

**UNIVERSITY OF MISSOURI
RETIREMENT, DISABILITY & DEATH BENEFIT PLAN**

***Division of
Benefits Order (DBO)***

Plan design effective January 1, 2005



The University of Missouri Retirement, Disability and Death Benefit Plan (The Plan) is exempt from the 1974 Employee Retirement Income Security Act (ERISA) because it is a governmental plan.

This booklet contains a summary of Section 530.010.K.22 of the Collected Rules and Regulations of the University of Missouri. The University has presented this booklet in a way that is both accurate and easy to understand. However, in the event of a disagreement between this booklet and Section 530.010.K.22 of the Collected Rules and Regulations of the University of Missouri, the Collected Rules and Regulations will prevail. If you have questions, contact the University of Missouri Retirement Department at the address or phone number shown below. The contents of this booklet should not be considered legal advice.

UM, Retired & Columbia Campus

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Faculty & Staff Benefits Department Webpage:

<http://www.umsystem.edu/hrs/benefits>

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Introduction

If you are a Qualified Member under the University of Missouri Retirement, Disability and Death Benefit Plan (the Plan) your vested interest in the Plan is considered “marital property.” If you have been married at any time while a Qualified Member under the Plan and are considering a divorce, your spouse may be legally entitled to receive a portion of your retirement benefit.

The Plan is a “defined benefit” (DB) plan operating as a tax qualified plan under the Internal Revenue Code. In a DB plan, those who vest and meet certain age and service requirements are guaranteed a retirement benefit. This benefit is generally determined by a formula which takes into account your compensation, your years of service and your age.

This booklet is designed to give the parties involved in a marriage dissolution a better understanding of how pension benefits under the Plan may be divided in a divorce proceeding. For your convenience, a summary is located on page 5 of this booklet. Please consult your attorney regarding legal rights during a divorce. The contents of this booklet should not be considered legal advice.

If you have any questions or require additional information, please contact a UM benefit representative at (573) 882-2146.

Explanation of the DBO Provision

Effective January 1, 2005, Section 530.010.K.22 of the University of Missouri Retirement, Disability and Death Benefit Plan permits the division of UM retirement benefits in the event of a divorce. This amendment allows UM to pay a portion of your pension benefit directly to your former spouse at the time you begin receiving payments from UM. Before UM can divide your benefit, a court of competent jurisdiction must issue a Division of Benefits Order (DBO).

There are several important details to remember when considering whether or not to use a DBO:

1. You must be a Qualified Member of the Plan at the date of your divorce.
2. The only way in which UM is legally authorized to divide your benefit is by using a DBO.
3. No payment will be issued to your ex-spouse until you begin receiving retirement benefits from UM (or if eligible, elect the cashout/lump sum/rollover distribution option).
4. UM will not release an estimate of your benefits without your signature, except pursuant to a valid subpoena.

Please consult your attorney to decide which method of dividing your benefit is best for you.

When Will You Be Vested

In order to divide your benefit, you must be vested (a Qualified Member) in the Plan (five years or more of benefit eligible service at least 75% FTE) on the date of your divorce. In other words, you must be eligible to ultimately receive a benefit without regard to future service.

If you are not vested on the date of divorce, your retirement benefit cannot be divided. You must have completed 5 years of benefit eligible service in order to have a benefit that can be divided.

How to Obtain A DBO Estimate

UM requires a Request for DBO Estimate form or subpoena to release your benefit information to another party. Your ex-spouse can use the Request for DBO Estimate form in lieu of requesting the court to issue a subpoena to UM. Your signature, as Qualified Member, is required before we will release information. A Request for DBO Estimate form is included with this booklet.

We will not release information without your signature, except pursuant to a valid subpoena. You will receive a copy of any information released. Information requested by your ex-spouse will be sent to their attorney.

The DBO estimate will show the amount of creditable service, the benefit formula, and the accrued monthly retirement benefit attributable to the period of the marriage.

Calculating the Ex-Spouse Payment

Only the benefit accrued during the dates of your marriage is eligible to be divided. The benefit for service accrued before the marriage and after the date of dissolution specified on the DBO cannot be divided through a DBO. Following is an example of how UM would handle a DBO:

Assumptions

- Qualified Member of the Plan
- Began working for UM 9/1/90
- Date of marriage was 9/1/95
- Date of dissolution is 9/1/02
- Assumes employment has terminated
- Average annual compensation at date of dissolution (based on highest 5 consecutive years of salary) is \$25,000
- Ex-spouse awarded 50% of your benefit in the DBO

Calculating the Ex-Spouse Payment contd.

Service Accrued During Marriage

$$\begin{array}{r} 9/1/02 \text{ (date of dissolution)} \\ - 9/1/95 \text{ (date of marriage)} \\ \hline 7.01 \text{ years of marriage} \end{array}$$

Vested Benefit Calculation (Assumes benefits commence at Age 65)

$$\begin{array}{r} \text{Age 41.86 : Born 11/01/1960} \\ \$25,000.00 \dots \text{Average Compensation} \\ \times 2.20 \dots \text{Multiplier (2.2\%)} \\ \times 7.01 \dots \text{Yrs. and Mths. of Service} \\ \hline \$ 3,855.50 \dots \text{Annual Benefit at age 65} \\ = \$321.29 \dots \text{Monthly Benefit Eligible for Division at age 65} \\ \times .50 \dots \text{Percentage Specified in DBO} \\ = \$160.65 \dots \text{Ex-Spouse Payment} \end{array}$$

How to Obtain a Certified DBO

To assist you in obtaining an acceptable DBO, we recommend you follow these steps:

Step 1

Discuss divorce proceedings with your attorney. Ask about your rights and options regarding “marital property.”

Step 2

Obtain a DBO packet and benefit estimate from UM (may submit a Request for DBO Estimate or subpoena to receive pertinent benefit information). Allow 30 days to obtain an estimate.

Step 3

Have your attorney prepare a DBO according to the information provided in this packet. Submit it to UM for approval 30 days prior to the court date.

Step 4

Have the DBO signed (certified) by the appropriate parties including the judge.

Step 5

Submit a certified copy of the properly completed DBO to UM for processing. UM will not process a DBO until a certified copy is received at UM’s Retirement Benefits office.

When Ex-Spouse Payments Will Begin

Ex-spouse payments under a DBO will begin the later of:

- No more than 60 days after the date the DBO is received by the University (if already retired).
- No more than 60 days after UM receives the DBO and the qualified member begins to receive monthly benefits or elects a lump sum/cashout/rollover.

Benefit payments under a DBO will not be paid retroactively. Appropriate payroll and informational forms must be provided by the ex-spouse, with the certified DBO, before payment will begin. Contact the UM Benefits office at 1-573-882-2146 to obtain the forms.

If You Divorce Before Retirement

In accordance with the DBO, ex-spouse payments will commence when the qualified member begins receiving benefits from UM. Upon your death or the death of your ex-spouse, the DBO will automatically terminate.

If You Divorce After Retirement

Payments to the ex-spouse will begin no more than sixty days following receipt of an acceptable DBO. UM will only divide retirement benefit payments paid after receipt of the DBO. Upon the death of either party, the DBO automatically terminates. If the qualified member is predeceased by the former spouse, the qualified members benefit will increase by the amount otherwise payable to the ex-spouse on the first of the month following the month in which your ex-spouse dies. If the DBO takes effect or terminates during the month, we will pro-rate the first month payment.

If You Elect the Cash Out/Rollover Option (Vested employees only)

Section 530.010.K.13.a and 530.010.K.13.b.1, allows eligible terminated vested members to receive 100% of the present value of their future retirement benefit in a cash out or rollover, depending upon the value of the benefit, after leaving UM employment rather than a monthly benefit at retirement age. If UM has received a DBO prior to processing the payment, your ex-spouse will receive a portion of the cash out/rollover payment accrued during the marriage.

If You Elect the Lump Sum Option (Retiree's only)

Section 530.010.K.13.b.2, allows eligible retired members to receive up to 30% of the present value of their future retirement benefit in a lump sum or rollover after leaving UM. If UM has received a DBO prior to processing the retirement lump sum/rollover payment, your ex-spouse will receive a portion of the lump sum/rollover payment accrued during the marriage.

Information About the Plan

Please remind your attorney that as a governmental retirement plan, UM is not subject to any Qualified Domestic Relations Order (QDRO) issued pursuant to the provisions of the Employee Retirement Incentive Security Act of 1974 (ERISA).

As a qualified member of the UM Retirement, Disability and Death Benefit Plan, you do not contribute to your retirement benefit. Retirement benefits are financed solely by University contributions and investment earnings on those contributions. Because contributions made by your employer fund benefits for all members, you do not have an individual account.

Summary of DBO Provisions

- UM will not automatically divide your retirement benefit in the event of divorce. The only way in which UM is legally authorized to divide your benefit is by using a certified DBO.
- The division amount is negotiable at the time of divorce.
- There may be other alternative methods available to divide the value of your retirement benefit. Ask your attorney about your rights and options.
- If you marry and divorce more than once, the court can authorize more than one DBO. Each order can only divide the benefit accrued during that marriage.
- No payment will be issued to your ex-spouse until you begin receiving benefits from UM (or elect an alternative available option).
- In order to have your benefit divided, you must be eligible for a benefit (vested) on the date specified on the DBO.
- A DBO can be obtained and submitted to UM after the divorce. Don't assume the DBO is automatically part of the divorce.
- The DBO will automatically terminate upon the death of either party.
- Ex-spouse payments are not eligible for cost-of-living allowances (COLAs).

Life Insurance

In the event of a divorce, you may want to change your life insurance beneficiary designations. If your life insurance coverage is administered by the University of Missouri, beneficiary designation forms are available through your payroll/personnel representative or UM's website <http://www.umsystem.edu/hrs/benefits>. Please keep your beneficiary designations current. If you have supplemental life insurance through Minnesota Life, you should contact them at 1-800-843-8358 to update your beneficiary designation.

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**University of Missouri Retirement, Disability & Death Benefit Plan
REQUEST FOR DIVISION OF BENEFITS ORDER ESTIMATE**

SECTION A – QUALIFIED MEMBER INFORMATION			
Qualified Member Name:		Social Security #:	
Hire Date:		EMPL ID #:	
Mailing Address:			
Date of Marriage (copy of marriage certificate must be attached):			
Portion of Qualified Member’s benefits assigned to former spouse (must be stated as a % of qualified members monthly benefit or a fixed monthly amount):			
Expected Date of Divorce:			

SECTION B – DISSOLUTION OF MARRIAGE INFORMATION			
Spouse’s Name:		Social Security #:	
Mailing Address:			

SECTION C – PARTY REQUESTING DBO ESTIMATE			
Provide a Division of Benefits Order (DBO) estimate for the member listed above.			
Name:			
Relationship to Qualified Member: Self <input type="checkbox"/> Spouse <input type="checkbox"/> Qualified Member’s Attorney <input type="checkbox"/> Spouse’s Attorney <input type="checkbox"/>	Mailing Address:	Daytime Phone Number:	

Qualified Member Signature:			
Signature of Requesting Party		Today’s Date:	

Payment will only commence at the same time as the member’s benefits and will cease upon member’s death.

If the person requesting a DBO estimate is not the member, a copy of the estimate and subsequent correspondence will also be mailed to the member.

Please allow 30 days for processing.

The University of Missouri reserves the right to reject any order. (See accompanying documentation)

**Return to: UM Faculty & Staff Benefits
1000 W. Nifong Bldg 7 Suite 210
Columbia, MO 65211**