

Qualified Domestic Relations Order—Defined Contribution Plan Instructions and Model Language

The FRS Investment Plan

April 2017

Instructions for Using the Model Language Provided

General Information

This document contains model language for creating a Qualified Domestic Relations Order (QDRO) for the FRS Investment Plan. Instructions and explanations can be found on pages 3 through 5. Model QDRO language can be found on pages 6 through 11.

The explanations contain answers to most frequently asked questions someone may have about the model language. By using these guidelines and completing all information requested, your Domestic Relations Order should meet all qualifications for approval.

If you would like more information on the qualification process of FRS Investment Plan QDROs, see the Helpful Hints page 2 and checklist on page 7 of the QDRO Procedures document.

There are many ways to design a QDRO and provide for division of benefits based on personal life experiences. The FRS Investment Plan makes no representation as to which method is best for the parties involved. The information provided is meant to be used as a guideline to assist members and Alternate Payees in the QDRO process.

Note: *Only court-certified orders can be qualified. 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. **Handwritten changes made after certification will not be accepted.***

Instructions

1. Plan Information

In this section, you are asked to specify the defined contribution plan under which the member's benefits are being assigned. The plan name should be listed as the Florida Retirement System Investment Plan (or FRS Investment Plan).

2. Member Details

In this section, you are asked to identify the FRS member whose benefits are being assigned. Fill in the following information about the member:

- FRS member's complete name (please include any suffixes or maiden names if on file with the plan)
- Current mailing address (including ZIP code)
- Full Social Security number
- Date of birth

3. Alternate Payee Information

In this section, you are asked to identify the Alternate Payee to whom the benefits are being assigned. Please fill in the following information about the Alternate Payee:

- Alternate Payee's complete name (please include any suffixes or maiden names if on file with the Plan)
- Current mailing address (including ZIP Code)
- Full Social Security number
- Date of birth
- Relationship to member (spouse, former spouse, child, etc.)

Note: For information privacy purposes, you may choose to provide addresses, Social Security numbers, and/or dates of birth on an attached document which is cross-referenced in the Domestic Relations Order. If an attached document is used for this purpose, the order must specifically refer to the attachment or the submission will be denied.

4. Marital History

In this section, you are asked for the dates when the member and the Alternate Payee were married and divorced. Fill in the dates of marriage and divorce. If you are assigning a marital fraction, these dates will be used to determine the marital fraction

5. Definitions

The model language includes some defined terms with which you may not be familiar. These terms will be used throughout the order.

6. Benefit Payable to the Alternate Payee

In this section, you are asked to select options for either specifying the dollar amount **OR** percentage of the vested account balance to be paid, when it will be calculated, and whether earnings/losses are to be included in the Alternate Payee's benefit.

Each option uses a different method: Option A uses a straight percentage method, Option B uses a dollar amount method, and Option C uses a marital fraction. Note that a single valuation date must be used; the benefit may not be awarded between two dates. If the member transferred from the Pension Plan (Defined Benefit Plan) to the Investment Plan, the valuation date cannot be prior to the Transfer Date. If more than one date is used and/or the date that is listed is prior to the Transfer Date, the order will be denied.

Your order cannot use a combination of these methods. If more than one method is listed, the order will be denied.

Option A. Straight Percentage

Please provide the following information:

- The percentage of the member's Vested Account Balance that is to be assigned to the Alternate Payee
- The date the Vested Account Balance is to be calculated (known as the valuation date)
- Whether the Alternate Payee's benefit will (or will not) be adjusted for earnings or losses during the period between the valuation date and the liquidation date

Option B. Dollar Amount

Please provide the dollar amount of the member's Vested Account Balance that is to be assigned to the Alternate Payee.

Option C. Marital Interest

(This option can be used only if the member has previously transferred a benefit in the Pension Plan to the Investment Plan and the date of divorce is a date prior to the date when the member transferred his or her benefit in the Pension Plan to the Investment Plan.)

Please provide the percentage of the marital interest in the member's vested accrued benefit that is to be assigned to the Alternate Payee. The member's benefit in the Investment Plan will be valued as the date of the benefit transferred into the Investment Plan.

Note: *The marital property fraction will be based on the dates provided in Section 5 of this order and on the member's employment history.*

7. Form of Payment

This section describes the intended form of payment to the Alternate Payee. Plan benefits are usually paid immediately in a lump-sum cash distribution. This amount reflects any earnings and losses from the liquidation date to the date of distribution to the Alternate Payee.

8. Commencement

This section states when payment of benefits to the Alternate Payee will begin. Typically, the plan permits payment to begin as soon as administratively possible following the determination that the order has been qualified.

9. Death Procedures

This section specifies procedures for payments of benefits under the QDRO in the event of death of either the member or the Alternate Payee.

10. Retention of Jurisdiction

This section outlines what is required of both parties if the Investment Plan Administrator initially determines that the order is not qualified. It also states that the court (named earlier) expressly reserves jurisdiction over the dissolution proceeding involving the member, the Alternate Payee, and the member's interest in the plan.

11. Limitations

This section provides specific legal limits on the order.

12. Taxation

This section explains that any payments made to the Alternate Payee, who is a spouse or former spouse, will be subject to the appropriate federal, state, and local taxes.

13. Constructive Receipt

This section outlines what the member and the Alternate Payee are required to do if either receives benefits from the plan that should have been paid to the other party.

14. Certification of Necessary Information

This section explains that the court may require the member and the Alternate Payee to certify in writing that the information on which this order is based is accurate.

Note: *Only court-certified orders can be qualified. Handwritten changes made after certification will not be accepted.*

END INSTRUCTIONS—MODEL LANGUAGE FOLLOWS

STATE OF _____ CASE # _____

COUNTY OF _____

IN THE _____ COURT OF _____

IN RE TO THE MARRIAGE OF:

Petitioner

and

Respondent

Qualified Domestic Relations Order (Defined Contribution Plan)

This order creates and recognizes the existence of an Alternate Payee's right to receive a portion of the member's benefits payable under the FRS Investment Plan, which is qualified under Section 401 of the Internal Revenue Code (the "Code"). This order is intended to be a qualified Domestic Relations Order (QDRO), as that term is defined in section 206(d) of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and section 414(p) of the Internal Revenue Code of 1986, as amended (the "Code"). This order is entered pursuant to the authority granted under the applicable domestic relations laws of the State of _____.

1. Plan

This order applies to the FRS Investment Plan (the "Plan"). Any successor to this Plan shall also be subject to the terms of the order.

2. Member

The name, address, Social Security number, and date of birth of the member are as follows:

Name: _____

Address: _____

Social Security number: See attached Addendum

Date of birth: See attached Addendum

3. Alternate Payee

The person named as Alternate Payee meets the requirements of the definition of Alternate Payee as set forth in Section 4 of this order. The Alternate Payee's name, address, Social Security number, date of birth, and relationship to the member are as follows:

Name: _____

Address: _____

Social Security number: See attached Addendum

Date of birth: See attached Addendum

Relationship to member: _____

The Alternate Payee shall be responsible for notifying the Plan Administrator in writing of any changes in his or her mailing address subsequent to the submission of this order.

4. Marital History

Date of marriage: _____

Date of divorce: _____

5. Definitions

Alternate Payee—The Alternate Payee is 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 benefits payable under the Plan with respect to the member.

Distribution Date—The distribution date is the date payment is made to the Alternate Payee from the Plan in a direct payment or a direct rollover. Note that the distribution date cannot be used as the valuation date.

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.

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

Number of marital years (from the date of marriage to the date of divorce) while accruing benefits under the plan

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, by contract with the State Board of Administration of Florida (“SBA”) is the Plan Administrator and is responsible for processing Domestic Relations Orders in accordance with the FRS Investment Plan’s QDRO requirements. Alight Solutions’s 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 through the transfer of the accumulated benefit obligation.

Valuation Date—The Valuation Date is the date on which the member’s Vested Account Balance will be valued in order to determine the Alternate Payee’s designated portion in accordance with the terms of this order. Accounts are valued on a daily basis.

Vested Account Balance—The member’s Vested Account Balance is the dollar amount the member has a nonforfeitable right to receive from the Plan.

6. Benefit Payable to the Alternate Payee

(You must choose Option A, Option B, or Option C. You may not choose more than one option.)

Option A. Straight Percentage

The order assigns to the Alternate Payee an amount equal to _____ % of the member’s Vested Account Balance under the Plan (identified in Section 1) as of _____ *(insert applicable Valuation Date)*.

From the Valuation Date to the liquidation date, the amount assigned to the Alternate Payee *(select one)*:

- Will** be adjusted for investment earnings (gains and losses) from the Valuation Date to the date as of which the account is established for the Alternate Payee.

- Will not** be adjusted for investment earnings (gains and losses) from the Valuation Date to the date as of which the account is established for the Alternate Payee.

Option B. Dollar Amount

This order assigns to the Alternate Payee an amount equal to \$_____ of the member's Vested Account Balance under the Plan (identified in Section 1) as of the liquidation date.

Option C. Marital Fraction

This option can be used only if the member has previously transferred a benefit in the FRS Pension Plan to the FRS Investment Plan and the date of divorce is a date prior to the date when the member transferred his or her benefit in the FRS Pension Plan to the FRS Investment Plan.

This order assigns to the Alternate Payee an amount equal to _____ % of the "marital interest" (as defined in Section 4 and 5 above) in the member's account balance under the Plan (identified in Section 1) as of the Transfer Date.

- Will** be adjusted for investment earnings (gains and losses) from the Valuation Date to the date as of which the account is established for the Alternate Payee.
- Will not** be adjusted for investment earnings (gains and losses) from the Valuation Date to the date as of which the account is established for the Alternate Payee.

7. Form of Payment

The Alternate Payee is eligible for any available form of payment under the provisions of the FRS Investment Plan.

8. Commencement

The Alternate Payee shall be eligible to receive payment as soon as administratively reasonable following the determination that this order is a Qualified Domestic Relations Order. In no event can the Alternate Payee begin his or her benefit later than April 1 following the year in which the member attains age 70 ½ .

9. Death Procedures

If the member predeceases the Alternate Payee prior to payment of the Alternate Payee's assigned benefits under the QDRO, the Alternate Payee's benefits will not be affected. In the event of the member's death, the account balance, which remains the property of the member, will be payable to the member's designated beneficiary or in accordance with Plan provisions. This order does not require the member to name the Alternate Payee as the beneficiary for the benefits not assigned to the Alternate Payee.

In case of the death of the Alternate Payee prior to distribution of the Alternate Payee's benefits under the QDRO, the assigned benefits will be paid to the Alternate Payee's designated beneficiary or, if none, in accordance with Florida law (Section 121.4501(20)).

10. Retention of Jurisdiction

This matter arises from an action for divorce or legal separation in this court under the case number set forth at the beginning of this order. Accordingly, this court has jurisdiction to issue this order.

In the event the Plan Administrator determines that this order is not a Qualified Domestic Relations Order, both parties shall cooperate with the Plan Administrator in making any changes needed for it to become qualified. This includes signing all necessary documents. For this purpose, this court expressly reserves jurisdiction over the dissolution proceeding involving the member, the Alternate Payee, and the member's interest in the Plan. This order hereby vacates any previously issued QDRO in this case.

11. Limitations

Pursuant to Section 414(p)(3) of the Code and except as provided by Section 414(p)(4), this order:

- (i) Does not require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan;
- (ii) Does not require the Plan to provide increased benefits; and
- (iii) Does not require the payment of benefits to an Alternate Payee that is required to be paid to another Alternate Payee under another order previously determined to be a Qualified Domestic Relations Order.

12. Taxation

For purposes of Sections 402 and 72 of the Code, any Alternate Payee who is the spouse or former spouse of the member shall be treated as the distributee of any distributions or payments made to the Alternate Payee under the terms of the order and, as such, will be required to pay the appropriate federal, state, and local income taxes on such distributions.

13. Constructive Receipt

If the Plan inadvertently pays to the member any benefit that is assigned to the Alternate Payee pursuant to the terms of this order, the member will immediately reimburse the Plan to the extent the member has received such benefit payments and shall forthwith pay such amounts so received to the Plan within ten (10) days of receipt.

If the Plan inadvertently pays to the Alternate Payee any benefit that is actually payable to the member, the Alternate Payee must make immediate reimbursement. The Alternate Payee must reimburse the Plan to the extent he or she has received such benefit payments and shall forthwith pay such amount so received to the Plan within ten (10) days of receipt.

14. Effect of Plan Termination

If the Plan is terminated, the Alternate Payee shall be entitled to receive his or her portion of the member's benefits as stipulated herein in accordance with the Plan's termination provisions for members and beneficiaries.

15. Certification of Necessary Information

All payments made pursuant to this order shall be conditioned on the certification by the Alternate Payee and the member to the Plan Administrator of such information as the Plan Administrator may reasonably require from such parties to make the necessary calculation of the benefit amounts contained herein.

Dated this _____ day of _____, _____

By the court:

Judge's Signature

Provide Court Certification Stamp Here

DO NOT FILE WITH COURT

Addendum to QDRO Personal Information FRS Investment Plan

This attachment is not required to be filed with the court. This attachment should be included with the order when it's delivered to the Plan Administrator. This information is required to process the QDRO.

Member:

Name: _____

Social Security Number: _____

Date of Birth: _____

Alternate Payee:

Name: _____

Social Security Number: _____

Date of Birth: _____

Benefit processing requires the Social Security Number and date of birth of the Alternate Payee. Failure to provide this information prohibits the Plan Administrator from establishing a separate benefit for the Alternate Payee, which will prevent distribution of funds to the Alternate Payee. As such, orders that do not contain this information, either in the order itself, or in an addendum referenced in the order, will not be qualified.

DO NOT FILE WITH COURT