

DIVORCE/LEGAL SEPARATION AND DOMESTIC RELATIONS ORDER (DRO)

FREQUENTLY ASKED QUESTIONS (FAQ)

QUESTION	ANSWER
<p>1. I am divorced or divorcing (or legally separating or separated), what documents do I need to provide to the PSPRS/System?</p>	<p>Forward one (1) plain complete copy of your Divorce Decree (or Legal Separation) to the PSPRS Paralegal. Please ensure that you send all of the pages, the Judge's signature or stamp is on the Decree (or Legal Separation) is visible, and if there are any Exhibits or Attachments referenced in the Decree (or Legal Separation), include a complete copy of them as well. The Paralegal will review the complete documents and will send the member a determination letter in the mail.</p> <p>The Paralegal's contact information is as follows:</p> <p>Mail: PSPRS 3010 E. Camelback Road, Suite 200 Phoenix, AZ 85016 Attn: Legal Dept.</p> <p>Fax: (602) 296-2374 Email: legalteam@psprs.com</p> <p>Note: Unless you are electing to refund or retire within the next month or so, it may take up to sixty (60) days to review your Decree (or Legal Separation) and provide a Determination Letter.</p>
<p>2. Do I need to provide a court certified copy of my Divorce Decree?</p>	<p>No, a plain copy as described above is acceptable.</p>
<p>3. I am divorced or am divorcing, how do I update my Beneficiary information?</p>	<p>You will need to complete a Beneficiary Designation Form, or DROP Beneficiary Designation Form, as applicable, located on our website in the Forms section.</p> <p>Note: Divorce automatically terminates your ex-spouse for a surviving spouse pension; however, to maintain your ex-spouse as a beneficiary of any remaining contributions on account, you <u>must</u> complete a new Beneficiary Designation Form <u>after</u> the date of divorce.</p>
<p>4. I am involved in a legal separation. How would this affect my benefits as a member and as a legally separated spouse?</p>	<p>A legal separation would not preclude the member from any pension benefits, or the former spouse from the spousal survivor (death) benefit pursuant to statute; however, if a divorce is granted, the spousal survivor (death) benefit for the spouse would automatically cease.</p>
<p>5. My former spouse was awarded a portion of my pension benefit account in the divorce/legal separation. What do I do now?</p>	<p>Arizona Revised Statutes §§ 38-860 (A), 38-910(A) and 38-822(A) requires that a Domestic Relations Order (DRO) be prepared. See below for an explanation and information regarding DROs.</p>
<p>6. What is a Domestic Relations Order?</p>	<p>A Domestic Relations Order (DRO) or Qualified Domestic Relations Order (QDRO) is an Order signed by the Judge that creates or recognizes the existence of an "alternate payee's" (the former spouse) right to receive, or assigns to an alternate payee the right to receive, all or a portion of the benefits payable with respect to a participant (the member) under a retirement plan. The DRO tells the plan how to split a member's pension benefits once the member either terminates his/her employment and applies for a refund of his/her contributions <u>OR</u> retires. The System has a DRO template located on our website in the Forms section.</p>
<p>7. Do I need to hire an attorney to prepare my DRO?</p>	<p>Unless your Decree specifically states that you must hire an attorney or a specific attorney to prepare your DRO, no you do not. Please see our form as referenced above.</p>

8.	I have prepared my DRO, what do I do now?	<p>It is highly recommended that you provide a copy of the DRO to the PSPRS Paralegal for review prior to filing it with the court. After the Paralegal has reviewed your DRO, the parties will receive a Determination Letter in the mail. The Paralegal cannot provide legal advice and is not reviewing the DRO from a legal standpoint. The review is necessary to ensure that all the required statutory provisions are included in the DRO and, if using our form, that all the appropriate blanks and boxes have been completed.</p> <p>The Paralegal's contact information is as follows:</p> <p>Mail: PSPRS 3010 E. Camelback Road, Suite 200 Phoenix, AZ 85016 Attn: Legal Dept.</p> <p>Fax: (602) 296-2374 Email: legalteam@psprs.com</p> <p>Note: Unless you are electing to refund or retire within the next month or so, it may take up to sixty (60) days to review your Decree (or Legal Separation) and provide a Determination Letter.</p>
9.	Do I need to provide a court certified copy of my DRO?	<p>Yes, once the DRO has been reviewed and the Judge has signed your DRO, please request from the Court Clerk a certified copy and <u>mail the court-certified copy</u> of the DRO to the PSPRS Paralegal.</p> <p>The Paralegal's contact information is as follows:</p> <p>Mail: PSPRS 3010 E. Camelback Road, Suite 200 Phoenix, AZ 85016 Attn: Legal Dept.</p> <p>Upon receipt of the court certified DRO, the Paralegal will mail to the member and former spouse a letter acknowledging receipt of the court certified DRO.</p>
10.	My former spouse was NOT awarded his/her community portion of my pension benefit account in the divorce/legal separation. Do I still need to prepare a DRO?	<p>No, a DRO is required ONLY if an alternate payee/former spouse was awarded a portion of a member's pension benefits.</p>
11.	My former spouse was awarded a portion of my PSPRS/CORP/EORP pension benefits in the divorce/legal separation; can he/she receive his/her portion now?	<ul style="list-style-type: none"> ❖ If you are an active member (still working and contributing to the plan), your former spouse cannot receive his/her portion of the member's pension benefits until the member either terminates (or is terminated) his/her employment and applies for a refund of his/her contributions <u>OR</u> retires. ❖ If you are retired (currently receiving a monthly pension benefit which does not include current DROP participation) and depending when the DRO was received, the distribution to the former spouse will be processed at the end of the month in which the DRO was received, or the following month.
12.	Can my former spouse elect to take his/her portion of my pension as a lump sum?	<ul style="list-style-type: none"> ❖ If you are terminating your position (or are terminated) and are applying for a refund of your contributions, you will receive your portion as a lump sum and your former spouse will receive his/her portion in a lump sum. ❖ If you are retiring, you will receive your pension monthly and your former spouse will receive his/her portion of your pension monthly. ❖ The former spouse may receive his/her portion of the member's benefits at the same time and in the same manner as the member.

13.	My former spouse and I were not married at the time I entered into DROP and/or my divorce decree/DRO does not mention the DROP. Will my former spouse receive any portion of my DROP?	Unless it is specifically stated that the former spouse will <u>not</u> receive any portion of the DROP, the former spouse may receive his/her proportionate share of the DROP.
14.	Is the benefit taxable to the former spouse?	<p>Yes and, as such, a 1099R statement will be issued to the former spouse. However, depending on the type of distribution (i.e., lump-sum payment versus monthly benefit payments) awarded to the former spouse, the tax liability may vary and because the PSPRS cannot provide you with tax advice and because the tax rules are complex, you may wish to consult a qualified tax professional.</p> <p>For general tax information, please refer to the <i>Special Tax Notice Regarding Plan Payments</i> located on our website in the Forms section.</p>
15.	If the member predeceases the former spouse either prior to retirement, or after retirement, will the former spouse receive or continue to receive her share of the pension benefits?	No. If the member predeceases the former spouse, any share of the benefits that the former spouse was entitled to receive, or was receiving, will cease upon the members death. The statutes for death/survivor benefits will commence.
16.	If the former spouse predeceases the member either prior to retirement, or after retirement, will the share awarded to the former spouse automatically revert to the member?	Unless the DRO specifically states that the former spouse's share will revert to the member, by law, the former spouse's share will be paid to the former spouse's estate upon receipt of court-appointed personal representative documentation.
17.	If the member or the former spouse remarries, will the benefits to either party stop?	Generally, no; however, if there is specific language in the Decree/DRO that the retirement System/Plan can and must adhere to, then a review by the Legal Department will be performed. If there is no specific language in the Decree/DRO that would preclude the members from receiving the benefits upon a remarriage, then the benefits awarded to each party will continue.
18.	My former spouse was awarded spousal support in the Divorce/Legal Separation. Do I need to prepare a Domestic Relations Order?	No, the System cannot split a member's account due to spousal support. Spousal support is completely separate and different from an award of a community portion of a member's PSPRS/CORP/EORP pension benefits in a divorce/legal separation.

If you have additional questions concerning divorce decrees, legal separations or DROs, please contact our office (602) 255-5575, extension 2055; however, the System cannot provide legal advice and does not represent its members or former spouses. Should you have questions of a legal nature, consultation with an attorney of your choice is recommended.