

NORTHERN ILLINOIS ANNUITY FUND

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Administered by

Welfare & Pension Administration Services, Inc.

QDRO PROCEDURE

- I. **Procedure after receipt of order.** The Plan will apply the following procedure whenever it receives an order which purports to be a qualified domestic relations order (“QDRO”).
 1. **Plan Administrator's responsibility.** The Plan Administrator is responsible for administering the QDRO Procedure. The purpose of the QDRO Procedure is to establish a reasonable and consistent procedure for determining the qualified status of a domestic relations order and for making distributions pursuant to a domestic relations order which qualifies under Internal Revenue Code §414(p). A domestic relations order will not fail to qualify as a QDRO merely because the order is issued after, or revises, another order or QDRO, or because the time of issuance of the order (*e.g.*, after the participant’s death or after the annuity starting date).
 2. **Notice to participant and to alternate payee.** Within ten days after receipt of a domestic relations order, the Plan Administrator will notify the participant and any alternate payee of the receipt of the order, and will deliver to the participant and to each alternate payee a copy of this QDRO Procedure.
 3. **Segregation of Account.** The Plan Administrator, for any period during which the Plan Administrator (or a court of competent jurisdiction) is determining the issue of whether the order is a QDRO, will account separately for the amount of the participant’s benefit which is subject to the order. The Plan Administrator will segregate the “QDRO amount” if possible.
 4. **Review of order.** The Plan’s legal counsel will review the order within a reasonable time to determine its qualified status. The legal counsel will complete a QDRO Determination Checklist with respect to each order the Plan receives. In most circumstances, the legal counsel will complete review of the order within 30 days of receipt. After review, the legal counsel will determine whether the order is a QDRO.
 5. **Suspension of participant distributions.** If the participant is receiving benefits from the Plan at the time of receipt of the order, the Plan Administrator will suspend distributions to the participant to the extent the Plan Administrator deems necessary to comply with the order should the legal counsel determine the order is a QDRO.
 6. **Determination order is a QDRO.** If the legal counsel determines the order is a QDRO:
 - a. The Plan Administrator will notify the participant and each alternate payee the order is a QDRO and the Plan will distribute pursuant to the QDRO. The Plan Administrator will notify the participant and each alternate payee of the decision in writing within 30 days of the determination.
 - b. If the QDRO requires immediate payment, the Plan will pay the designated benefits as soon as administratively feasible.
 - c. If the Plan cannot make the distribution within 90 days of the determination of qualified status of the QDRO, the Plan Administrator will advise the parties of the delay, of the reason for the delay and of the date by which the Plan expects to make payment.
 - d. The Plan Administrator will advise the participant when the Plan has completed payment to the alternate payee.
 - e. The Plan will maintain a separate accounting (which may include a segregated account) for each alternate payee until the Plan has completed benefits under the QDRO.

- f. Each alternate payee is entitled to file with the Plan a beneficiary designation in the same manner as a participant in the Plan, except that the joint and survivor annuity provisions do not apply to the alternate payee's spouse.
7. **Determination order is not a QDRO.** If the Plan Administrator determines the order is **not** a QDRO:
 - a. The Plan Administrator will advise the participant and each alternate payee of the adverse decision and of the reasons for the adverse decision. The Plan will advise the participant and each alternate payee of the decision within 30 days of the determination by mailing to each party a copy of the QDRO Determination Checklist, which will include the Plan Administrator's certification of the decision.
 - b. The Plan will discontinue separate accounting for the amounts payable under the order. The Plan will pay the benefits to the party entitled to receive the benefits. If the participant is not entitled to a present distribution of any of the segregated benefits, the Plan simply will continue to account for the participant's benefits as if the Plan had not received the order.
 - c. If the Plan Administrator determines the status of the order within the 18-month period beginning on the date the order would require the first payment, the Plan Administrator may delay distribution of any benefits subject to the order if the Plan Administrator has reason to believe a party will seek to cure the defects in the order. The Plan Administrator will continue to delay distribution during the period the Plan Administrator determines to be necessary to fulfill the Plan Administrator's fiduciary duties under the Plan.
8. **Consultation with legal counsel.** The Plan Administrator will consult with the Plan's legal counsel in case of questions which arise with respect to the interpretation of any provision of the order with respect to the qualified status of the order.
9. **Charges against participant's account.** The plan will charge a fixed QDRO processing fee, as determined by the trustees.

II. **Procedure prior to receipt of order.** The Plan will apply the following procedure prior to the Plan's receipt of a domestic relations order.

1. **Requirements for application.** The Plan will proceed as described in paragraph 2. below if the Plan receives (verbal or written) confirmation from a participant or from the participant's spouse: (1) a domestic relations action (including a divorce) is pending or the participant and spouse are seeking a domestic relations order; (2) the Plan will receive a domestic relations order as a result of the action described in (1); and (3) Plan assets will be a source of payment under the domestic relations order.
2. **Suspension of participant investment or distributions.** If the Plan receives notice satisfying the preceding paragraph 1. (a) the Plan will suspend any right of the participant to direct any investments during the period the Plan Administrator is awaiting receipt of the domestic relations order and is determining the qualified status of the order; and (b) if the participant is receiving benefits from the Plan at the time the Plan receives notice satisfying the preceding paragraph 1., the Plan Administrator will suspend distributions to the participant to the extent the Plan Administrator deems necessary, based on the notice provided by the participant and spouse.
3. **Ninety-day limitation.** If, after 90 days from the receipt of notice described in paragraph 1., Section II, the Plan Administrator has not received a domestic relations order relating to the participant's benefits, the Plan Administrator will cancel the suspension of participant investment or distributions, and will administer the Plan as if the Plan Administrator had not received the notice described in paragraph 1. If, during the 90-day period, the Plan Administrator receives a domestic relations order relating to the participant, the Plan Administrator will proceed to determine the qualified status of the order under Part I of this QDRO Procedure. The participant and spouse, before or after the expiration of the 90-day period, may provide the Plan Administrator a subsequent notice. If the subsequent notice satisfies the requirements of paragraph 1, the Plan will apply the provisions of this Part II with respect to the subsequent notice.