

Qualified Domestic Relations Order—Procedures

The FRS Investment Plan

April 2017

The FRS Investment Plan—QDRO Helpful Hints

Does the order relate to state domestic relations law?

See Section II of the FRS Investment Plan Procedures: Creating a Domestic Relations Order. The order must contain a statement that it is issued pursuant to state domestic relations law of a particular state and provide the state name or a citation to state law.

Does the order clearly state that it applies to the qualified plan(s) of the participant?

The order must specify the plan to which it applies, i.e., name the plan sponsor [employer] and the type of plan to be divided (i.e., defined contribution [savings]). The plan name is the FRS Investment Plan.

Does the order specify the name and last known address of the participant and Alternate Payee?

The order must contain this information or reference an attachment that provides this information. The date of birth and Social Security number of the Alternate Payee are also required to establish the account.

Does the order specify the benefit to be paid to each Alternate Payee and the manner in which such amount or percentage is to be determined?

The order must contain a single valuation date and a clear benefit assignment. If the member transferred from the Pension Plan to the Investment Plan, the valuation date must be after the Transfer Date.

Does the order specify the manner of payment and the time at which the payments will commence to be paid to each Alternate Payee?

A separate account will be established as soon as administratively reasonable following qualification for the Alternate Payee.

Does the order meet the survivorship procedures established for the plan(s)?

The Alternate Payee may not name a beneficiary in the order for payment of savings benefits upon the Alternate Payee's death.

Does the order meet taxation language IRC rules?

If the Alternate Payee is a spouse or former spouse, the Alternate Payee will be taxed on any distributions.

If the Alternate Payee is a child, the participant will be taxed.

Is the order a court-certified document?

If the order is a final court order, is it signed by the judge and does it have a clerk certification stamp or seal? Please note that orders submitted as drafts for preliminary review are also accepted and can be sent via fax or uploaded to www.QOCenter.com.

Questions?

Call the **FRS Plan Administrator** toll-free at **+1.866.446.9377**, Option 4, and request a transfer to the Qualified Order Team or email us at **QOCenter@alight.com**. You will receive a response within two business days at the latest.

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I. Qualified Domestic Relations Order (QDRO) Overview

What's a Domestic Relations Order (DRO)?

A Domestic Relations Order must be submitted (see page 12 for instructions on submitting a DRO) and qualified by the FRS Investment Plan QDRO team to become a QDRO. A Domestic Relations Order is a court order, judgment, or decree issued under a state's domestic relations law. It recognizes the right of the following individuals (referred to as "Alternate Payees") to receive all or part of the member's account in the Florida Retirement System Investment Plan:

- Spouse
- Former spouse
- Child
- Other dependent of the member

What's a Qualified Domestic Relations Order (QDRO)?

A QDRO is a Domestic Relations Order that has been determined by the FRS Investment Plan's QDRO team to meet specific requirements mandated by the provisions of the Investment Plan.

The Domestic Relations Order must be qualified by the FRS Investment Plan's Qualified Order Team before any payments are made to an Alternate Payee.

II. Creating a QDRO

What to Consider Before Seeking a QDRO

Before starting the process of seeking a QDRO, it's important to learn the following information:

- Is the FRS member entitled to a benefit under the Investment Plan?
- If you're a member, you can call the Investment Plan Administrator toll-free at 1-866-446-9377, Option 4, to get your benefit information.
- All other parties can work with the member or the member's attorney for member-specific information. Sometimes it may be necessary to subpoena the information from The State Board of Administration of Florida.
- The member can be restricted from retirement plan activity once the Qualified Order Center receives a draft Domestic Relations Order, court order, or joinder.

Steps for Creating a QDRO

There are many ways to draft the terms of a QDRO. The FRS Investment Plan's model language form is what it considers acceptable for a QDRO, if the required information is accurately completed. However, using FRS Investment Plan's model language form isn't required. These Procedures and Model Language are intended to provide general guidance and not legal advice.

Dividing retirement benefits in domestic relations proceedings involves complex matters such as marital rights, legal issues, and tax consequences. You may want to consult with an attorney about your case to see if the model form is sufficient or if some modifications are necessary to address issues applicable to your particular situation.

Follow the steps below (either using the model language form or creating your own) to complete a DRO that meets FRS Investment Plan's QDRO requirements.

Using Model QDRO Language Form

1. Complete the model language form without changing or adding language.
2. Have your order signed by a judge.
3. Obtain a court-certified copy of the order from the clerk of the court. See details about court-certified copies on page 6.
4. Send the court-certified order to:

FRS Investment Plan Administrator
Attention: Qualified Order Center
P.O. Box 1433
Lincolnshire, IL 60069-1433

Fax: +1.847.883.9313
Upload: www.QOCenter.com

Creating Your Own Form

1. Complete a draft (not signed by a judge) of your Domestic Relations Order, making sure it satisfies all of the FRS Investment Plan's QDRO requirements outlined on page 7.
2. Send the draft order to:

FRS Investment Plan Administrator
Attention: Qualified Order Center
P.O. Box 1433
Lincolnshire, IL 60069-1433

Fax: +1.847.883.9313
Upload: www.QOCenter.com
3. If you're notified that the draft order is preapproved, obtain a court-certified copy of the order from the clerk of the court and mail or fax per the instructions as provided in Step 2. See details about **court-certified copies** below.
4. If the draft was denied, you'll need to make the necessary revisions based on the reasons stated in the Denial Notice and resubmit your order to as provided in Step 2.

What Is a Court-Certified Copies/Certified Copy of Court Order?

A court-certified order is DRO that is signed or stamped by the judge or other court official **and** has a stamp or seal from a clerk of the court stating the order is a true or certified copy. A photocopy or a faxed copy of a court-certified order is acceptable for qualification requirements. If the judge's signature is missing or the order does not contain a stamp or seal from the clerk of the court stating the order is a true or certified copy, the DRO will be denied.

What Happens With Your Order?

After the order is received at the FRS Investment Plan Qualified Order Team will:

- Restrict the FRS member's benefit activity, as outlined on page 10;
- Review the DRO to ensure that it meets all the qualification requirements; and
- Notify all parties within 30 days of receiving the DRO whether it meets all qualification requirements.

If the DRO is qualified, a request will be submitted to establish a separate benefit for the Alternate Payee.

Checklist: General Requirements for QDRO Approval

There are 10 general qualification requirements that a Domestic Relations Order must meet in order to be approved or preapproved. In addition, the order must satisfy the FRS Investment Plan's **QDRO requirements** as described beginning on page 14 of this document. If these requirements are not met, the order will be **denied and the process could be delayed**. The required documents/information that are needed are listed below. Please refer to this checklist as a guide when completing your order.

- A court-certified order is DRO that is signed or stamped by the judge or other court official **AND** has a stamp or seal from a clerk of the court stating the order is a true or certified copy. A photocopy or a faxed copy of a court-certified order is acceptable for qualification requirements.

In addition, the DRO must:

- Relate to the alimony payments or marital property rights of a spouse or former spouse, or to the support of a child or other dependent of a retirement plan member;
- Contain a statement that the order is issued pursuant to a state domestic relations law;
- Clearly identify the FRS Investment Plan as the plan name;
- Include the following information for the member and Alternate Payee (note that all of the below information may be provided on a confidential attachment, but it must be referenced in the body of the order):
 - Names
 - Last known mailing addresses, including city, state, and ZIP code
 - Full Social Security numbers for the member and Alternate Payee
 - Dates of birth;
- Describe the amount or percentage of benefits to be paid and when to calculate the award;
- Not require the plan to pay more benefits than the member has earned;
- Indicate the manner of payment and when payments may begin;
- Not require the plan to provide any benefit not otherwise provided by the plan; and
- Not require payments to an Alternate Payee that are already required to be paid to another Alternate Payee under a previously issued QDRO.

III. Changing a Previously Approved QDRO

What Should Be Included in a Revised Order?

If a QDRO has been previously approved, a new DRO must be submitted. Any order attempting to change or replace an existing QDRO must meet the requirements as if it were a new DRO (see page 7) along with the information listed below. If the new DRO does not have this information it will be denied and could delay the process. It also must:

- Specifically state that it **amends** or **supersedes** the previously qualified order; and
- Provide a way to identify the previous QDRO, such as a date when it was signed by the court. If possible, please submit a copy of the previously qualified order and qualification notice.

Send the order to:

FRS Investment Plan Administrator
Attention: Qualified Order Center
P.O. Box 1433
Lincolnshire, IL 60069-1433

Fax: +1.847.883.9313
Upload: www.QOCenter.com

General Information on Special Situations

If the Alternate Payee has already requested a total distribution under an FRS Investment Plan QDRO, the revised order may only award the Alternate Payee an increased benefit. If the revised order seeks a decreased benefit for the Alternate Payee, the order will be denied.

Transfer of FRS Pension Plan Benefit to FRS Investment Plan Account

If an active FRS Pension Plan member has an approved QDRO on file for his or her Pension Plan benefit and elects to transfer to the FRS Investment Plan, a new QDRO must be submitted and approved (having the same requirements as listed on page 7. This should be completed prior to making the switch into the Investment Plan.

In order for the new QDRO for the Investment Plan to be qualified, the new QDRO must clearly state in the order that the Investment Plan QDRO vacates the previously approved QDRO for the FRS Pension Plan. If this is not listed in the new QDRO for the Investment Plan, the QDRO will be denied and could delay the process.

IV. Canceling a Previously Approved QDRO

What Is Needed to Cancel an Approved QDRO?

Any order attempting to cancel an existing QDRO must:

- Specifically state that it **nullifies** or **vacates** any previously qualified order on the FRS Pension Plan benefit or any previously existing order for the FRS Investment Plan.
- Provide a way to identify the previous QDRO, such as a date when it was signed by the court.

Send the order to:

FRS Investment Plan Administrator
Attention: Qualified Order Center
P.O. Box 1433
Lincolnshire, IL 60069-1433

Fax: +1.847.883.9313

Upload: www.QOCenter.com

General Information on Special Situations

If the Alternate Payee has already requested a total distribution under the FRS Investment Plan QDRO, the canceling order will be denied.

V. Benefit Restrictions on Member's Plan

Placing Benefit Restrictions

The member's benefit activity will be restricted when the Qualified Order Center receives one of the following:

- Draft Domestic Relations Order
- Court order
- Joinder

The Investment Plan Administrator will start this process to prevent the member from withdrawing money that otherwise may be payable to the Alternate Payee if the order is approved as a QDRO.

The restriction lasts until the order is qualified or for a maximum period of 18 months per order. The member will be able to change investment choices and contribution amounts during the restriction period. However, no distributions will be allowed by the member during the restriction period:

Removing Benefit Restrictions

When a court order or draft order is on file, account restrictions and suspensions of benefit payments (if applicable) may be removed when any of the following events occurs:

- A Domestic Relations Order becomes qualified.
- A subsequent court-certified order, such as a divorce decree, is received. The new order must state that the Alternate Payee has waived his or her rights to the member's benefits under the Investment Plan or that the member is entitled to 100% of the benefit under the plan.
- A subsequent court-certified order is received that cancels the order that caused the restriction to be placed on the plan.
- A notarized letter signed by the Alternate Payee is received requesting that restrictions be removed and naming the plan(s) affected. This method of removing a restriction is an available option **only** when a draft order has been submitted.
- A qualified order isn't submitted within the 18-month restriction or suspension period.

Note: Any new order received after a restriction has been removed will begin a new restriction period.

VI. How Death May Affect a QDRO

What Happens if a Member or Alternate Payee Dies?

- If a member dies before a draft order is received, the FRS Investment Plan QO Team retains its discretion to determine the proper course of action if a draft order is received.
- If a member dies after a draft order is received, the order will be reviewed.
- If a member dies before a court order is received, the order will be reviewed.
- If a member dies after a court order is received, the order will be reviewed.
- If an Alternate Payee dies before a draft order is received, the FRS Investment Plan QO Team retains its discretion to determine the proper course of action if a draft order is received.
- If an Alternate Payee dies after a draft order is received, the FRS Investment Plan QO Team retains its discretion to determine the proper course of action.
- If an Alternate Payee dies before the QO Team receives a court order, when the order is received, the order will be reviewed.
- If an Alternate Payee dies after the QO Team receives a court order, the order will be reviewed.

VII. Contact Us

Where to Send an Order

Send all orders to:

FRS Investment Plan Qualified Order Team
Attention: Qualified Order Center
P.O. Box 1433
Lincolnshire, IL 60069-1433

Fax: +1.847.883.9313
Upload: www.QOCenter.com

Overnight deliveries:

FRS Investment Plan Qualified Order Team
Attention: Qualified Order Center
4 Overlook Point
Lincolnshire, IL 60069-4302

How to Correspond With Us

If you have a question or need more information, send an email message to QOCenter@alight.com, and we'll respond to you within two (2) business days. Include the following information:

- Your name
- Employee's name
- Plan name as the FRS Investment Plan
- Last four digits of the member's Social Security number

For your own security, don't include personal and confidential information (such as a full Social Security number or your order) in the email, except for the information we've requested.

You can get more information on our Qualified Order Center website at www.QOCenter.com.

VIII. Defined Contribution Plan Requirements and Guidelines

The following are the FRS Investment Plan's requirements and guidelines that will be used to process a QDRO for the FRS Investment Plan. If an order doesn't follow the requirements, it will be denied. Please also refer to the Helpful Hints on page 2 and the checklist on page 7 of this document when drafting your order.

Benefit Assignment

- The assignment to the Alternate Payee must be a dollar amount, a percentage of the member's account balance as of a valuation date, or a marital fraction assignment as of the Transfer Date.
- The order must specify a valuation date.
- The valuation date must be a single date. The benefit can't be defined as a portion of the increase in value between two dates.
- The valuation date can't be a date prior to August 1, 2002.
- The valuation date can't be a future date (unless the future date is defined as the liquidation date).
- The assignment to the Alternate Payee can't exceed 100% of the member's account balance as of the valuation date. If the assignment is greater than the member's account balance, the order will be denied.
- A marital fraction assignment is permissible only where the member previously transferred his or her benefit in the FRS Pension Plan to the FRS Investment Plan.
- The marital fraction must clearly define the numerator of the marital fraction as the number of months of service credited to the member under the terms of the Investment Plan from the date of marriage to the date of divorce.
- A marital fraction assignment is permissible only where the date of divorce is a date prior to the date when the member transferred his or her benefit in the FRS Pension Plan (Defined Benefit Plan) to the FRS Investment Plan.
- If the date of divorce is a date later than the date when the member transferred his or her benefit in the FRS Pension Plan to the FRS Investment Plan, the assignment to the Alternate Payee must be a dollar amount or a percentage of the member's account balance as of the valuation date.
- The marital fraction assignment must clearly define the denominator of the marital fraction as the number of months of service credited to the participant under the terms of the Investment Plan up to the Transfer Date.
- The marital fraction assignment must clearly define the percentage of the member's account balance to be awarded as of the Transfer Date. No other valuation date is acceptable for a marital fraction assignment.
- If the order attempts to award the Alternate Payee a share of any nonvested Plan benefits, the order will be denied.
- The order can include or exclude earnings and losses from the valuation date to the liquidation date. If the order doesn't address earnings and losses, the Alternate Payee will not receive earnings and losses between the valuation date and the liquidation date.

- If the order includes earnings and losses, earnings and losses will be calculated according to plan provisions. The order can't provide direction on how to calculate any earnings and losses.
- The Alternate Payee's benefit will be subject to earnings and losses from the liquidation date to the date of distribution from the plan.
- The benefit will be awarded pro rata across all funds and contribution sources.

Form of Payment and Timing of Receiving Benefits

- After the order is qualified, the benefit assigned to the Alternate Payee will be established in a separate account.
- The Alternate Payee is eligible for payment as soon as administratively possible after the order is qualified.
- The order can't provide payment or rollover instructions. The Alternate Payee must request a distribution or rollover through the FRS Investment Plan Administrator or online at MyFRS.com.
- The Alternate Payee is eligible for any available form of payment under the provisions of the FRS Investment Plan.

Survivorship

- After the order is qualified, the death of the member or the Alternate Payee won't impact the amount assigned to the Alternate Payee.
- A beneficiary for the Alternate Payee can't be named in the order. When a separate account is established, the Alternate Payee will have the chance to choose a beneficiary.
- If the Alternate Payee doesn't choose a beneficiary and dies, the benefit will be paid according to the provisions of Florida Law (see Section 121.4501(20)). The order may not state that the benefit will be paid to the Alternate Payee's estate.

IX. Glossary

Definition of QDRO-Related Terms

If the order submitted fails to define QDRO-Related Terms, the Investment Plan Administrator will default to the definitions provided in this document.

Account Balance—The dollar amount in the member’s Investment Plan account.

Alternate Payee—Any spouse, former spouse, child, or other dependent of a member who is recognized by a Domestic Relations Order as having a right to receive all or a portion of the member’s retirement benefits payable under the FRS Investment Plan.

Benefit Commencement Date—The date on which the member is scheduled to receive or actually begins receiving benefits in a FRS Investment Plan.

FRS Investment Plan Qualified Order Team—The group responsible for determining whether a Domestic Relations Order meets all requirements for a QDRO.

Liquidation Date—The liquidation date is the date the amount assigned to the Alternate Payee is transferred from the member’s Vested Account Balance to a separate account established for the Alternate Payee in accordance with the terms of the QDRO. An assignment as of the liquidation date assigns a portion of the member’s current Vested Account Balance as of market close.

Marital Interest—The marital interest is the member’s account balance benefit as of the Transfer Date multiplied by the following fraction:

$$\frac{\text{Number of marital years (from the date of marriage to the date of divorce) while accruing benefits under the Plan}}{\text{Years of Service during which the member has accrued a benefit under the Plan up to the Transfer Date (the date the member’s benefit transferred into the Investment Plan)}}$$

Plan Administrator—Alight Solutions LLC (“Alight Solutions”), by contract with the State Board of Administration of Florida (“SBA”), is the Investment Plan Administrator and is responsible for processing Domestic Relations Orders in accordance with the FRS Investment Plan’s QDRO requirements. Alight Solutions Qualified Order Team will conduct the qualification process.

Plan Sponsor—The State Board of Administration of Florida (“SBA”) is the Plan Sponsor.

Transfer Date—The Transfer Date is the date the member transferred a benefit from the FRS Pension Plan (Defined Benefit Plan) into the FRS Investment Plan via an accumulated benefit obligation.

Valuation Date—The date on which the member’s benefit is valued to determine the Alternate Payee’s award. If the member transferred from the Pension Plan to the Investment Plan, the valuation date must be after the Transfer Date.

Vested Account Balance—The dollar amount of the member’s account balance in the FRS Investment Plan that the member has the right to keep after ending FRS-covered employment.