

CITY OF BATTLE CREEK POLICE AND FIRE RETIREMENT SYSTEM

SUBJECT: DOMESTIC RELATIONS ORDER POLICY

PURPOSE: To establish a procedure to certify domestic relations order (DRO) and eligible domestic relations order (EDRO).

The City of Battle Creek Police and Fire Retirement System Board of Trustees ("Board") approves the following policy to comply with Public Act 46 that requires the establishment of reasonable procedures for determining if domestic relations orders received by the Board are EDROs under the EDRO Act.

The process for certifying a DRO or an EDRO are the same. The key difference being a DRO is used to divide pension benefits of those individuals that have retired prior to the date of divorce. An EDRO is used to divide future pension benefits for members and alternate payees based on a divorce that occurred prior to retirement.

- Sample Orders: The board may provide sample orders for use by its members. It should be noted that a sample is a form only and the parties and/or their attorneys must conduct their own research and investigation of the plan provisions and applicable law, including the EDRO Act.
- Requests for Information: The board respects an individual member's right to privacy and may require requests for personal retirement data by third parties to be accompanied by written permission from the applicable member/retiree, or a court entered order or subpoena.
- Proposed Orders: The parties to a domestic relations proceeding are encouraged to forward their proposed DRO, EDRO or other applicable order to the board for review prior to entry with the court. The board, through its actuary and/or legal representative, may review the proposed order for compliance with plan provisions and applicable law.
- Legal Review & Costs: Legal review, certification and comment, which may include proposed amendments and/or consultation with the parties' attorneys, is performed by the board's legal counsel who also submits billings for their services. The board requires the member or the alternate payee to reimburse the pension fund for all costs associated with certification of a DRO/EDRO. The member/retiree and alternate payee will receive a letter requesting reimbursement for legal services provided during the DRO/EDRO certification. The board makes no determination on who is responsible for

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this payment, but payment must be received prior to the board formally adopting the certified DRO/EDRO or disbursing benefit payments resulting from the approved DRO/EDRO.

- **Notification:** The board acknowledges receipt of all entered court orders by notifying the parties that will be affected by such order (the plan participant, the alternate payee and legal counsel for said parties).
- The board's administrator will request a Final Average Compensation (FAC) Calculation as of the date of divorce or other date specified in the DRO/EDRO. This FAC will be used along with the DRO/EDRO order to determine the benefit payment for the alternate payee.
- **Actuarial Calculations & Cost:** A copy of the order shall be provided to the board's actuary for review and certification that the order does not increase plan costs. The board will pay the normal actuarial costs for determining the amounts otherwise payable to the member (i.e. the amount for calculation of the member's straight life benefit and additional options). Any additional actuarial calculations and costs associated with such calculation that result from the approved DRO/EDRO will be the responsibility of the member/retiree or the alternate payee. Both parties will receive a letter requesting reimbursement for actuarial costs. The board makes no determination on who is responsible for this payment, but payment must be received prior to the board distributing benefit payments.
- Upon approval from legal counsel and review/certification of actuarial calculations (if necessary) the board will, at their next regularly scheduled monthly meeting, adopt a resolution acknowledging receipt of an entered order. A copy of the resolution will be forwarded to the member/retiree, alternate payee, and their attorneys. A copy of the approved order will be placed in the member's retirement file.
- In order for benefit payments to be calculated and paid in a timely manner, the alternate payee must contact the Board's administrator no less than 90 days prior to his/her intended benefit commencement date. The board does not notify alternate payees of their eligibility of benefit payments until such time as the member files application for retirement. If it is the intent of the alternate payee to receive benefit payments prior to the participant's retirement, they must keep track of that date and make contact with the administrator as indicated above.

- The effective date for benefit payments associated with a DRO will be based upon the date the board adopts the resolution at their monthly meeting, unless addressed in the DRO.

POLICY REVIEW: The Board shall review this Domestic Relations Order Policy at least annually. The Board may amend this policy, at any time, by majority vote of the Board.