

**NATIONAL ELECTRICAL BENEFIT FUND (NEBF)  
REVISED PROCEDURES FOR  
QUALIFIED DOMESTIC RELATIONS ORDERS (QDROs)**

The NEBF feels that it is in everyone's best interests 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). This enables administrative costs to be held to a minimum so that greater amounts of assets are available for distribution to both participants and alternate payees.

Nonetheless, the NEBF recognizes that benefit payments will be the subject of QDROs from time to time, and as a result has set out these procedures to facilitate the filing of a QDRO which will be accepted by the NEBF. Special attention should be paid to the attached Model QDRO (a form QDRO containing language acceptable to the NEBF).

**“QDRO” DEFINED**

Under pertinent Federal Statutes, the NEBF may not make payments to a non-employee spouse unless the payment is mandated by a QDRO. A QDRO is defined as any judgment, decree, or order (including approval of a property settlement agreement), which (i) relates to the provisions of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant; and (ii) 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 NEBF; and
2. Clearly specifies:
  - a. The name, the last known mailing address, date of birth, and the Social Security number of the participant and each alternate payee covered by the order;
  - b. The amount or percentage of the participant's benefits to be paid by the NEBF to each such alternate payee, or the manner in which such amount or percentage is to be determined (and the period of marriage if the amount or percentage of benefit relates thereto);
  - c. The number of payments or period of time to which such order applies;
  - d. That the order applies to the National Electrical Benefit Fund;

- e. That the order does not require:
  - i. The NEBF to provide any type or form of benefit, or any option not otherwise provided under the plan;
  - ii. The NEBF to provide increased benefits (determined on the basis of actuarial value); or
  - iii. 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 QDRO;
- f. That if benefit payments are being made to an alternate payee hereunder, and the participant returns to covered employment causing the participant's benefit payments to be suspended, then the benefit payments to the alternate payee shall not be suspended; but if the participant re-retires with additional years of credited service, then the alternate payee's benefits shall not be increased as a result of those additional years of credited service; and
- g. That the NEBF is authorized to recover any overpayments made to an alternate payee because the alternate payee failed to notify the NEBF of a change of circumstance which affects his or her entitlement, which provision shall be binding upon the alternate payee and his or her heirs, and/or estate.

### **EXCEPTIONS**

1. Notwithstanding the above, a QDRO may require the NEBF to make benefit payments to an alternate payee even though the participant has not separated from service:
  - a. 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 NEBF; and
  - b. 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).
2. Payments to the alternate payee may be made after the death of the participant for the life of the alternate payee if:
  - a. The QDRO provides that the former spouse of the participant will be treated as a surviving spouse of such participant for purposes of ERISA's

joint and survivor rules. The QDRO must be specific in this 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. To be eligible for a joint and survivor annuity, the spouse and the participant must have been married for at least one year. Further, unless clearly specified, the alternate payee's entitlement to a joint and survivor annuity will be limited to the percentage interest the alternate payee is granted in the participant's benefit. Finally, a QDRO shall not require the NEBF to disregard a prior waiver of joint and survivor benefits consented to by the alternate payee; or

- b. The QDRO provides that the former spouse of the participant will be entitled to an annuity based on the life expectancy of the former spouse, rather than that of the participant. If a QDRO so provides, the former spouse's share of benefits is actuarially adjusted to reflect his or her own life expectancy.

### **PROCEDURES**

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 NEBF of the identity and addresses of all attorneys involved in the domestic relations dispute.
3. Upon receipt of a domestic relations order, the NEBF 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 these procedures for determining the order's qualified status.
4. Within a reasonable time after receipt of the order, the NEBF, 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 NEBF is determining the qualified status of an order entered with the court, the NEBF shall separately account for the amount which would have become payable to the alternate payee during such period if the order had been determined to be "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 NEBF shall pay the segregated amounts 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 NEBF shall pay the segregated amounts 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 NEBF.
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 the NEBF with respect to such participant.
9. Each alternate payee shall keep the NEBF 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 BENEFIT FUND ("NEBF") 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 Benefit Fund ("NEBF") benefits from *[name of Participant]* ("Participant") to *[name of Alternate Payee]* ("Alternate Payee") in recognition of the existence of the Alternate Payee's rights to a portion of the Participant's NEBF benefits.
  
2. a. Participant's Social Security number is \_\_\_\_-\_\_\_\_-\_\_\_\_ date of birth is \_\_/\_\_/\_\_ and last known mailing address is \_\_\_\_\_.
  
- b. Alternate Payee's Social Security number is \_\_\_\_-\_\_\_\_-\_\_\_\_ date of birth is \_\_/\_\_/\_\_ and last known mailing address is \_\_\_\_\_.
  
- c. Both Participant and Alternate Payee shall notify the administrator of the NEBF 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: NEBF, Attention: Plan Administrator, 2400 Research Boulevard, Suite 500, Rockville, Maryland 20850-3266.
  
3. The Plan to which this order applies is the National Electrical Benefit Fund.
  
4. **Amount of Alternate Payee's Benefit.** Participant and Alternate Payee were married on *[date]*, and their marriage was terminated on *[date]*, Alternate Payee shall be entitled to 50% of the monthly benefit which was earned during the period of their marriage.

[Note: While a 50% division of benefits is most often used, any percentage can be used. If Participant is already in pay status, this provision could specify an exact dollar amount; however, a percentage is preferred when Participant is not in pay status since the exact benefit is unknown until benefit commencement and may be subject to future benefit adjustments. In addition, benefit adjustments are also made on occasion to benefits paid to retirees.]

[Note: If the parties wish to define the marital benefit by reference to a date of separation rather than divorce, the order must be specific in this regard.]

5. **Form of Benefit and Commencement Date.** Payments to the Alternate Payee shall be made as follows [*select one of the options below*]:

**Option 1** (*To be used if Participant is currently in payment status*)

Commencing the month following the month in which this Order is approved by the Plan, the Alternate Payee shall receive a monthly benefit until the earlier of the death of the Alternate Payee or the death of the Participant. If the Participant predeceases the Alternate Payee, the Alternate Payee shall be entitled to the survivor annuity if one was selected at the time the Participant applied for pension and if the Participant and Alternate Payee were married at the time of retirement and were married for more than one year. If the Alternate Payee predeceases the Participant, the Alternate Payee's benefit shall revert to the Participant. In the event the Alternate Payee remarries the Participant, or marries another individual, the benefit paid to the Alternate Payee shall [*cease/continue*] being paid.

**Option 2** (*Shared Interest Approach*)

Commencing when payments to the Participant commence, the Alternate Payee shall receive a monthly benefit until the earlier of the death of the Alternate Payee or the Participant. If the Alternate Payee predeceases the Participant, the Alternate Payee's benefit shall revert to the Participant. In the event the Participant predeceases the Alternate Payee and neither the Participant nor the Alternate Payee has commenced benefits under the Plan, the Alternate Payee shall be treated as the surviving spouse for purposes of the pre-retirement survivor annuity. If the Participant is not remarried at the time of death, the Alternate Payee shall receive the entire pre-retirement survivor annuity. If the Participant is remarried, the Alternate Payee shall receive the community interest share (as set forth in paragraph 4, above) of the pre-retirement survivor annuity. In the event the Alternate Payee remarries the Participant, or marries another individual, the benefit paid to the Alternate Payee shall [*cease/continue*] being paid.

***Joint and Survivor election*** - *If the order provides for the shared interest approach, and the parties wish to have payments to the Alternate Payee continue through her life, the following language must be added to the end of Option 2:*

If the Participant predeceases the Alternate Payee after the Participant has commenced a benefit under the Plan, the Alternate Payee shall be treated as the Surviving Spouse of the Participant for the purposes of the qualified joint and survivor annuity option under the Plan. Any annuity payable shall not be more than the community interest as set forth in paragraph 4.

**[Note: The Shared Interest Approach cannot be selected if the alternate payee is to receive benefits after the participant reaches early retirement age but before the participant actually commences receiving a benefit.]**

**Option 3 (Separate Interest Approach)**

Commencing when normal or early retirement payments to the Participant actually commence, the Alternate Payee shall receive an annuity, which is actuarially adjusted to reflect the life expectancy of the alternate payee. Any annuity payable to the Alternate Payee shall not be more than the community interest as set forth in paragraph 4. In the event the Participant predeceases the Alternate Payee and neither the Participant nor the Alternate Payee has commenced benefits under the Plan, the Alternate Payee shall be treated as the surviving spouse for purposes of the pre-retirement survivor annuity. If the Participant is not remarried at the time of death, the Alternate Payee shall receive the entire pre-retirement survivor annuity. If the Participant is remarried, the Alternate Payee shall receive the community interest share of the pre-retirement survivor annuity. In the event the Participant predeceases the Alternate Payee after the Participant or the Alternate Payee has commenced benefits under the Plan, the death will have no effect on the Alternate Payee's benefit. In the event the Alternate Payee predeceases the Participant prior to the Alternate Payee's commencement of benefits, the Participant shall receive the Alternate Payee's share of the benefit. If the Alternate Payee predeceases the Participant after the Alternate Payee's commencement of benefits, payments to the Alternate Payee shall cease, but there shall be no adjustment to the Participant's benefit.

**[Note: If it is intended that the Alternate Payee be permitted to elect to begin receiving payments prior to the date on which the Participant separates from service, the first sentence of Option 3 may be changed to "Commencing on or after the date the Participant reaches the earliest retirement age, the Alternate Payee shall receive an annuity for her lifetime, and such annuity shall be actuarially adjusted to reflect the life expectancy of the Alternate Payee at the Commencement Date selected by the Alternate Payee." If this language is substituted, the Alternate Payee's monthly benefit will be actuarially reduced to reflect the increased number of payments to the Alternate Payee.**

[Note: In no event may the Alternate Payee elect to begin receiving a separate interest benefit *after* benefit payments to the Participant commence

6. **Return to Covered Employment.** If the Participant returns to covered employment after entry of this QDRO, and as a result, earns additional years of credited service, the Alternate Payee's benefit will not be increased to reflect those additional years of credited service. Further:

*If benefit payments are being made to the Participant and the Alternate Payee in the form of a shared interest (Option 1 or 2, above), the Alternate Payee's benefits will be suspended during any period of time in which the Participant returns to covered employment and the Participant's benefits are thereby suspended.*

*If benefit payments are being made to the Participant and the Alternate Payee in the form of a separate interest (Option 3, above), the Alternate Payee's benefits will not be suspended if the Participant returns to covered employment and the Participant's benefits are thereby suspended.*

7. **Disability Retirement Benefits.** The terms of this Order (**apply/do not apply**) to benefit payments made to the Participant on account of Participant's total disability prior to the Participant's attainment of earliest retirement age.

**If this Order applies to payments made to the Participant on account of his or her total disability:** After commencing disability benefits, should the Participant return to covered employment prior to his or her attainment of earliest retirement age, benefit payments to the Participant and the Alternate Payee will be suspended until the Participant becomes eligible for another disability benefit or has reached early retirement age at which time payments to the Participant and the Alternate payee will resume in accordance with the Form of Benefit Options specified in paragraph 5 above.

**If this Order does not apply to payments made to the Participant on account of his or her total disability:** Payments to the Alternate Payee will commence at the Participant's attainment of (**early retirement age of normal retirement age**) in the form of a shared interest (Option 2 above).

8. The NEBF is authorized to recover any overpayments made to Alternate Payee because Alternate Payee failed to notify the NEBF of a change in circumstance which affects his/her entitlement. This section shall be binding upon Alternate Payee and his or her heirs, and/or estate.
9. 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 Alternate Payee which are required 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 the NEBF as the Fund does not sign orders.]**