

**SHEET METAL WORKERS' NATIONAL PENSION FUND**  
**DOMESTIC RELATIONS ORDER PROCEDURES**

*Revised 7/1/03*

Pursuant to 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 ("Code"), the Trustees of the SHEET METAL WORKERS' NATIONAL PENSION FUND ("Fund") hereby adopt the following procedures for reviewing a Domestic Relations Order ("DRO") that may be entered with respect to the Fund, and for determining whether any such DRO constitutes a Qualified Domestic Relations Order ("QDRO").

Introduction: What Is A Domestic Relations Order?

1. A DRO is an order or court approval of a property settlement that relates to the provision of child support, alimony, maintenance or marital property rights and which grants to an "Alternate Payee" the right to receive all or a portion of the Participant's benefit from the Fund. An "Alternate Payee" may be a spouse, former spouse, child or other dependent of a Participant.

2. There are two methods of assigning a portion of a Participant's benefit to an Alternate Payee. The first is to award the Alternate Payee a shared interest in the Participant's pension, and the second is to award the Alternate Payee a separate interest in the pension.

a. **Shared Interest Approach.** Under the shared interest approach, the DRO grants to the Alternate Payee a share of the monthly benefit that is payable to the Participant. Typically, the DRO will provide that the assignment continues until the earlier of the Participant or Alternate Payee's death. If the Participant has retired and is receiving benefits, then a shared interest DRO is the only type of DRO available to the Alternate Payee. This is because the Plan only can calculate the Participant's benefit once, and if the Participant has already retired, the Plan has already calculated the benefit. If the Alternate Payee predeceases the Participant, the amount awarded to the Alternate Payee under the DRO shall revert to the Participant unless the DRO names one or more Successor Alternate Payees for receipt of the benefit.

A shared interest DRO may designate the Alternate Payee as the Participant's surviving spouse with respect to all or a portion of the pre-retirement surviving spouse benefit or post-retirement surviving spouse benefit, as applicable, unless the participant has already designated a surviving spouse with respect to those respective benefits. If the Participant has already commenced benefits, there is no pre-retirement surviving spouse benefit, and any elections made by the Participant concerning the post-retirement surviving spouse benefit cannot be changed.

b. **Separate Interest Approach.** Under this method, the DRO awards the Alternate Payee a portion of the Participant's total benefit under the Plan, to be paid to the Alternate Payee as his or her own separate benefit. The Order may direct that the Alternate Payee's portion be paid in a particular form of benefit permitted by the Plan, or may allow the Alternate Payee to elect the form of benefit. However, benefits are not payable in the form of a Husband and Wife pension

with the Alternate Payee's new spouse. The portion of the Participant's benefit that is awarded to the Alternate Payee is actuarially adjusted based on the Alternate Payee's life expectancy and is not affected by the form of benefit chosen by the Participant.

The DRO may provide that the Alternate Payee may begin receiving benefits on or after the date that the Participant reaches the earliest retirement age under the Plan. *If the Participant dies prior to either party commencing benefits, then no benefits will be payable under the DRO unless the DRO designates the Alternate Payee as the Participant's surviving spouse for purposes of the pre-retirement surviving spouse benefit.* If the Alternate Payee dies before commencing benefits, the amount awarded to the Alternate Payee under the DRO shall revert to the Participant unless the DRO names one or more Successor Alternate Payees for receipt of the assigned benefit. If the Alternate Payee dies after his/her benefits commence, any remaining benefits payable to the Alternate Payee will be paid in accordance with the terms of the Plan and the form of benefit elected by the Alternate Payee.

c. **Death Benefits.** A DRO may assign to an Alternate Payee all or a portion of any death benefits payable upon the Participant's death including a pre-retirement death benefit and any continuation of payments under 60 or 120 month option after the post-retirement death of the Participant. The designation of the Alternate payee as beneficiary of death benefits in a QDRO will override any inconsistent, prior or subsequent beneficiary designation on file with the Fund.

#### The Fund's Procedures For Reviewing Domestic Relations Orders

3. Immediately upon receipt of a DRO, the Fund shall send the Participant and the Alternate Payee a notice stating that it has received the DRO together with a copy of these procedures. If, at the time the Fund receives a DRO with respect to a Participant, there is a QDRO already on file with the Fund Office awarding a portion of that Participant's benefits to another Alternate Payee, then the Fund shall send the first Alternate Payee a copy of the notice sent with respect to the subsequent DRO.

4. The Fund will determine the "qualified" status of the DRO. A DRO must meet all of the following requirements in order to be qualified by the Fund as a QDRO:

a. The DRO must clearly state the name and last known mailing address (if any) of the Participant, Alternate Payee and any Successor Alternate Payee(s). However, the Fund shall consider the "address" requirement to be satisfied if the identity of the Participant, Alternate Payee and, if applicable Successor Alternate Payee(s) are sufficiently clear and the Fund knows their current addresses.

b. If the DRO names any Successor Alternate Payees, it must state the relationship of each Successor Alternate Payee to the Participant.

c. The DRO must clearly state the amount of the benefit to be paid to the Alternate Payee. This requirement may be met by: (1) specifying a fixed amount, (2) specifying a

percentage of the Participant's benefit, or (3) providing a formula by which the Fund can determine the amount due the Alternate Payee at any given time.

d. The DRO must clearly state when the Alternate Payee's benefits will commence. Under the separate interest approach, the Alternate Payee's benefits may commence on the Participant's earliest retirement date or such later date as the Alternate Payee may elect, but no later than the date on which the Participant begins receiving benefits. Under the shared interest approach, the Alternate Payee may begin to receive benefits once the Participant retires and begins receiving benefits, or, if the Participant is in pay status, as soon as administratively feasible after the DRO is qualified by the Fund. Under either approach, if the Alternate Payee dies before his/her benefits commence, the DRO will have no effect and benefits will revert to the Participant, unless a Successor Alternate Payee is designated in a DRO.

e. The DRO must clearly state the period of time that the order will remain in effect.

i. Separate Interest DRO's. In the case of a separate interest DRO, the period of time that the DRO is in effect is determined by the form in which the Alternate Payee's benefit is payable under the terms of the Order, which must be a form permitted by the Plan. The Order may permit the Alternate Payee to elect any form of benefit permitted by the Plan, except a Husband and Wife pension.

ii. Shared Interest DRO's. In the case of a shared interest DRO, this requirement can be met by specifying: (1) a specific time period (e.g., "for 24 months" ), (2) the total amount to be paid over time (e.g., "until \$\_\_\_ has been paid"), or (3) an indefinite duration (e.g., "until further order of the court") . However, the order must contain a caveat that, notwithstanding the time period stated in the DRO, payments to the Alternate Payee will cease upon the earlier of the date that the Alternate Payee dies, the Participant dies, or the Participant otherwise stops receiving benefits under the Plan. Generally, payments to the participant are in the form of a *monthly* benefit for life, not a lump-sum benefit.

f. The DRO must directly identify the Sheet Metal Workers' National Pension Fund as the fund to which it applies.

g. The DRO may not require the Plan to provide any type of benefit or form of benefit that is not otherwise provided for under the Plan. A separate interest QDRO may permit the Alternate Payee to elect any form of payment allowed under the Plan, except a Husband and Wife pension . A separate interest QDRO may also require payment of a benefit to an Alternate Payee while the Participant is still in active employment as long as it requires payments to the Alternate Payee no earlier than the date of that the Participant attains the earliest retirement age under the Plan and payments to the Alternate Payee are calculated as if the Participant had retired on the date that benefits commence to the Alternate Payee. The payments may take into account only the present value of benefits the Participant would receive and must disregard any early

retirement subsidy. The DRO may provide, however, that a portion of the early retirement subsidy is payable to the Alternate Payee once benefits commence to the Participant.

h. The DRO may not require the plan to provide a larger benefit than it would otherwise provide. For purposes of this requirement, benefits that are actuarially equivalent are considered to be equal.

i. The DRO may not require payment to an Alternate Payee which are required to be paid to another Alternate Payee, previously determined to be a QDRO.

5. If the Fund determines that the DRO is qualified, it will notify the Participant and the Alternate Payee (or their designated representatives) of this determination and the manner in which the Fund will apply the QDRO.

6. If the DRO is determined *not* to be a QDRO, the Fund shall notify both the Participant and the Alternate Payee (or their designated representatives) of this determination.

7. In the event that the Fund receives a *court-entered* DRO pertaining to a Participant who is in pay status, the Fund will withhold from the Participant's benefit and segregate the amounts that the DRO states shall be awarded to the Alternate Payee for up to 18 months from the date the first payment would be required to be made under the DRO pending determination of the "qualified" status of the DRO. The Fund, however, will only withhold and segregate amounts that can be reasonably ascertained from the DRO and the segregation of which would not violate the terms of the Plan or applicable law. The Participant and the Alternate Payee, or their designated representatives, shall be advised of this action on the initial notice provided for in paragraph 3 of these procedures. If the DRO is determined to be a QDRO, the withheld amounts will be released to the Alternate Payee upon qualification. If the DRO is determined *not* to be a QDRO, the Fund will continue to withhold the Alternate Payee's portion for up to 60 days after notice is given to the parties that the DRO is not qualified. If, within this 60-day period, the parties submit a revised DRO and the Fund determines that it is qualified, the withheld amounts will be released to the Alternate Payee upon the DRO's qualification. If the parties, within the 60-day period, do not submit a revised DRO or submit a DRO that is determined not to be qualified, the withheld amounts will be released to the Participant upon the earlier of (1) the date the subsequent DRO is determined not to be a QDRO or (2) the expiration of the 60-day period. If the qualified status of a DRO has *not* been determined within 18 months of the Fund's receipt of the original DRO, then any amounts withheld pursuant to this paragraph will be released to the Participant. If a modified DRO is received by the Fund after the 60-day period specified above, the Fund shall send the Participant and the Alternate Payee a notice of the receipt of the order and shall proceed in accordance with these procedures (starting with paragraph 3 above).

8. In order to commence receiving benefits after a DRO has been entered by a court and qualified by the Fund, the Alternate Payee must request from and submit to the Fund an

application for benefits. The Fund takes approximately one month to process benefit applications.

9. The present value of all benefits will be calculated using a 7.5% interest rate and the 1983 GAM Table with sex distinct mortality rates, with the Participant valued as a male and the Alternate Payee valued as a female.