

QDRO Guidelines for the Retirement Plan for CTA Employees

The Retirement Plan for Chicago Transit Authority Employees will recognize certain domestic relations orders under its Rule 24, a copy of which is attached. An order that qualifies as a “Qualified Domestic Relations Order” under provisions of the Internal Revenue Code and ERISA will satisfy the requirements of Rule 24.

The following is an outline of a form of order that may be used in connection with a “deferred” or “in kind” division of a participant’s benefits under the Plan pursuant to a court order. Paragraph C of the outline is reflective of the types and forms of allowances, benefits and refunds, and options with respect thereto, which are available and may be provided to participants under the Plan and of the points in time when individuals may receive such allowances, benefits and refunds.

Under the form of order, an alternate payee is awarded a portion of a participant’s benefits “if, as and when” the benefits would otherwise be paid from the Plan in the absence of the court order. To achieve this result, the order must be prepared to clearly establish a method or formula for determining the share of the alternate payee. Specifically, Paragraph D must be drafted to identify the alternate payee’s interest in all of the various benefits, allowances and refunds described in Paragraph C.

Domestic Relations Order

This cause coming to be heard for the purpose of entry of a domestic relations order; the court on _____ having entered pursuant to state domestic relations law a judgment approving a marital settlement agreement dated _____, which judgment relates to the provision of payments or marital property rights for _____ who is [describe relationship] of _____; due notice having been given; the court having jurisdiction of the parties and the subject matter; and the court being advised in the premises;

THE COURT FINDS AND IT IS HEREBY ORDERED AS FOLLOWS:

A. The term "Participant" means _____ whose last known mailing address is _____.

The term "Alternate Payee" means _____ whose last known mailing address is _____.

[Please attach an exhibit containing the Participant and Alternate Payee's Social Security Number and Date of Birth. The Retirement Plan needs this information for identification purposes, but the exhibit need not be attached to the order filed with the court.]

B. The date of the marriage of Participant and Alternate Payee is _____ and the Judgment of Dissolution of Marriage between Participant and Alternate Payee was entered on _____.

C. The term "Plan" means the Retirement Plan for Chicago Transit Authority Employees, which is a defined benefit pension plan under which an employee of the Chicago Transit Authority may receive certain types of benefits as follows:

- 1) Under the terms of the Plan, an employee may receive scheduled allowances upon retiring at the normal retirement date or at an allowable early retirement date. Scheduled allowances are paid in equal monthly installments for life and are determined based on compensation and length of employment.

An employee's normal retirement date is the first day of the month following the employee's 65th birthday. An employee may retire at an earlier date after attaining age 55 and having at least 3 years of service, or after having at least 25 years of service regardless of age. Please note that this early retirement pension may be reduced, depending on date of hire, age and years of service.

Employees hired after January 17, 2008 may retire after attaining age 55 with at least 10 years of service and receive a reduced pension.

A married employee who retires may elect a survivorship option to provide a monthly lifetime benefit for his spouse after his death. The employee's scheduled retirement allowance will be reduced to fund the survivorship option. The Plan makes the following options available:

- (i) Retirement allowances with "A" options are reduced for the life of the pensioner and, at the pensioner's death, either all, $\frac{2}{3}$ or $\frac{1}{2}$ of the reduced retirement allowance is paid to the surviving spouse for life.
 - (ii) Retirement allowances with "B" options are similar to those with "A" options, except that if the spouse dies before the pensioner, the pensioner's retirement allowance reverts to the unreduced allowance as if no survivorship option had been elected.
- 2) Under the terms of the Plan, an employee may receive an allowance upon becoming disabled after a certain period of employment. A disability allowance is paid in equal monthly installments for life or until a return to employment and is determined based on compensation and length of employment. A married employee entitled to a disability allowance who has completed 25 years of continuous service may elect survivorship option "A" or "B" as described above.
 - 3) An employee who terminates employment with the Chicago Transit Authority prior to being eligible to retire will be entitled to a refund of his or her contributions to the Plan and interest attributable to his contributions.

An employee who terminates employment with the CTA after completing 10 years of service, but prior to being eligible to retire, may, in lieu of receiving a refund of contributions and interest, elect to receive a monthly allowance for life beginning when he reaches age 65, based on his compensation and service and the Plan's benefit formula in effect at the time his employment terminates.

- 4) The Plan provides for a single sum death benefit to be paid to a retired employee's beneficiaries. The scheduled amount of such death benefit will vary depending upon an individual's years of service and age at retirement.

The designated beneficiary of an employee who dies prior to retirement will receive a refund of contributions and interest; except that if the employee was eligible to retire before his death and was married, his spouse will receive a monthly allowance for life. The designated beneficiary of a retired employee who dies will receive, unless a survivorship option is due, any amounts by which the employee's contributions and interest exceed the total retirement allowances paid to the employee as of the date of his death.

D. Approach 1

The Alternate Payee is hereby assigned and shall receive _____% of any and all benefits to be paid from the Plan to the Participant or on account of the Participant's death; and payment of such assigned benefits shall be made from the Plan to the Alternate Payee at such time as such benefits become payable under the terms of the Plan.

Approach 2

The Alternate Payee is hereby assigned and shall receive _____% of the Marital Portion of any and all benefits to be paid from the Plan to the Participant or on account of the Participant's death; and payment of such assigned benefits shall be made from the Plan to the Alternate Payee at such time as such benefits become payable under the terms of the Plan.

The term "Marital Portion" means the portion of the Participant's interest in the Plan acquired by the Participant during marriage. This portion is determined by multiplying any benefit to be paid to or on behalf of a Participant by a fraction, the numerator of which is the number of full months from the (1) date of the parties' marriage (2) date the Participant commenced participation in the Plan **[insert the later of (1) or (2) and delete the other]** to the (3) date of the judgment of dissolution of marriage (4) date the Participant terminated employment with the Chicago Transit Authority **[insert the earlier of (3) or (4) and delete the other]** and the denominator of which is the total number of full months that the Participant participated in the Plan prior to benefits being paid from the Plan to or on behalf of the Participant.

- E. Nothing in this Order requires and this Order shall not be construed to require any distribution of allowances, benefits or refunds from the Plan at any point in time prior to the time when the Participant or the Participant's designated beneficiary under the

Plan, but for this Order, would be entitled to receive allowances, benefits and refunds from the Plan.

Dated this _____ day of _____, 20__.

ENTER:

JUDGE

Note: The parties may deem it desirable to specify in the Marital Settlement Agreement that the Participant in the Plan make certain types of elections under the Plan in particular circumstances. For example, the Marital Settlement Agreement might provide something along the lines of the following examples:

- (i) The Participant shall, upon retiring at his normal retirement date or at an allowable early retirement date, if married, elect to receive his scheduled retirement allowance with a [specify type] survivor option.
- (ii) The Participant shall, upon terminating employment prior to retiring with at least 10 years of service, elect to receive a monthly allowance for life beginning when he reaches age 65.

Exhibit with Identifying Information

Alternate Payee: _____

Date of Birth: _____

Social Security Number: _____

Participant: _____

Date of Birth: _____

Social Security Number: _____

Plan Rule No. 24

No instruction or direction in regard to the distribution and distributees of allowances, benefits and refunds under this Plan from any person or entity other than an employee who is entitled to receive benefits and to identify beneficiaries under this Plan shall be of any effect upon this Plan and the Board; except that the Board will honor a court order in regard to the distribution of allowances, benefits and refunds under this Plan and the identification of the distributees only under the following circumstances:

- A. The order is made pursuant to a State domestic relations law and is a judgment, decree or order, including the approval of a property settlement agreement, which relates to the provision of child support, alimony payments or marital property rights to an alternate payee who is a spouse, former spouse, child or other dependent of an employee.
- B. The order clearly specifies, to the satisfaction of the Board, the following:
 - (i) The amount or percentage of all of the employee's allowances, benefits and refunds under this Plan to be paid to each alternate payee, or the manner in which such amount or percentage is to be determined.
 - (ii) The number of payments or period to which the order applies, including the allowances, benefits and refunds applicable to the employee's service with the Authority both prior and subsequent to the date of the order.
 - (iii) The name and last known mailing address of the employee and each Alternate Payee covered by the order.
- C. The order does not require this Plan to provide any type or form of benefit, or any option, not otherwise provided; and the order does not require any distribution of allowances, benefits or refunds at any point in time prior to the time than an employee or an employee's beneficiary, but for said order, would be entitled to receive payment of allowances, benefits or refunds.
- D. The order does not require this Plan to make payment of allowances, benefits and refunds to an alternate payee which are required to be paid to another alternate payee under any other order satisfying the requirements of this Rule.

This Rule will be interpreted and applied by the Board so that the Board shall honor only those orders which would satisfy the requirements of Section 414(p) of the Internal Revenue Code of 1986. (Adopted April 21, 1980) (Revised July 20, 1987).