



QDRO Processing

OVERVIEW

A Qualified Domestic Relations Order (QDRO) is a judicial order that meets the requirements under ERISA to allow the Plan Administrator to divide a participant's retirement plan assets as a result of divorce or legal separation.

Plan administrators must establish reasonable procedures to determine the qualified status of domestic relations orders under terms of the plan and in accordance with their role as plan fiduciary.

Once the plan administrator verifies a QDRO, assets may be segregated and distributed to alternate payees, who may be the participant's spouse or former spouse, child, or other dependent.

Taxability

QDRO withdrawals are generally rollover eligible and/or reported as taxable income to either the participant or the alternate payee.

Client provides QDRO approval

- The plan administrator or Third Party Administrator (TPA), reviews all DROs to determine if the order constitutes a QDRO under the terms of the plan.
- Straight-through processing and electronic approval through the Plan Service Center (PSC) To-Do List are not available.
- **NOTE:** Clients, at their discretion, may hire an independent third party QDRO consultant to conduct QDRO reviews and approvals on behalf of the plan.

Empower provides QDRO approval services

- The plan administrator amends the plan procedures to adopt a model form of QDRO.
- Empower reviews all DROs to determine if they reflect all required information as stated on the QDRO Model Form.
- Not available for plans offering a Qualified Joint & Survivor Annuity (QJSA) payout option or plans with restrictive QDRO distribution provisions.
- Additional plan administration fees may apply.

How it works

Client provides QDRO approval

Alternate Payee

- Obtains a Domestic Relations Order from a court.
- Submits a copy of the order to plan administrator, TPA, or other third party QDRO consultant.
- Completes an Alternate Payee QDRO Distribution Request form.
- Submits Alternate Payee QDRO Distribution Request form to plan administrator or TPA for approval.

Client/TPA/Third Party QDRO Consultant

- Plan administrator, TPA, or other third party QDRO consultant reviews the DRO.
- Obtains additional information from participant, alternate payee, or legal counsel as needed to determine if the DRO meets the model form of QDRO as defined by the plan.
- Completes the Empower QDRO Plan Approval form upon approving the DRO as a QDRO.
- Submits the QDRO to Empower for processing.
- Receives and approves the Alternate Payee QDRO Distribution Request form.
- Submits the Alternate Payee QDRO Distribution Request form and Empower QDRO Plan Approval form to Empower for processing.

Empower

- Places a distribution restriction on the participant's account when in receipt of a DRO or notified by the Client or TPA of a pending divorce.
- Removes distribution restriction from the participant's account and segregates assets according to instructions provided on the QDRO Plan Approval form once approved and received from the Client or TPA.
- Deposits alternate payee assets into a QDRO takeover account held for the benefit of the alternate payee.
- Processes distribution according to the alternate payee QDRO takeover account to the alternate payee.
- Sends applicable tax forms to the participant and/or alternate payee in the year following the distribution.
- **NOTE:** QDRO takeover accounts cannot be established if the alternate payee is a minor.

Empower provides QDRO approval services

Alternate Payee

- Obtains a copy of the Model QDRO by contacting a Service Center Representative.
- Completes the Model QDRO and obtains appropriate judicial approval.
- Submits a copy of the Model QDRO to Empower.
- Completes an Alternate Payee QDRO Distribution Request form and submits to Empower.
- **NOTE:** Alternate Payee QDRO distribution forms may be submitted at the same time the Model QDRO is submitted for review.

Empower

- Places a distribution restriction on the participant's account when in receipt of a DRO or notified by the Client or TPA of a pending divorce.
- Receives and verifies the submitted Model QDRO contains all required elements and obtains additional information from participant, alternate payee, or legal counsel as needed.
- Sends a QDRO Interpretation letter to all QDRO parties when the QDRO is in good order.
- Removes distribution restrictions from the participant's account and segregates assets according to Model QDRO instructions.
- Sends correspondence to the participant and alternate payee advising informing both parties of the account segregation.
- Processes distribution from the alternate payee's QDRO Takeover Account to the alternate payee if the submitted Alternate Payee QDRO Distribution Request form is in good order.
- Sends applicable tax forms to the participant or alternate payee the year following the distribution.
- **NOTE:** Distributions made to minor alternate payees may be distributed directly from the participant's account without the establishment of a segregated QDRO Takeover Account.

The non-discretionary recordkeeping and administrative services described in this Service Overview are general in nature and reflect the standard service offering. Service descriptions are not specific to any plan provision or administration practice. The recordkeeper may agree to provide an alternate service arrangement, as applicable, if separately requested by the Plan Sponsor.