CHURCH PENSION FUND
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Splitting Your Pension Upon Divorce

Following is general information provided by The Church Pension Fund ("CPF") to participants in The Episcopal Church Lay Employees' Retirement Plan (the "Plan"). The Plan is a defined benefit plan and does not have separate accounts to which a lump sum value can be attributed, as is the case with a defined contribution plan. Therefore, there is no account that can be divided and immediately paid to your former spouse upon divorce. You do, however, have the option of assigning all or a portion of your pension to your former spouse using a qualified domestic relations order (a "QDRO"), as further described below.

Upon the death of an active participant in the Plan, the participant's survivors may be eligible for a lump sum death benefit provided by CPF under The Episcopal Church Lay Employee's Death Benefit Plan. This lump sum death benefit may not be divided using a QDRO.

General Information about a QDRO

A QDRO creates or recognizes the right of a spouse, former spouse, child or other dependent of a plan participant (referred to as an "alternate payee") to all or a portion of the benefits payable to that plan participant. Typically, you would utilize a QDRO if you desire to have CPF pay all or a portion of your pension directly to your former spouse.

Your divorce decree or marital property settlement may specifically order that you divide your pension. Please note, however, that in order for CPF to pay any portion of your benefits under the Plan directly to your former spouse, CPF must act in accordance with a QDRO. Without a QDRO, CPF must pay the benefits under the Plan as specified in the Plan document. Any QDRO must be approved by CPF, and CPF is legally bound only by the terms of a QDRO that it has approved. (If your divorce decree or marital property settlement specifically orders that you divide your pension with your former spouse but you do not have a QDRO approved by CPF, you still may have a legal obligation to pay your former spouse a share of your pension, but you would have to do so yourself.)

A QDRO has tax and legal implications that you should discuss with your own attorney and/or tax advisor.

Choosing a QDRO

As of January 2018, two types of QDROs are generally available:

1. a separate interest QDRO and
2. a shared payment QDRO (also known as a stream of payment QDRO).

Depending on your situation, one type of QDRO may be more advantageous to you and/or your former spouse than the other. The chart below provides more information about each type of QDRO. We strongly recommend that you and your former spouse discuss these options and your specific situation with your own attorneys.

	<u>Separate Interest QDRO</u>	**<u>Shared Payment QDRO</u>**
Who can use it	Participants who are not yet retired	All participants (whether retired or not)
How it works	The alternate payee is assigned a portion of the participant's accrued benefit as of a fixed date. The amount assigned to the alternate payee is segregated (or "cut off") from the participant's own benefit.	The participant's benefit is divided (or shared) between the alternate payee and the participant only after the participant retires and while the participant is still living. The alternate payee's share of the benefit may be determined using various formulas.
Commencement and duration of QDRO benefit	The alternate payee chooses when to commence receiving his or her assigned benefit*, which can be any time after the participant turns age 55 (as long as the participant is vested at that time). The benefit ends when the alternate payee dies. * The alternate payee's assigned benefit is subject to an actuarial adjustment based on his or her life expectancy and also the Plan's early retirement reduction if the alternate payee commences the assigned benefit before the participant is age 65. In addition, if the alternate payee's assigned benefit is less than or equal to $50 per month and the actuarial equivalent present value of the assigned benefit is $1,000 or less, it will be distributed as a single lump sum payment instead of monthly payments over the alternate payee's lifetime.	The alternate payee's share of the benefit commences when the participant actually retires. It ends when the participant dies (or when the alternate payee dies, if earlier).
Benefits[1] that may be split (generally negotiated by the parties):		
• **monthly pension benefit**	Yes	Yes
• **discretionary cost-of-living adjustments ("<u>COLAs</u>")**	If a COLA is a percentage increase, it is automatically applied separately to the alternate payee's assigned portion (as well as to the participant's own benefit).	Yes (regardless of whether a COLA is a percentage increase or a flat dollar amount)
• **other extra or supplemental payments**	No	Yes

[1] The benefits that may or may not be assigned to an alternate payee using a QDRO are described more fully in the enclosed *A Guide to Benefits Under the Lay Defined Benefit Plan.*

	Separate Interest QDRO	**Shared Payment QDRO**
• **preretirement survivor benefit**	No	No
• **post-retirement survivor benefit**	No	No
• **lump sum death benefit**	No	No
Impact of participant's remarriage on QDRO benefit	None	Depending on the terms of the QDRO, the calculation of the alternate payee's share of the benefit may be impacted. (Refer to the model QDRO for more information.)
Impact of participant's death on QDRO benefit	None	If the participant dies before retirement, no benefit is payable to the alternate payee under the QDRO. If the participant dies after retirement, the alternate payee's share of the benefit stops.
Impact of alternate payee's death on QDRO benefit	If the alternate payee dies before commencing his or her assigned benefit and before the participant retires, the amount assigned to the alternate payee reverts back to the participant. In all other cases, the amount assigned to the alternate payee is forfeited.	The alternate payee's share of the benefit reverts back to the participant.

Preparation of a QDRO

If you intend to prepare a QDRO, we recommend that you consult with your own attorney and also use the enclosed model QDRO as a basis for your draft. A copy of CPF's QDRO procedures is also included for your reference.

Once your QDRO is drafted, we highly recommend that you submit an unsigned draft to CPF's Legal Department for pre-approval before filing it in court. If CPF receives a fully executed and/or court-certified QDRO, a hold will be placed on the participant's benefit that would prevent the participant from receiving payments while the QDRO is being reviewed by the Legal Department.

A QDRO will not be implemented by CPF until it is given final approval by CPF.

See the enclosed QDRO procedures for more information.

Other Information

Updating Your Marital Status in CPF's Records

Please remember to report any change in your marital status to our Client Services team by calling (866) 802-6333, Monday – Friday from 8:30AM – 8:00PM ET (excluding holidays), or by email at benefits@cpg.org. You also may download the Personal Information Change Form by visiting our website, www.cpg.org.

> Note: Going through the QDRO determination process does not automatically update your marital status in CPF's records because CPF requires a copy of your divorce decree to update your marital status. If you provide a copy of your divorce decree in connection with the QDRO determination process, the Legal Department will forward it to Client Services to update your marital status. If you do not provide a copy, your marital status will not be updated unless you separately contact Client Services.

Beneficiary Designations & Divorce

Preretirement Survivor Benefit: No beneficiary designation can be made for the preretirement survivor benefit because it is only payable to a participant's legal spouse in accordance with the terms of the Plan.

Post-Retirement Survivor Benefit: If you divorce after retirement, the person who was designated as the beneficiary of your pension (usually your spouse at the time of retirement) will continue to remain your beneficiary. The beneficiary of your pension cannot be changed after you retire even if you subsequently divorce or that beneficiary predeceases you.

Lump Sum Death Benefit: If you have previously designated your former spouse as the beneficiary of the lump sum death benefit, your divorce will not automatically revoke any such beneficiary designation. Your former spouse will remain your beneficiary unless you affirmatively designate a new beneficiary or revoke your prior beneficiary designation in writing. This is true regardless of what your divorce decree or marital property settlement may provide.

See the enclosed *A Guide to Benefits Under the Lay Defined Benefit Plan* for more information.

Privacy & Release of Information

CPF cannot release any specific benefit information to anyone other than the Plan participant unless we receive: (1) a signed and notarized consent form, (2) a power of attorney or (3) a court order or subpoena directing the release of such information and such release is approved by the Legal Department.

Church Plan Status

The Plan is a "church plan" and is exempt from any requirements and regulations under the Employee Retirement Income Security Act of 1974, as amended, and the Retirement Equity Act of 1984.

Contact Information

If you have any questions regarding QDROs or the determination process for QDROs, please contact the Legal Department via e-mail at QDRO@cpg.org.

If you have general questions about the Plan or the other benefits that CPF provides to eligible participants or their survivors, you may contact our Client Services team at (866) 802-6333, Monday – Friday from 8:30AM – 8:00PM ET (excluding holidays), or via email at benefits@cpg.org.

This document is provided to you for informational purposes only and should not be viewed as investment, tax or other advice. In the event of a conflict between the information contained in this document and the official plan documents, the official plan documents will govern. CPF retains the right to amend, terminate or modify the terms of any benefit plans described in this document at any time, without notice and for any reason.

CPF plans to continue to provide the Medicare Supplement Health Plan subsidy. However, CPF must maintain sufficient liquidity and assets to pay its pension and other benefit plan obligations. Given uncertain financial markets and their impact on assets, CPF has reserved the right, in its discretion, to change or discontinue providing a Medicare Supplement Health Plan subsidy.