

**INTERNATIONAL PAINTERS AND ALLIED TRADES
INDUSTRY PENSION PLAN**

**PROCEDURES
FOR DETERMINING THE QUALIFIED STATUS OF
DOMESTIC RELATIONS ORDERS AND
FOR ADMINISTERING DISTRIBUTIONS UNDER SUCH ORDERS**

Under federal law, the vested pension benefits of a participant under a pension plan, including the International Painters and Allied Trades Industry Pension Plan (the “Plan”), generally are not assignable or alienable, even by an order of a state court. There is an exception, however, for domestic relations orders that meet certain requirements set forth in section 206(d) of the Employee Retirement Income Security Act of 1974 (“ERISA”) and section 414(p) of the Internal Revenue Code (the “Code”). An order that meets these statutory requirements is a Qualified Domestic Relations Order (“QDRO”), and may assign some or all of a participant’s pension benefit to an alternate payee. A QDRO typically divides pension benefits in order to resolve property or support issues arising out of divorce or other marital dissolution. Federal law requires the Plan to comply with any order that is a QDRO.

Federal law requires the Plan to establish procedures for reviewing orders that purport to be QDROs, making determinations on whether they qualify as QDROs, and administering orders that are QDROs. This document sets forth the Plan’s procedures for making QDRO determinations and administering QDROs. The Plan will follow these procedures and will not pay benefits in accordance with any order that purports to assign a benefit under the Plan unless the Plan first determines that the order is a QDRO.

These procedures supply information concerning the allocation of benefits from the Plan in a divorce or other domestic relations proceeding. It is the legal responsibility of the Plan to determine if a domestic relations order is a QDRO. Therefore, any domestic relations order must be submitted to the Plan Administrator for review and approval as a Qualified Domestic Relations Order before any assignment of benefits under the order can be honored by the Plan.

There are many options to consider and many decisions that must be made by the parties in establishing a QDRO. To achieve your goals, it is strongly recommended that you read this entire document.

The information contained herein is not intended to be, nor should it be construed as, legal advice to participants or prospective alternate payees. The Plan urges the parties to a domestic relations order to consult a lawyer to ensure that their intentions and interests are accurately reflected in any order.

I. BACKGROUND

About the Plan

The Plan provides retirement benefits to employees who work for employers that contribute to the Plan. Employers make contributions to the Plan pursuant to a collective bargaining agreement or other written agreement with the Plan. Covered employees do not make contributions to the Plan, and they do not have individual accounts in the Plan.

Employees earn benefits under the Plan based upon periods of employment covered by the Plan (or required employer contributions, from 2003 through 2021).

Types of QDROs: Separate Interest and Shared Interest

Because the Plan is a defined benefit plan with no individual accounts, a QDRO does not divide money held in a participant's individual account. Instead, a QDRO allocates portions of the participant's accrued benefit between the participant and the alternate payee. QDROs use either the **Separate Interest method** or the **Shared Interest method** to allocate portions of the participant's benefit. If the participant is already receiving a benefit from the Plan when the Plan receives the order, the order **must** use the Shared Interest method.

The **Separate Interest method** awards a portion of the participant's expected lifetime benefits to the alternate payee, payable over the alternate payee's lifetime unless the order expressly provides otherwise. The Separate Interest method essentially takes a participant's accrued benefit as of a certain date, such as the date of divorce, and creates two separate benefits. Under the Separate Interest method, the alternate payee is granted a separate entitlement to a benefit under the Plan. Likewise, the participant also receives a separate entitlement. Under the Separate Interest method, the alternate payee may be allowed to choose a different starting date or a different form of payment than the participant. On an actuarial basis, however, the two separate benefits in the aggregate cannot have a greater actuarial value than the participant's accrued benefit before the division.¹ The alternate payee may elect to have benefits start on a different date from the date the participant starts benefits, but the alternate payee's starting date may not be before the first of the month following the date the participant reaches age 55 (or would have reached age 55, if the participant is deceased), except where the participant has begun a disability pension, as discussed below, and may not be later than the date on which the participant is required under federal law to begin to receive benefits.

The **Shared Interest method** gives the alternate payee a share of each benefit payment made to the participant. The alternate payee's share may be expressed either as a flat dollar amount monthly or a percentage of the participant's monthly benefit. Under the Shared Interest method, the alternate payee does not have the right to choose the form in which the benefit will be paid or the when the benefit will begin. Rather, the alternate payee is entitled to receive a portion of the

¹ Note that, if the alternate payee is younger than age 55 when the alternate payee starts receiving benefits, the Plan's actuaries will use reasonable actuarial factors to calculate the actuarial equivalent of the benefit payable to the alternate payee.

benefit payable in the form and at the time the participant selects (except to the extent that the QDRO requires the participant to select a particular form of payment).

II. BASIC STATUTORY REQUIREMENTS FOR A QDRO

Definitions

A *participant* means an individual who is earning credit or who has earned pension credit under the Plan and who is or may be entitled to receive a pension benefit from the Plan.

An *alternate payee* means any spouse, former spouse, child or other dependent of a participant who is assigned by a domestic relations order the right to receive all, or a portion of, the benefits payable under a benefit plan with respect to such participant.

A *domestic relations order or order* means any judgment, decree or order (including a court's approval of a property settlement agreement) that (a) 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 (b) is made pursuant to a state or tribal domestic relations law (including a community property law).

A *qualified domestic relations order* ("QDRO") means a domestic relations order that (a) 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 (b) complies with the additional requirements set forth below.

Statutory Requirements

Federal law establishes the basic requirements that an order must meet in order to constitute a QDRO. The requirements summarized below are set forth in more detail in section 206(d) of ERISA (29 U.S.C. § 1056(d)) and section 414(p) of the Code (26 U.S.C. § 414(p)).

- A QDRO must clearly specify:
 1. the name and the last known mailing address of the participant and each alternate payee covered by the order;
 2. 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;
 3. the number of payments or period to which the order applies; and
 4. the name of the Plan to which the order applies.
- A QDRO may not:

1. require the Plan to provide any type or form of benefit, or any option, not otherwise provided under the Plan;
 2. require the Plan to provide increased benefits (determined on the basis of actuarial value); or
 3. require the payment of benefits to an alternate payee that are already required to be paid to another alternate payee under another order previously determined by the Plan to be a QDRO.
- Federal law permits (but does not require) a QDRO to contain any of the following provisions:
 1. A QDRO may require that payment of benefits to an alternate payee begin on or after the date on which the participant reaches (or would have reached, if deceased) the “earliest retirement age” under the Plan’s rules. (An explanation of “earliest retirement age” is provided in paragraph 7 on page 7 below.)
 2. A QDRO may require payment of benefits to an alternate payee as if the participant had retired on the date on which such payment is to begin (but any such payment may take into account only the present value of benefits actually accrued and not the present value of any Plan subsidy for early retirement, unless the participant has begun to receive an early retirement benefit including such subsidy on or before the date the alternate payee commences benefits).
 3. A QDRO may require the payment of benefits to the alternate payee in any form in which such 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).
 4. A QDRO may provide that the former spouse of a participant will be treated as a surviving spouse of such participant for purposes of all or a portion of any pre-retirement or post-retirement survivor annuity payable under the Plan.

III. APPLICATION OF STATUTORY REQUIREMENTS TO THE PLAN

1. Specific Identifying Information Required.

An order must contain all of the specific identifying information referenced above (name, last known mailing address of participant and alternate payee; amount or percentage of benefits to be assigned; number of payments or period to which the order applies; and the full and accurate name of the Plan) in order to be qualified. The Plan may reject any order that fails to include all of this information.

2. Nature of Benefit Assigned.

The Plan provides retirement benefits to participants in the form of annuities that are payable monthly. An order therefore may not assign to an alternate payee a benefit payable in a form other than an annuity (except where the present value of the benefit is as an annuity benefit. No other benefits (except for the Pre-Retirement Death Benefit, which is described below) are available to a participant under the Plan, and therefore the Plan will reject an order that purports to assign any other type of benefit.

3. Amount of Benefit Assigned.

An order must clearly set forth the percentage of the participant's pension benefit that is being assigned to the alternate payee or specify a flat dollar amount that the order requires the Plan to pay to the alternate payee.

If the parties wish, they may provide a formula to calculate the alternate payee's interest, or they may simply designate a given percentage of the participant's benefit calculated as of a specified date. In either case, an order must clearly define the portion of the participant's benefit subject to the percentage or formula. Often an order calculates the alternate payee's interest based on the duration of the marriage and/or the period over which the benefit was earned during the marriage (*e.g.*, "participant's benefit accrued between May 1, 2000 and June 20, 2007" or "participant's benefit as of January 1, 2010, the date of the divorce judgment").

4. Subsidized Early Retirement Benefit.

The Plan has subsidized early retirement benefit options, such as the Special Early Retirement Pension.

5. Post-Retirement Benefit Improvements.

An order may provide that the alternate payee's assigned benefit will share, in full or in part, in any post-retirement benefit improvements (*e.g.*, cost-of-living adjustments) that may be provided to the participant under the Plan.

6. Duration of Assigned Annuity Interest.

An order should specify the duration of an alternate payee's annuity benefit and whether such annuity is based on the participant's life (in the case of a Shared Interest method order) or the alternate payee's life (in the case of a Separate Interest method order) and when the assigned annuity benefit is to end (*e.g.*, by whose life an annuity is to be measured).

Generally, for a Separate Interest method of division, the Plan Administrator first calculates the alternate payee's benefit based on the participant's life expectancy and then actuarially adjusts the alternate payee's portion to reflect the alternate payee's specific

age when benefit payments commence unless the order expressly provides otherwise. With a Shared Interest method of division, an order may specify the number of payments or a period over which the Plan pays benefits to the alternate payee from the participant's benefit payments.

If a participant is already in pay status (receiving benefit payments from the Plan), an order may only assign an alternate payee the right to receive all or a portion of the participant's benefit payments and may not assign an alternate payee the right to receive a separate annuity. If an order assigns an alternate payee a share of the participant's payments, the alternate payee's assigned share will stop when the participant dies, the alternate payee dies, or when any limit stated in the order as to the number or period of such assigned payments is reached, whichever occurs first.

7. Payment Beginning Date.

An order must specify when an alternate payee is to begin receiving benefits.

If the participant is not receiving benefit payments under the Plan, the order may either specify the beginning date for the alternate payee's benefit or may award the alternate payee the right to choose when to begin receiving the assigned benefit. In either case, the assigned annuity benefit may begin to be paid as early as the participant's "earliest retirement age," as specified in the Plan (which is age 55 in most cases; see paragraph 13 below for exceptions), but must begin no later than the April 1 of the calendar year following the later of the calendar year in which the participant reaches the "required beginning date" under section 401(a)(9)(C)(v)) or terminates employment with all employers contributing to the Plan, if later. The starting date of a participant's annuity benefit is the actual date on which the participant begins to receive his or her benefits.

If the participant is receiving benefit payments under the Plan, an order may either specify the beginning date for the alternate payee's benefit or specify that the alternate payee's benefit will begin as soon as practicable after the order is determined to be a QDRO and the alternate payee completes the Plan's benefit commencement application. An order may not specify that payments to an alternate payee will begin earlier than the first day of the second month after the Plan determines that the order is a Qualified Domestic Relations Order.

8. Form of Payment of Assigned Benefit.

The Plan provides optional forms of benefit payment among which a participant may generally choose (with the consent of the participant's spouse, if any). The normal (automatic) form of benefit payment under the Plan for a married participant is a 50% joint and surviving spouse annuity.

An order that assigns an alternate payee a portion of the participant's benefit must clearly either specify the form of benefit in which the alternate payee must receive the assigned portion or provide that the alternate payee will have the right to choose among the forms of benefit payment provided under the Plan. An order may not provide the alternate

payee with the right to elect a joint and survivor annuity with the alternate payee's subsequent spouse as the survivor. If the participant is already receiving benefit payments under the Plan, or if the order specifies that the alternate payee is only to receive a portion of the participant's actual benefit payments, the alternate payee cannot receive the assigned benefit in a different form from the participant.

9. Assignment of Surviving Spouse Benefits.

As required by federal law, the Plan provides the following "survivor" rights to the spouse of a participant: (1) the right to be treated as the surviving spouse for purposes of the Pre-retirement Surviving Spouse Pension, provided under the Plan in the event that a participant dies before commencing benefit payments under the Plan, and (2) the right to be treated as the surviving spouse for purposes of the 50 % joint and surviving spouse annuity provided under the Plan to a married participant. Thus, the Pre-retirement Surviving Spouse Pension protects the spouse from loss of retirement income if the participant dies, while the spouse is still alive, but before the participant begins to receive annuity benefit payments under the Plan. It also protects the spouse from loss of retirement income if the participant dies, while the spouse is still alive, but after the participant begins to receive annuity benefit payments under the Plan. Under either spousal survivor right protection, a surviving spouse receives annuity payments for the rest of his or her life.

An order may provide that an alternate payee will be treated as the participant's surviving spouse for purposes of all or a portion of either the Pre-retirement Surviving Spouse Pension or the 50% Joint and Surviving Spouse Annuity, or both. In such a case, the order must specify the portion of the participant's benefit (typically the portion of the participant's benefit assigned to the alternate payee) to which the treatment of the alternate payee as the surviving spouse will apply. In the case of a Shared Interest method of division, if the order does not explicitly assign a portion of any survivor annuity benefit to the alternate payee, the alternate payee's benefit will end at the death of the participant.

10. Effect of Death on Benefit Assignments.

In some circumstances, the death of a participant or alternate payee named in a QDRO could change the effect of an assignment of rights under a QDRO.

Separate Interest method QDROs:

If the participant predeceases the alternate payee, either before or after the alternate payee starts receiving benefits, the alternate payee's assigned interest will not be affected.

If the alternate payee predeceases the participant before benefit payments commence, the assigned benefits will revert to the participant.

If the alternate payee predeceases the participant after benefit payments commence, benefits will stop when required by the terms of the Plan for the form of benefit selected by the alternate payee.

Shared Interest method QDROs:

If the participant predeceases the alternate payee, the alternate payee's assigned benefit will terminate, with survivor benefits paid only if the alternate payee is named as the surviving spouse in the order.

If the alternate payee predeceases the participant, the alternate payee's assigned benefit will revert to the participant.

11. Federal Tax Treatment of Benefits Paid under a QDRO.

Federal law governs the federal income tax treatment of pension benefits, and a QDRO cannot designate who will be liable for the taxes owed on pension benefits. For a description of the tax consequences of payments to an alternate payee pursuant to a QDRO, *see* Internal Revenue Service Publication 575, Pension and Annuity Income. A local IRS office can provide this publication, or it may be downloaded from the Internal Revenue Service's website at <http://www.irs.gov/pub/irs-pdf/p575.pdf>.

12. Maximum Retirement Benefits.

Federal law may limit the maximum yearly benefit that the participant may receive. Unless the order provides otherwise, any increases or decreases in the aggregate benefits payable under the Plan pursuant to the Code section 415 limitations would be allocated as follows. The participant and alternate payee will share, on a "pro rata" basis, any benefit increase or reduction imposed by the Plan in order to comply with section 415. Any such "pro rata" increases or reductions will be determined at the time benefit payments commence to the participant or alternate payee, as applicable.

13. Disability Pension.

Separate Interest QDROs: the "earliest retirement age" at which the alternate payee may begin benefits (if provided in a QDRO) is the age at which the participant begins to receive a disability pension, if earlier than age 55. In addition, any assignment of benefit to the alternate payee will be based on the participant's actual accrued benefit without the increase applied by the Plan when calculating disability pension amounts.

Shared Interest method QDROs: the order may assign to the alternate payee a flat dollar amount or a portion of the participant's monthly disability pension, just as it can assign the alternate payee a flat dollar amount or a portion of the pension benefit payable to a participant who is not disabled.

14. Satisfaction of Plan Rules Regarding Distributions.

All Plan rules, including those regarding application for and payment of benefits, are applicable to an alternate payee. An alternate payee should keep the Plan Administrator informed of his or her current mailing address and must comply with all of the Plan's rules in order to receive any assigned benefits.

IV. PLAN PROCEDURES FOR DETERMINING QUALIFICATION

1. Parties seeking the entry of an order that would divide a benefit accrued under the Plan between a participant and an alternate payee should contact the Plan Administrator for information.

2. The Plan Administrator will provide the parties, upon request, general Plan information, including a copy of the Summary Plan Description and a copy of these Procedures. The Plan Administrator cannot provide specific information about a participant over the telephone. Additionally, the Plan Administrator cannot provide specific information about a participant to the alternate payee or the alternate payee's lawyer (other than whether the participant has begun to receive benefits) without the participant's written authorization or in response to a valid subpoena.

3. The Plan Administrator will provide interested parties, upon request, with a copy of the Plan's applicable Model QDRO. The Plan recommends that parties use a Model QDRO whenever possible, as they have been developed to accommodate the Plan's specific benefit options and provisions and following the Model will minimize the time and effort involved in obtaining a QDRO.

4. The Plan strongly encourages parties seeking to obtain an order that qualifies as a QDRO under the Plan to submit a draft order to the Plan Administrator for review *before* the order is signed by a domestic relations court. The Plan Administrator will review any such draft order and, as quickly as possible under the circumstances, provide the parties with a written explanation of the Plan's determination whether such a draft order would be a QDRO if issued by a court and any changes necessary to permit the order to qualify as a QDRO under the Plan.

5. Upon receipt of a draft or executed order, the Plan Administrator will notify the participant and each alternate payee named in the order of the receipt of such order and provide the parties with a copy of these Procedures.

6. Within a reasonable time after receipt of an executed order, the Plan Administrator will determine whether the order constitutes a QDRO, and will notify the participant and each alternate payee named in the order in writing of the determination.

7. Any alternate payee or participant named in an order under review by the Plan Administrator to determine the order's status as a QDRO may designate in writing a representative for receipt of copies of notices that are to be sent to the alternate payee or the participant with respect to the order.

8. If the Plan Administrator is reviewing an executed order that purports to assign all or a portion of a participant's accrued benefits to an alternate payee during a period in which the participant is receiving benefits under the Plan, the Plan Administrator will withhold payment of and separately account for the amounts that would have been payable to the alternate payee during such period if the order had been determined to constitute a QDRO (the "segregated amounts"). If, within 18 months after the first payment to an alternate payee would have been due under the order, the order (or a modification thereof) is determined to constitute a QDRO, the Plan Administrator will pay the segregated amounts to the alternate payee entitled thereto under the QDRO. If, within said 18-month period, the Plan determines that the order is not a QDRO, or the issue as to whether the order is a QDRO is not resolved, the Plan Administrator will pay the segregated amounts to the participant (or to such other person who is entitled to receive such payments under the Plan).

9. The Plan will apply any order that is determined to be a QDRO after the expiration of the 18-month period set forth above prospectively only from the date on which the determination is made.

10. If a participant applies for a pension or for a benefit that would be paid as a lump sum under the Plan, and the Plan receives written notice that a party is seeking a QDRO (*e.g.*, by receipt of a draft order or request for pension information on which to base an order) prior to payment, the Plan will delay the payment of benefits for a period of 60 days. If the Plan has not received an executed order within that period of 60 days, the Plan will commence payment of the participant's benefits in accordance with the Plan (unaffected by the receipt of notice that a QDRO is being sought) retroactive to the original effective date of such benefit payments. The Plan Administrator will promptly notify the parties and their representatives of any action taken under this paragraph 10. Upon receipt of an executed order within the 60-day period, the Plan will follow the procedure in paragraph 8 above, and a new 18-month withholding period will start as of the date of the Plan's receipt of the executed order.

11. If the participant dies before a court first enters an order or before the order is provided to the Plan, the Plan may not be able to honor the order to pay benefits to an alternate payee because rights to benefits may vest immediately in other individuals on the date of the participant's death. If the Plan Administrator has knowledge of a pending order and if within 60 days after the death of the participant, the Plan has not received an order that was entered before the date of the participant's death, the Plan will pay any benefits that are payable with respect to the deceased participant in accordance with the terms of the Plan. Thereafter, even if the Plan later receives an order entered prior to the death of the participant, the Plan will not modify or reverse any payments made as a result of the participant's death, and will not modify any future payments to the extent that the right to receive such payments has vested in another individual.

12. Exhaustion of the procedures specified in these Procedures is a necessary prerequisite to pursuing any remedy regarding the status of a domestic relations order in state or federal court.