

# Mid-America Carpenters Regional Council Supplemental Retirement Fund

## Administrative Procedures for Processing Qualified Domestic Relations Orders (the "QDRO Procedures") Effective October 1, 2023

### Introduction

By adopting these Qualified Domestic Relations Order ("QDRO") procedures, the Board of Trustees of the Mid-America Carpenters Regional Council Supplemental Retirement Fund (prior to January 1, 2022, known as the Chicago Regional Council of Carpenters Supplemental Retirement Fund) (the "Plan") revokes all previous rules and regulations relating to QDROs and any prior QDRO Procedures under the Plan or a predecessor plan. The Board of Trustees delegates to the Plan Administrative Manager and/or Plan legal counsel the ministerial duties and responsibilities for implementing and maintaining these Procedures, reviewing domestic relations orders and processing QDROs according to these Procedures. This allocation is made pursuant to and in accordance with the provisions of the Plan documents. The Board of Trustees, however, retains the final authority regarding these QDRO Procedures, the review of domestic relations orders and the processing of QDROs.

The Plan is a defined contribution plan, qualified under Internal Revenue Code ("Code") section 401(a), and administered by the Board of Trustees consisting of five Employer Trustees and five Union Trustees. All contributions made by the participating employers are 100% vested and non-forfeitable. Participants are not allowed to make pretax or after-tax contributions; but may roll over or transfer assets from another eligible retirement plan into the Plan.

In order to satisfy statutory requirements and maintain tax qualified status, the Plan provides that a participant's benefits are not subject to assignment or alienation, whether voluntary or involuntary. However, with respect to divorces and certain other domestic relations orders, there is an exception for benefits paid to an "Alternate Payee" pursuant to a QDRO. The federal statutory requirements for a QDRO may be found both in the Employee Retirement Income Security Act ("ERISA") [29 U.S.C. § 1056(d)] and the Code [26 U.S.C. § 414(p)].

The Plan will comply with the terms of a domestic relations order only if the order meets the requirements for a QDRO, as established by law and explained in these procedures. Parties seeking a QDRO may not rely on the Plan, the Plan Administrative Manager, or any Plan delegates, for advice on which type or form of QDRO is most appropriate under any particular factual situation. The Administrative Manager will provide only factual information concerning the Participant's benefits and the terms of the Plan. The parties should consult with their legal counsel regarding specific legal requirements for a QDRO.

The Plan's Summary Plan Description ("SPD"), which is furnished to all Participants and which is available upon request to prospective Alternate Payees, and is available on the Plan's website at [www.carpenterbenefits.org](http://www.carpenterbenefits.org), can assist in preparing a Domestic Relations Order. In addition, either party may request (free of charge) a copy of the Plan's model QDRO from the Plan. The model QDRO is also available on the Plan's website at [www.carpenterbenefits.org](http://www.carpenterbenefits.org) and is provided as a guideline to facilitate the process of securing a QDRO, but its use is not required. There may be specific fact situations that would require revisions to the model language in order to create a QDRO.

### Definitions

1. Alternate Payee. An Alternate Payee is a Participant's spouse, former spouse, child or other dependent who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the Participant's benefits payable under the Plan.

2. Determination Period. The Determination Period is the period during which the Domestic Relations Order is under review. The Determination Period begins when the Plan receives an Executed Order and ends no later than 18 months from that date.
3. Domestic Relations Order. A Domestic Relations Order is an order, decree, or judgment, including a court approved property settlement agreement that relates to the provision of child support, alimony payments or marital property rights and is issued under state or tribal domestic relations law.
4. Draft Order. A Draft Order is a Domestic Relations Order that the parties intend to constitute a QDRO, but has not been executed by the court.
5. Executed Order. An Executed Order is a Domestic Relations Order that has been executed by a state or tribal court or similar authority.
6. Participant. A Participant is a participant under the Plan.
7. Qualified Domestic Relations Order. A Qualified Domestic Relations Order or "QDRO" is an Executed Order that satisfies the requirements of these QDRO Procedures.

### QDRO Requirements

To constitute a QDRO, the Executed Order must create or recognize an Alternate Payee's right to receive directly all or a portion of the benefits otherwise payable to a Participant under the Plan.

In addition, the Executed Order must answer the following questions:

1. Which plan will pay? The Executed Order must specifically and accurately name the Plan. If the Participant has accrued benefits under more than one plan, it is usually preferable to submit a separate Executed Order for each plan under which the parties will divide benefits.
2. Who will receive benefits? The Executed Order must indicate the name and last known mailing address (including zip code) of the Participant and the Alternate Payee. For purposes of administration and benefit distribution, the Executed Order should also contain the dates of birth and social security numbers for the Participant and the Alternate Payee. The parties may, however, provide their social security numbers and dates of birth in a separate writing for privacy purposes. The Executed Order should identify its purpose (*i.e.*, alimony, child support or marital property) as well as the relationship of the Alternate Payee to the Participant, not only for proper determination as to whether the Executed Order is qualified, but also for tax purposes.
3. What is the purpose of the Executed Order? The Executed Order should specifically state whether it relates to alimony payments, child support payments or marital property and should identify the relationship of the Alternate Payee to the Participant, not only for proper determination as to whether the Executed Order is qualified, but also for tax purposes.
4. How much will be paid? The Executed Order must clearly specify the amount or percentage of benefits payable from the Plan to the Alternate Payee or the exact manner in which such part of the benefit is to be determined. Please refer to the Plan's SPD for a description of the available benefits under the Plan.

The Executed Order must give specific details (such as specific mathematical formulas) regarding the proposed division including a specific assignment date. However, the Executed Order may not use an assignment date, or formula that includes a date, that is earlier than October 1, 2015. The Executed Order also must specify whether the Administrative Manager should credit earnings (gains and losses) on the Alternate Payee's awarded benefits from the assignment date included in the

Executed Order to the date the Alternate Payee's benefit is segregated into a separate account. Once the Alternate Payee's award is segregated into a separate account, the Alternate Payee's account must share in gains and losses according to the terms of the Plan.

To satisfy the award of benefits to the Alternate Payee, assets will be allocated from the Participant's account, on a pro-rata basis, from all contribution sources attributable to the Participant's account as of the assignment date specified by the Executed Order. This allocation will include all investment funds in which the Participant's account is invested as of the date the Alternate Payee's benefit is segregated. The Participant's total account will be valued as of the Plan's valuation date coincident with or immediately preceding the Executed Order's assignment date.

The Executed Order cannot require the Plan to provide increased benefits. In addition, the Executed Order must not require payments to an Alternate Payee that were previously awarded to another Alternate Payee under an earlier QDRO.

5. When and how will the benefit be paid? The Executed Order must specify the timing and form of the Alternate Payee's benefits. There are two types of QDROs, and the timing and form of the Alternate Payee's benefit depends on which type of QDRO the parties are using. Under any QDRO, the Alternate Payee must apply for benefits by filing the appropriate forms with the Administrative Manager; the Plan will not automatically distribute the Alternate Payee's benefit (with a limited exception for small benefits — refer to the SPD for more information).

(a) Separate Interest. Under a "separate interest" QDRO, the Alternate Payee has the right to elect the timing and form of benefit as provided by the Plan; this will determine the number or period of payments. Under the Plan, the Alternate Payee may elect a distribution as soon as administratively feasible following the Administrative Manager's determination that the Executed Order is a QDRO. However, the Alternate Payee must elect to receive benefits no later than the required beginning date specified by the Plan (refer to the SPD for more information). The Alternate Payee may elect to receive a distribution in any form permitted under the Plan for Alternate Payees, except in the form of a joint and survivor annuity with a subsequent spouse. The Executed Order cannot require any type or form of payment not provided under the Plan. Please refer to the Plan's SPD for additional information on the forms of benefit available under the Plan.

(b) Shared Payment. Under a "shared payment" approach, the Participant elects the timing of the payments, and the Alternate Payee shares a portion of each payment. The Executed Order must specify when payments to the Alternate Payee begin and end. Payments cannot begin prior to the commencement of distributions to the Participant, or the date the Plan receives an Executed Order that it determines to be a QDRO.

If the Participant is already in pay status with an annuity form of benefit at the time an Executed Order is entered, then the Executed Order must take the form of a shared payment. The Executed Order cannot name the Alternate Payee as the Participant's surviving spouse for purposes of the joint and survivor annuity, unless the Alternate Payee was named the surviving spouse at the time of the Participant's annuity starting date.

6. What happens if the Participant Dies? The Executed Order must specify what happens in the event of the Participant's death. The consequences of the Participant's death depend on which approach the Executed Order follows.

(a) Separate Interest. The Alternate Payee's benefit is not affected by the Participant's death either before or after the Alternate Payee's account is segregated.

- (b) Shared Payment. The Participant's benefits will end when the Participant dies, subject to applicable death benefits. The Alternate Payee will not receive any further payments after the Participant's death unless the Executed Order specifically designates the Alternate Payee as a surviving spouse for all or a portion of the qualified preretirement annuity or the qualified joint and survivor annuity, or the Participant designated the Alternate Payee as his or her beneficiary.
7. What happens if the Alternate Payee dies? The Executed Order must specify what happens in the event of the Alternate Payee's death. The consequences of the Alternate Payee's death depend on which approach the Executed Order follows.
- (a) Separate Interest. The Alternate Payee's death will not affect the Participant's remaining benefit. Any death benefit will be paid to the Alternate Payee's designated beneficiary. If the Alternate Payee fails to properly designate a beneficiary, the Administrative Manager will distribute the Alternate Payee's benefits according to the Plan's provisions for Participants who do not have a valid beneficiary designation in effect at death. Once the Alternate Payee commences payment, the right to change a beneficiary designation depends on the form of benefit elected and the terms of the Plan.
  - (b) Shared Payment. The Alternate Payee's benefit payments will end when the Alternate Payee dies. The Alternate Payee cannot name a beneficiary to receive his or her share of an annuity payment. The Alternate Payee's benefits will be restored to the Participant as soon as administratively feasible after the Alternate Payee's death, even if the Participant is already receiving benefits. However, the Participant cannot name a new survivor annuitant if the Alternate Payee dies on or after the Participant's annuity starting date.
8. What happens to the Participant's existing beneficiary designation? The Participant's designation of his or her (former) spouse as a beneficiary is automatically void upon legal termination of marriage (e.g., divorce). The Participant may re-designate his or her (former) spouse as his or her beneficiary or name a different beneficiary after the date the marriage legally terminates by completing a new beneficiary designation form with the Administrative Manager.

In summary, the Executed Order should address all contingencies as comprehensively as possible. If an Executed Order that would otherwise meet the requirements of a QDRO contains an ambiguity, the Administrative Manager may resolve the ambiguity by written agreement of the Participant and Alternate Payee and/or their legal counsel.

#### **Draft Orders or Written Notice of an Anticipated Executed Order**

The Plan suggests that parties submit a Draft Order for review prior to obtaining an Executed Order. The Plan Administrative Manager has the discretion to take action as necessary (e.g., place a hold the Participant's benefits) upon receipt of after reviewing a Draft Order to protect the Alternate Payee's potential benefits pending receipt of an Executed Order. The Administrative Manager also may take such actions if it receives other written notice (e.g., a divorce decree) that a Participant's benefits may be subject to an Executed Order. The Administrative Manager will revoke any such action if it does not receive an Executed Order within a reasonable period of time (generally no longer than 60 days) after it receives the Draft Order or written notice of a potential QDRO.

When the Administrative Manager receives a Draft Order, the Administrative Manager will provide comments to the designated legal counsel or party submitting the Draft Order, which will explain whether the Draft Order would qualify as a QDRO if entered by the court. However, the Plan cannot make a final determination regarding whether a Draft Order constitutes a QDRO until it receives an Executed Order.

If the Participant is already in pay status when the Administrative Manager receives a Draft Order, benefits to the Alternate Payee may be awarded only on a prospective basis following the date the Administrative Manager receives an Executed Order.

### **Administrative Procedures for Determination of Qualified Status**

The Administrative Manager will follow these administrative procedures when it receives an Executed Order:

1. Place a "Hold" on Participant's Account. If the Participant is not in pay status, the Administrative Manager shall place a "hold" on the Participant's account, which shall suspend the Participant's withdrawal and distribution rights. The Participant shall be able to direct the investment of the Participant's account, as permitted under the Plan, until the Administrative Manager determines if the Executed Order is a QDRO.

If the Participant has entered pay status, as soon as administratively feasible following receipt of the Executed Order, the Administrative Manager shall suspend and separately account for any benefits that would have been payable to the Alternate Payee during the Determination Period.

2. Acknowledge Receipt. The Administrative Manager will notify the Participant and Alternate Payee (with copies to any respective legal counsel) when it receives an Executed Order and will send a copy of these QDRO Procedures. This notice may be combined with the Administrative Manager's determination as to the Executed Order's qualified status. If the parties have not yet submitted a certified copy of the Executed Order, the Plan Administrative Manager will request the certified copy. **An Executed Order cannot be approved as a QDRO until the Plan receives a certified copy.**

3. Determine Qualified Status. Within a reasonable time following receipt of a certified copy of the Executed Order, the Administrative Manager will determine whether the Executed Order is a QDRO. The Administrative Manager may request that legal counsel review the Executed Order.

(a) Executed Order is a QDRO. If the Administrative Manager determines that the Executed Order satisfies all of the requirements for a QDRO, the Administrative Manager will:

- (i) Notify the Participant, Alternate Payee and respective legal counsel that the Executed Order is a QDRO and describe how the Administrative Manager will interpret the terms of the QDRO;
- (ii) Notify the Participant, Alternate Payee and respective legal counsel with regard to the procedure to request a review of the Plan's interpretation or determination;
- (iii) Take such steps as are necessary to see that the QDRO is enforced, subject to the review period and procedure described below; and
- (iv) Release any applicable payments to the proper party as soon as administratively feasible after the review period expires and the party is entitled to take (or elects to take) a distribution.

The Alternate Payee should contact the Administrative Manager as soon as possible to provide any information necessary to process the Alternate Payee's benefits. As noted above, the Alternate Payee must elect to receive benefits; the Plan will not automatically distribute the Alternate Payee's benefit.

(b) Executed Order is not a QDRO. If the Administrative Manager determines that the Executed Order is not a QDRO, the Administrative Manager will notify the Participant, the Alternate Payee and respective legal counsel, in writing. This notice will explain why the Executed

Order is not qualified and will reference specific Plan provisions and/or applicable law. In addition, the Administrative Manager will provide the parties with the procedure to request a review of the determination.

If the Administrative Manager determines that an Executed Order is not a QDRO, the Participant and Alternate Payee shall have 60 days, or such longer period as granted by the Administrative Manager and communicated in writing to the parties, to provide a revised Executed Order. If the Administrative Manager does not receive a revised Executed Order within such period, or any written notice that the parties are pursuing a revised Executed Order, the Administrative Manager's determination of the Executed Order as not qualified will stand. The Administrative Manager will release any hold on the Participant's account(s). The Administrative Manager also shall release any applicable payments to the Participant.

If the parties revise and resubmit the Executed Order to the Administrative Manager after the applicable period, the Administrative Manager will treat the revised Executed Order as a new Executed Order subject to these administrative procedures.

- (c) Determination After 18 Months. If, at the end of the Determination Period, the issue as to whether the Executed Order is a QDRO is not resolved, the Administrative Manager will release any hold on the Participant's account(s), and all amounts will be paid to the proper party had there been no Executed Order, in accordance with the provisions of the Plan and applicable law. If the Administrative Manager determines that an Executed Order is a QDRO more than 18 months after the determination period has begun, the Executed Order will apply prospectively.
- (d) Trustee Ratification. The Board of Trustees will ratify all actions taken under these procedures at its scheduled meetings or will delegate QDRO review authority to a committee.

### **Plan Administrative Procedures Upon Qualification Of Executed Order**

Once the Administrative Manager determines that an Executed Order is a QDRO, the Administrative Manager will:

1. Segregate the Alternate Payee's Benefit. After the QDRO review period expires or is waived by the parties (see below), the Administrative Manager will direct the formal separation of the Alternative Payee's benefit into a separate Plan account according to the terms of the QDRO and the Plan. The Alternate Payee's account will be maintained in the same manner as other Plan accounts. The Alternate Payee may direct the investment of that account under the same terms that apply to Plan Participants. As a beneficiary under the Plan, however, the Alternate Payee will not generally be accorded the same rights and privileges as a Participant. The Alternate Payee's account remains subject to the minimum distribution requirements under federal law.
2. Distribute the Alternate Payee's Benefit. If the Alternate Payee's benefit is subject to the Plan's rules for mandatory cashout of small accounts, the Administrative Manager will automatically initiate a lump sum distribution to the Alternate Payee. Otherwise, the Alternate Payee may elect to receive a distribution following segregation of the Alternate Payee's benefit. The Alternate Payee must request a distribution no later than the required beginning date specified by the Plan.

### **QDRO Fees**

The Plan will charge a separate, one-time processing fee of \$250 to cover the administration of any domestic relations order as a QDRO. Unless the Executed Order provides otherwise, 50% of the fee (\$125) will be deducted from each party's account. However, if the Executed Order awards the Alternate Payee 100% of the Participant's account, then the entire fee will be deducted from the Alternate Payee's account.

Additionally, if administration of the domestic relations order as a QDRO results in the Plan incurring any special legal or recordkeeping fees, then 50% of the total amount of such fees will also be deducted from each party's account. However, if the Executed Order awards the Alternate Payee 100% of the Participant's account, then the entire fee will be deducted from the Alternate Payee's account.

### **Request for Review of Determination**

Payment to the Alternate Payee will not be made before the end of the 30-day review period described below unless the Participant and Alternate Payee agree, in a notarized writing, to waive the review period and file such waiver with the Administrative Manager.

If any interested party disputes the Administrative Manager's determination that an Executed Order is or is not a QDRO or interpretation of the Executed Order, such person should file a written request for review with the Administrative Manager within 30 days of the date of the determination letter. The request for review should:

1. State the ground(s) for the request for review;
2. Refer to the pertinent provision(s) of the Plan, ERISA or the Code on which the request for review is based;
3. State the argument(s) and authority (if any) supporting each ground for the request for review; and
4. Declare any other pertinent documents or comments which the person desires to submit in support of the request for review.

The requesting party must provide a copy of his or her request for review to the other party. The Administrative Manager will also notify any additional interested parties of the review within a reasonable time after it receives the request for review. The Administrative Manager may request that legal counsel review the party's request for review. The Plan will render a decision within 60 days after it receives the request for review, unless special circumstances require an extension of time for processing the request. In such circumstances, the Plan will make a decision not later than 120 days after the request for review. The Administrative Manager will communicate the decision upon review in writing to all interested parties and will include the specific reasons for the decision and references to the appropriate provisions of the Plan, ERISA, or the Code.

No Participant or Alternate Payee may commence legal action to challenge the determination of the status of an Executed Order, the interpretation of an Executed Order or the amount of benefits payable under the terms of the Executed Order, until (s)he has exhausted the review procedure provided in this section.

Additional information on the review procedures and requirements is available in the Plan's SPD.

### **For More Information**

Parties should direct any inquiries and submit an Executed Order or Draft Order for review to the following address:

QDRO Administrator  
Mid-America Carpenters Regional Council Supplemental Retirement Fund  
12 East Erie Street, 8<sup>th</sup> Floor  
Chicago IL 60611