

DOMESTIC RELATIONS ORDER REVIEW FEES FOR THE NATIONAL ELECTRICAL ANNUITY PLAN

In accordance with the Department of Labor Notice 2003-3, an administrative fee for the review of Domestic Relations Orders ("DROs") will be assessed directly to the parties to the DRO as follows:

- For DROs received on and after March 1, 2010, the administrative fee for the review to determine whether the DRO is qualified is \$200.00
- The administrative fee will be assessed following the first receipt of a court document purporting to be a QDRO.
- The DRO may specify the fee allocation between the participant and the alternate payee. If the DRO does not specify the fee allocation between the participant and the alternate payee, or if the language in the Order is unclear regarding the allocation of the review fee between the participant and the alternate payee, the Plan will assess the fee in the amount of 50% from the participant's share and 50% from the alternate payee's share.
- Administrative review fees will not be imposed retroactively or on orders received prior to March 1, 2010, and not yet reviewed.

**THE NATIONAL ELECTRICAL ANNUITY PLAN
(NEAP)**

PROCEDURES

QUALIFIED DOMESTIC RELATIONS ORDERS

General Statement:

The Plan feels that it is in everyone's best interest to divide marital assets in a manner that leaves pension benefits undisturbed; i.e., the non-employee spouse agrees to take marital assets other than pension benefits. In that manner, administrative costs may be held to a minimum resulting in great amounts of assets being available for distribution to all beneficiaries and alternate payees.

"QDRO" DEFINED

Under pertinent Federal Statutes, the Plan may not make payments to a non-employee spouse unless the payment is mandated by a Qualified Domestic Relations Order (hereinafter referred to as a "QDRO"). A QDRO is defined as any judgment, decree, or order (including approval of a property settlement agreement) which:

- (1) relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child or other dependent of a participant; and
- (2) is made pursuant to a state domestic relations law (including a community property law).

A Domestic Relations Order is "qualified" if it:

- (1) creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to receive all or a portion of the benefits payable with respect to a participant under the Plan; and
- (2) clearly specifies:
 - A. The name, the last known mailing address, if any, and social security number of the participant and the name, mailing address and social security number of each alternate payee covered by the Order.
 - B. The amount or percentage of the participant's benefits to be paid by the Plan to each such alternate payee, or the manner in which such amount or percentage is to be determined.

- C. The number of payments or period to which the Order applies.
- D. The following:
 - (1) The Order does not require the Plan to provide any type or form of benefit, or any option not otherwise provided under the Plan;
 - (2) The Order does not require the Plan to provide increased benefits (determined on the basis of actuarial value);
 - (3) The Order does not require the payment of benefits to any alternate payee which are required to be paid to another alternate payee under another Order previously determined to be a Qualified Domestic Relations Order; and
 - (4) The Order does not require the Plan to continue payment of any benefits to the alternate payee, or any other person, after the date of the death of the alternate payee or the date of the death of the participant, whichever date shall occur first. If an alternate payee predeceases the participant, the participant shall commence receiving any monthly benefits previously paid to the alternate payee on a monthly basis.
- E. If benefit payments are being made to an alternate payee hereunder, and the participant returns to covered employment and his benefit payments are thereby suspended, the benefit payments to the alternate payee shall not be suspended, but if the participant re-retires with additional benefits, the alternate payee's benefit shall not be increased as a result of those additional benefits.
- F. Whether payments to the alternate payee continue or cease in the event the alternate payee remarries the participant, or marries another individual.
- G. That the Plan is authorized to recover any overpayments made to an alternate payee because the alternate payee failed to notify the Plan of a change of circumstances which affects his/her entitlement. This section shall be binding upon the alternate payee and his or her heirs, and/or estate.
- H. The Order specified who exercises the required options. The Plan permits payment of benefits in various forms. If the QDRO contemplates that the alternate payee may designate the options to be exercised, the QDRO must specifically so state. Otherwise, all options shall be exercised by the participant.

EXCEPTIONS

- A. Notwithstanding the above, the QDRO may require the Plan to make benefit payments to an alternate payee even though the participant has not separated from service:
- (1) On or after the date on which the participant attains (or would have attained) the earliest retirement age at which he or she could elect to receive payments from the Plan;
 - (2) As if the participant had retired on the date on which such payment is to begin under the Order (but taking into account only the present value of benefits actually accrued and not taking into account the present value of any subsidy for early retirement);
 - (3) In any form in which benefits may be paid under the Plan to the participant (other than in the form of a joint and survivor annuity with respect to the alternate payee and his or her subsequent spouse).
- B. A QDRO may provide that a former spouse of a participant will be treated as a surviving spouse of such participant for purposes of ERISA's joint and survivor rules, however, the QDRO must be specific in that regard and must state, in detail, the precise rights of the former spouse and the fact that benefits are actuarially reduced to recognize the fact that joint and survivor benefits are contemplated. A QDRO shall not require the Plan to disregard a prior waiver of joint and survivor benefits by the alternate payee.

PROCEDURAL GUIDE

These written procedures are established and maintained in accordance with the Employee Retirement Income Security Act of 1974 as amended by the Retirement Equity Act of 1984. The procedures are used to determine whether a Domestic Relations Order is "qualified" to assist in distributions and to provide basic notice and information to affected parties.

- (1) An alternate payee may designate a representative for receipt of notices with respect to the Domestic Relations Order affecting the alternate payee.
- (2) A participant, alternate payee or legal Counsel shall advise the Plan of the identity and address of all legal Counsel involved in the domestic relations dispute.
- (3) Upon receipt of a Domestic Relations Order, the Plan shall promptly notify the participant and any alternate payee (at the address included in the Domestic Relations Order) of the receipt of the Order and shall forward a copy of the procedures for determining the Order's qualified status, as well as a copy of the Order, to the participant.
- (4) Within a reasonable time after receipt of the Order, the Plan, in consultation with its Counsel, shall determine whether such Order is a "QDRO" and the participant and each alternate payee shall be notified.
- (5) During the period of time in which the Plan, a Court, or other entity is determining the qualified status of an Order, the Plan shall separately account for the amount which would have become payable to the alternate payee during such period assuming the Order is "qualified", herein referred to as the "segregated amounts".
- (6) If within 18 months the Order (or modification thereof) is determined to be a QDRO, the Plan shall pay the segregated amounts (plus any interest thereon) to the person(s) entitled to receive same. If within 18 months there is no determination or it is determined that the order is not a QDRO, the Plan shall pay the segregated amounts (plus any interest thereon) to the person or persons who would have been entitled to such amounts if there had been no Order. If the order is determined to be qualified after the close of the 18 month period, then it is to be applied prospectively only.
- (7) A person who is an alternate payee under a QDRO shall be considered for purposes of any provision of ERISA as a beneficiary under the Plan.
- (8) An "alternate payee" means any spouse, former spouse, child, or other dependent of a participant who is recognized by a Domestic Relations Order as having a right to receive all, or a portion of, the benefits payable under a plan with respect to such participant.
- (9) Each alternate payee shall keep the Plan fully advised of any and all changes in name and mailing address.

**SUGGESTED MODEL PROVISIONS FOR A
QUALIFIED DOMESTIC RELATIONS ORDER ("QDRO")
ASSIGNING RIGHTS TO A PORTION OF A
NATIONAL ELECTRICAL ANNUITY PLAN ("NEAP") BENEFIT**

QUALIFIED DOMESTIC RELATIONS ORDER

1. Pursuant to Section 206(d) of the Employee Retirement Income Security Act of 1974 (ERISA) as amended and Section 414(p) of the Internal Revenue Code, this Qualified Domestic Relations Order ("Order") assigns a portion of the National Electrical Annuity Plan ("NEAP") account to **[name of Alternate Payee]** ("Alternate Payee") in recognition of the Alternate Payee's rights to a portion of the Participant's NEAP account.
2.
 - a. The Participant's Social Security Number is ____-____-____, date of birth is ____/____/____ and last known mailing address is _____.
 - b. The Alternate Payee's Social Security Number is ____-____-____, date of birth is ____/____/____ and last known mailing address is _____.
 - c. Both the Participant and the Alternate Payee shall notify the administrator of NEAP of a change in mailing address or name, if any. Any notice of a change of address or name shall be made in writing and directed to: NEAP, Attention: Plan Administrator, 2400 Research Boulevard, Suite 500, Rockville, Maryland 20850-3266.
3. The Plan to which this Order applies is the National Electrical Annuity Plan, which is a defined contribution plan.
4. The Participant and the Alternate Payee were married on **[date]**, and their marriage was terminated on **[date]**. **[Alternatively, if the division of benefits relates to separation of marriage, the order could provide for the date of marital separation]**. The Alternate Payee shall be entitled to 50% of the Participant's account which was earned during the period of their marriage. In addition, the Alternate Payee's share of the Participant's account **[shall/shall not]** be adjusted to reflect investment earnings and losses until the date of distribution.

[While a 50% division of benefits is most often used, any percentage can be used. If the parties intend that the Alternate Payee's benefit shall be fixed as of a certain date and that investment earnings and losses shall not be credited to the Alternate Payee's share of the account, an exact dollar amount could instead be inserted above.]

[Please note that while NEAP will keep track of the Alternate Payee's interest in the Participant's account, NEAP will not establish a separate account for the Alternate Payee.]
5. The Alternate Payee may elect to commence receiving his or her share of the Participant's account at any time after the Participant is eligible to receive payment.

6. The Alternate Payee may elect to receive his or her payments in any form available to the Participant, except that the Alternate Payee may not elect a joint and survivor annuity for his or her spouse.
7. If the Alternate Payee dies before commencing receipt of benefits, the Alternate Payee's share of the account shall **[revert to the Participant/be paid to the Alternate Payee's beneficiary or under the terms of the Plan]**. If the Participant dies before the Alternate Payee commences receipt of benefits, the Alternate Payee shall receive his or her share of the account. If the Participant dies after the Alternate Payee commences receipt of benefits, such death will have no effect on the Alternate Payee's receipt of benefits.
[There are several different payment options available under NEAP, including lump sum options. Since the Alternate Payee can elect to receive her share of the account in any form and since the death of the Participant need not affect the Alternate Payee's receipt of benefits, there is no need to designate the Alternate Payee as the surviving spouse of the Participant. If the order provides that the Alternate Payee shall be treated as the surviving spouse and is eligible for the survivor annuity, the benefit will be paid in a monthly joint and survivor annuity and neither the Participant nor the Alternate Payee will be able to select any other form of benefit, including a lump sum benefit.]
8. In the event the Alternate Payee remarries the Participant, or marries another individual, the Alternate Payee's interest in the Participant's account **[shall/shall not]** cease.
9. NEAP is authorized to recover any overpayments made to the Alternate Payee because the Alternate Payee failed to notify NEAP of a change in circumstance which affects his or her entitlement. This section shall be binding upon Alternate Payee and his or her heirs and/or estate.
10. The Order does not require any of the following:
 - a. Any type or form of benefit, or any option not otherwise provided under the Plan;
 - b. Any increased benefits; or
 - c. Any payment of benefits to the Alternate Payee which are required to be paid to another Alternate Payee under another order previously determined to be a QDRO.

Judge

Participant

Alternate Payee

Participant's Attorney

Alternate Payee's Attorney

[Do not insert a signature block for NEAP, as NEAP does not sign orders.]