

Domestic Relations Orders Guide



Powering Your Future, Together.

Navigating divorce can feel overwhelming, but understanding Domestic Relations Orders (DROs) is a key step in protecting your financial future. This guide breaks down what DROs are, how they can affect your DERP Pension Benefit, and what you need to know to make informed decisions.

Whether you're actively employed, or already retired, your DERP Pension Benefit could be impacted by any of the following:

- Dissolution of marriage
- Legal separation
- Declaration of invalidity of marriage

Your DERP Pension Benefit is considered marital property, and your former spouse may be legally entitled to receive a portion of the benefit. This guide is designed to explain our Domestic Relations Order (DRO) procedures and how your DERP Pension Benefit could be divided.

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Domestic Relations Orders and Your DERP Pension Benefit

What's a Domestic Relations Order?

A Domestic Relations Order (DRO) is a court order that divides your DERP Pension Benefit between you and your former spouse. You and your former spouse must agree on the division of your benefit allowing us to make direct benefit payments to them.

How Does a DRO Affect My DERP Pension Benefit?

A DRO specifies the amount of your DERP Pension Benefit to be paid to your former spouse as either a percentage or exact dollar amount.

The amount divided is based on your employment status.

➤ Active or Inactive Vested Members

If you're vested when the DRO is entered, the amount divided is based on the DERP Pension Benefit earned while both married and employed. If a percentage is elected, the amount may be reduced up to 30% if you retire before reaching normal retirement age and may be reduced if you select the Joint and Survivor benefit option at the time of retirement.

➤ Retired Members

If you're retired when the DRO is entered, the amount divided is based on the DERP Pension Benefit earned while both married and employed.

➤ Non-Vested Members

If you're non-vested, contact us to discuss if a DRO is appropriate for your situation.



Watch Our Video

Our Domestic Relations Orders and Divorce video talks about how a DRO can affect your DERP Pension Benefit.

Click or scan the QR code to watch.



When Do Domestic Relations Order Payments Begin and End?

The terms and conditions of when your former spouse's DRO payments begin and end are:

When do DRO Payments Begin?

➤ **Active or Inactive Vested Members**

Payments to your former spouse begin when you start receiving a DERP Pension Benefit. There is no mandatory retirement age, and you can continue to work indefinitely. Upon your retirement, we'll notify your former spouse and send the Domestic Relations Order Benefit Application to begin payments.

➤ **Retired Members**

Payments to your former spouse begin no later than the first day of the month 30 days after the date we approve the DRO. Upon receipt and approval of the DRO, we'll notify your former spouse and send them the Domestic Relations Order Benefit Application to begin payments.

➤ **Deceased Members**

If you pass away before you retire, your former spouse can receive monthly payments specified in the DRO on the first day of the month after the date you would have been eligible to receive a normal DERP Pension Benefit. However, your former spouse is only eligible for a payment if a benefit is being paid to your beneficiary at that time.

When Do DRO Payments End?

Payments to your former spouse continue until your death, unless your former spouse elects to take the extended payment option, in which the payments will end upon their death. No contingent beneficiary can be named by your former spouse for continued payments after their death. If you're retired when your former spouse passes away, your DERP Pension Benefit increases the month after their death to include the amount of the benefit they were receiving.

➤ **Extended Payment Option**

Your former spouse can elect the extended payment option when completing the Domestic Relations Order Benefit Application to begin receiving DRO payments. The extended payment option reduces the agreed upon DRO payment to your former spouse, to provide an ongoing payment after your death. The reduced amount your former spouse will receive is based on your age and theirs at the time the DRO payments begin. The reduction of your DERP Pension Benefit is still based on the agreed upon DRO payment, not the reduced monthly amount your former spouse would receive.

What Documents Are Required?

Required Documents

- **Divorce Decree**
We must have a copy of your divorce decree that has been ordered by the court.
- **Domestic Relations Order Parties Form**
Complete this form to identify the parties of the DRO.
- **Domestic Relations Order Agreement***
Complete this form to show agreement between the parties regarding the benefit division.
- **Domestic Relations Order Court Form***
Complete this form and file it with the Domestic Relations Order Agreement for court approval and entry.

* The Domestic Relations Order Court Form and Domestic Relations Order Agreement must be approved and entered by the court either upon the entry of the decree and permanent orders, or within 180 days afterwards. These documents must then be submitted to DERP within 90 days after entry of the DRO by the court.

Optional Form

- **Domestic Relations Order Release Authorization**
Complete this form to release your personal information to another individual or firm.

What Are the Steps to Obtain a Domestic Relations Order?

- 1. Email Help@DERP.org to request an estimate.**
We'll send a DRO estimate showing the amount of service credit and accrued monthly DERP Pension Benefit attributable to the period of the marriage.
- 2. Complete and file the forms with the court.**
The required forms are available online at DERP.org/Forms. The Domestic Relations Order Court Form and Domestic Relations Order Agreement must be approved and entered by the court either upon the entry of the divorce decree and permanent orders, or within 180 days.
- 3. Send us a copy of the court approved Domestic Relations Order Agreement and other required forms.** We must receive these documents within 90 days after approval of the DRO by the court.

What Happens Next?

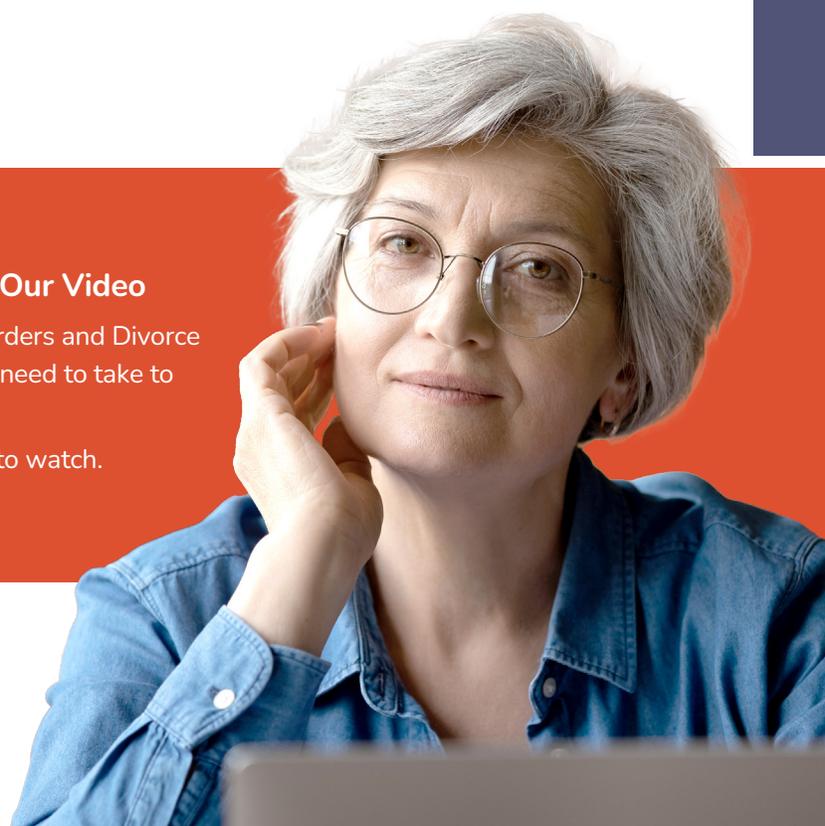
When we receive and approve the court-approved Domestic Relations Order Agreement, we'll send letters to both parties acknowledging the acceptance of the DRO and defining the division of your DERP Pension Benefit.



See How it Works in Our Video

Our Domestic Relations Orders and Divorce video lists the steps you'll need to take to obtain a DRO.

Click or scan the QR code to watch.



Frequently Asked Questions

Is a DRO required?

No. A DRO is not appropriate or necessary in every case. It's important to consult with your attorney regarding the use and effect of a DRO. Whether a DRO is appropriate depends on the particular facts and circumstances surrounding your case.

Is pre-approval of the DRO Agreement required from DERP?

If the DRO is approved by the court but rejected by us, you'll have to go to court again to seek a DRO that meets our requirements, or we won't be able to accept the DRO.

For this reason, we strongly recommend submitting all the required documents to us for pre-approval before submitting them to the court. That way, we can make sure everything is complete and meets our requirements. If something's missing or incorrect, we won't be able to accept the DRO. To give us enough time to review, send us your completed Domestic Relations Order Agreement and Domestic Relations Order Court Form at least two weeks before you plan to submit them to the court.

Can the DERP DRO forms be changed?

No. The forms can't be changed. We can't accept them if they are.

What if DERP does not accept the DRO?

If the DRO was submitted for pre-approval, you must make the necessary changes before submitting it to the court. If the DRO wasn't submitted for pre-approval and has been signed by the court and rejected by us, you'll have to go to court again to get a DRO we can approve. If you can't correct the error, we can't enforce the DRO.

Can a DRO agreement be modified?

Yes, a DRO can be modified as long as you and your former spouse agree to the modification in writing and you submit the modification to the court for approval. It must be approved and entered by the court within 180 days after the entry of your divorce decree, and we must receive it within 90 days after. We must also receive the modified Domestic Relations Order Agreement at least 30 days before we make the first payment under the modified DRO.

What if I remarry?

If you remarry before you retire and select the Joint and Survivor benefit option at retirement, the benefit paid to your new spouse is based on the retirement benefit after the division to your former spouse has been paid.

If you're retired when you remarry, your new spouse isn't eligible to be a joint and survivor beneficiary because the option selected at retirement is irrevocable.

Are my former spouse's payments subject to taxes?

Yes. We can withhold federal and state taxes, and your former spouse will receive a Form 1099R for their portion of your DERP Pension Benefit paid to them. This is true even if the Domestic Relations Order Agreement says you'll pay all taxes. The payment is considered retirement income to your former spouse and may be eligible for a Colorado exemption.

We can't provide tax counseling. Consult your personal tax advisor, the IRS, and/or the Colorado Department of Revenue for any tax-related questions.

Is my former spouse eligible to enroll in group health insurance through DERP?

No. These benefits are for you and your qualified dependents only.

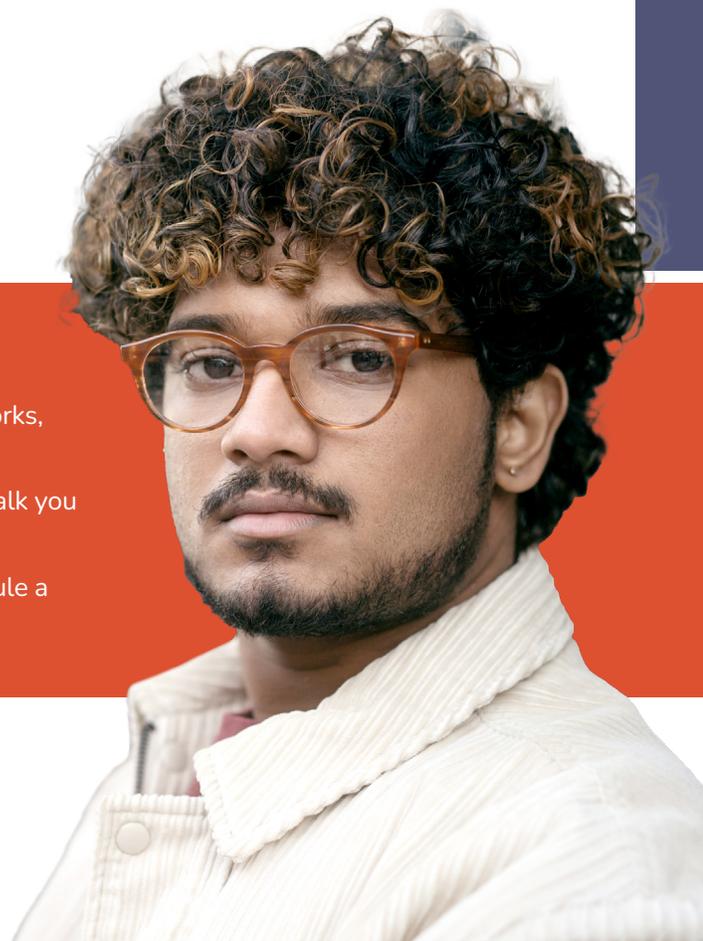


Schedule an Appointment

If you have questions about a DRO or how it works, schedule an appointment.

Our team of membership services representatives can walk you through the process, step by step.

Email Help@DERP.org or call (303) 839-5419 to schedule a one-on-one appointment.



Disclaimer

The DERP Domestic Relations Orders and Divorce Guide is intended primarily for the members of the Denver Employees Retirement Plan (DERP) to provide a general overview. DERP is governed by the Revised Municipal Code of the City and County of Denver, as well as the Internal Revenue Code and its rules and regulations. The information contained in this guide can't be relied on as legal authority. In all cases, the provisions of the governing laws, rules, and regulations will apply.



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