be calculated using the early retirement subsidy payable to the Participant. When and if the Participant retires early and commences receiving subsidized Early Retirement Benefits, the Benefits payable to the alternate payee may, if the QDRO so provides, be recalculated using the early retirement subsidy.

b) Separate Interest - If the alternate payee has **not** been designated a Surviving Spouse in the QDRO for purposes of the Qualified Post-Retirement Joint and Survivor Annuity, Benefits can be paid only in the Straight Life form based on the alternate payee's life expectancy or the Life-Ten Years Certain form calculated on his/her Straight Life Benefit amount.

If the alternate payee elects to receive the Benefits assigned to him/her in the QDRO when the Participant is eligible for Benefits, but before the Participant elects to retire, the alternate payee's Benefits will not be calculated using the early retirement subsidy payable to the Participant. When and if the Participant retires early and commences receiving subsidized Early Retirement Benefits, the Benefits payable to the alternate payee may, if the QDRO so provides, be recalculated using the early retirement subsidy.

6. **Benefit Estimates** - The Participant and the alternate payee will each be entitled to one estimate, containing no more than five (5) anticipated retirement dates, of the Benefits payable to him/her under the various forms available under the Plan and QDRO annually without charge. The charge for each additional estimate, payable in advance by the individual requesting the estimate, will be the actual cost for the estimate as charged to the Fund by its actuary.

7. **If the Participant Dies Before Benefits Begin** - If the alternate payee has been designated a Surviving Spouse in the QDRO for purposes of the Qualified Pre-Retirement Survivor Annuity and the Participant predeceases the alternate payee before retiring and before the alternate payee has commenced receiving Benefits, the Fund will recognize the alternate payee as a Surviving Spouse with respect to the marital portion of the Participant's Benefits as defined by the QDRO or in accordance with the specific terms of the QDRO.

8. **If the Alternate Payee Predeceases the Participant** - If the alternate payee predeceases the Participant before the alternate payee begins receiving Benefits, all of the Benefits assigned to the alternate payee will revert to the Participant.

If the alternate payee predeceases the Participant after the alternate payee begins receiving Benefits, how the alternate payee's Benefits will be paid or whether they terminated upon his/her death will be determined under the Plan provisions governing the form of Benefit the alternate payee elected.

9. **Post-Retirement Orders** - A legal Spouse's right to receive survivor Benefits under the terms of the Plan vests at the time the Participant retires unless before that date there is a valid waiver of the Qualified 50% Joint and Survivor form by the Participant and a valid consent to that waiver by the legal Spouse. The Fund does not permit any change in the form of Benefit after the effective date of the Participant's retirement, except upon the death of a Spouse as provided in the Plan or where the existence of a QDRO entered before the Participant's retirement is discovered and its terms affect the form of Benefit. Accordingly, where the Participant's Benefits are being paid in a Joint and Survivor form, the Fund will not be bound by any order entered after the Participant's retirement which purports to direct a change in the form

of the Participant's Benefits or to terminate the Spouse's right to survivor Benefits after the Participant's death, but will be bound by a QDRO which assigns to the alternate payee(s) a portion of the monthly Benefits being paid to the Participant during his/her lifetime.

10. **Division of Benefits** - The Fund maintains records and calculates Benefits on a monthly basis and will, therefore, use the months beginning and ending nearest to the marital period specified in the QDRO to calculate the Benefits assigned to the alternate payee(s).

11. **Effect of a Suspension of Benefits after Retirement** - The Fund's suspension of the Participant's pension Benefits under the Plan's Suspension of Benefits provision will not affect the payment of Benefits to the alternate payee(s) pursuant to a QDRO.

12. **Taxes** - All Benefits received by the alternate payee under the QDRO shall be included in the alternate payee's gross income in the tax year of receipt.