

Firemen's Annuity and Benefit Fund of Chicago

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QILDROs

STATEMENT OF POLICY OF THE FABF

REGARDING APPLICATION OF

QILDROs TO MEMBERS' RETIREMENT BENEFITS

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FOREWORD

The following information is designed to assist members when their retirement benefits are being considered for possible division in divorce proceedings. This booklet was created to provide a general overview of the QILDRO provisions and the basic rules governing the content of QILDROs. Members are encouraged to obtain legal counsel in connection with any matter relating to the application of QILDROs. Beginning July 1, 1999, the Firemen's Annuity and Benefit Fund of Chicago (FABF) will accept Qualified Illinois Domestic Relations Orders, or "QILDROs" entered against FABF members. A QILDRO is a court order that transfers part or all of a member's retirement benefits to an alternate payee.

Much of the information provided is based on express statutory language and requirements imposed upon Illinois public retirement systems by QILDRO legislation. This legislation, with an effective date of July 1, 2006, amended the Illinois Pension Code by adding a new section 1-119 (40 ILCS 5/1-119), and by modifying portions of the Illinois Marriage and Dissolution of Marriage Act [750 ILCS 5/503].

This subject matter relating to QILDRO may be of considerable financial significance. It is strongly recommended that the member obtain the assistance of legal and/or other expert assistance. This information is provided with the understanding that FABF is not rendering legal, financial, tax or other professional advice. FABF does not assume responsibility for the specific consequences resulting from application of the information in this packet to a particular member or alternate payee.

This informational summary is for information purposes only and conveys no rights other than those provided by the QILDRO legislation. Nothing contained in this summary shall be considered binding on the FABF. All matters set forth herein are subject to modification or amendment. All references to the QILDRO legislation are qualified in their entirety by reference to the definitive form of such legislation.

If you have any questions regarding this material please contact Ms. Lori Lund at the office of the Fund, (312) 726-5823.

TIMELINE OF EVENTS

The following timeline of events should be observed when FABF benefits are being considered in divorce proceedings.

<i>2-3 months before court date</i>	Telephone FABF and request a QILDRO information packet.
<i>6-8 weeks before court date</i>¹	Submit request for benefit information for divorce via member's written or verbal authorization or subpoena.
<i>Within 45 days after receipt of request or subpoena</i>	FABF sends a statement of accumulated contributions, accrued Pension Benefits, Refund of Contribution Amount, Partial Member Refund (No Spouse) amount, and Death Benefit Amount as of the date of the request or another requested date.
<i>Court date</i>	Illinois court may, in its discretion, enter a QILDRO.
<i>Immediately following Court date</i>	Send certified copy of the QILDRO to FABF, Attention: Lori Lund, accompanied by a nonrefundable \$50 processing fee by check payable to the Firemen's Annuity and Benefit Fund of Chicago. NOTE: If the QILDRO applies to a person who became a FABF member prior to July 1, 1999, the QILDRO must be accompanied by the member's original written Consent to Issuance of QILDRO.
<i>Within 45 days after receipt of court order</i>	FABF notifies member and alternate payee by 1st class mail that: (1) the court order was received; (2) whether the court order is a valid QILDRO; and (3) if not a valid QILDRO, reason, why it is invalid. <u>If allocation to alternate payee is on a dollar amount basis and the member is not retired, the QILDRO is placed in file. If member is retired, the order will be processed within 30 days of receipt of the valid order and distribution will begin with the next annuity payment.</u> <u>If allocation to the alternate payee is on a percentage basis and the member has retired, FABF will provide the effective date of the retirement, benefit commencement date, number of months of pensionable service credit, gross amount of annuity, gross amount of any partial contribution refund (no spouse), and gross amount of death benefits. FABF will advise of the need for a QILDRO Calculation Order and that payment to the Alternate payee will begin with the payment occurring at least 30 days after the QILDRO Calculation Order is received by FABF.</u> <u>If allocation of benefits is on a percentage basis and member is not retired, FABF will provide initial service date, pensionable service credit to the most recent date, benefit estimate at most recent date, amount of partial contribution refund as of date and amount of death benefit as of date.</u>
<i>QILDRO Calculation Order. When member is not retired and FABF receives 1) request for retirement application from member; 2) request for refund application from member; 3) notice of death of member.</i>	Within 45 days of FABF receiving all information necessary to determine the benefit payable, FABF will advise of the need for a QILDRO Calculation Order and provide the effective date of retirement, benefit commencement date, total pensionable service credit, gross amount of annuity and/or gross amount of contributions refund and /or partial contributions (no spouse) refund and gross amount of death benefits.
<i>Within 45 days after receipt of QILDRO Calculation Order.</i>	FABF will acknowledge receipt and notify if order is valid. If not valid, clear or does not match the original QILDRO order, FABF will notify all parties.
<i>Receipt of payments</i>	Alternate payee receives the first payment at the time of the first payment to the member occurring at least 30 days after FABF received the valid QILDRO.

¹ Please allow a **minimum** of 4-6 weeks for FABF to process requests for benefit information for divorce purposes.

FABF POLICY REGARDING APPLICATION OF QILDRO TO RETIREMENT BENEFITS

Division of Benefits

In marital dissolution proceedings, a common issue is the manner and extent to which a person's retirement benefits may be divided between the pension holder and his or her former spouse. Benefits provided by the Firemen's Annuity and Benefit Fund of Chicago ("FABF") are not subject to Qualified Domestic Relations Orders ("QDROs"). Under state law, FABF benefits may not be paid to anyone other than the member, except to an alternate payee pursuant to a valid Qualified Illinois Domestic Relations Order, commonly referred to as a "QILDRO". FABF will begin accepting QILDROs received on and after July 1, 1999. Unless there is a valid QILDRO in place, FABF will pay retirement benefits to the member. It is the member's obligation to honor a divorce decree directing payment to an ex-spouse.

In 1998 the Illinois legislature passed what is known as the QILDRO legislation. This legislation, with an effective date of July 1, 1999, amended the Illinois Pension Code by adding a new section 1-119 [40 ILCS 5/1-119], and by modifying portions of the Illinois Marriage and Dissolution of Marriage Act [750 ILCS 5/503]. A QILDRO may require FABF to pay all or a portion of a FABF member's retirement benefits to an "alternate payee". An alternate payee is usually the member's former spouse, but may also be a current spouse, child, or other dependent of the member.

In 2005, a revised QILDRO law was passed with an effective date of July 1, 2006. The new law expands the QILDRO to apply to lump sum death benefits and allows for division of benefits on a percentage basis and provides a QILDRO Calculation Order for that purpose. The law is very specific regarding what information is to be provided by FABF and when it must be provided. The law further states the responsibilities of the member, alternate payee and their representatives regarding the calculation of benefits, allocation methods and filing requirements.

The QILDRO legislation does not change the law that determines an appropriate division of marital assets. A member should consult his or her divorce lawyer about what assets are included in the couple's marital property, and about the division of those assets. **FABF cannot and does not give legal or tax advice about the proper division of retirement benefits in a given case.**

Benefits Affected by a QILDRO

Monthly Retirement Benefits. An alternate payee may receive all or a portion of a member's monthly retirement benefit which may or may not include a percentage of any automatic annual increase.

Refunds. An alternate payee may receive all or a portion of a member's refund. The types of refunds that may be subject to a QILDRO are:

- A termination refund (40 ILCS 5/6-158)
- A refund of spouse contributions (partial refund) (40 ILCS 5/6-160)

The QILDRO form has separate blanks that may be filled in for the two types of refunds: (1) termination refunds; and (2) refund of spouse contributions or a partial refund. If there is an amount filled in for a member's refund, the total amount the alternate payee will receive from a member's refund will not exceed the dollar amount specified.

Death Benefits. An alternate payee may receive all or a portion of a member's death benefit. A death benefit means any non-periodic benefit payable upon the death of a member to a member's estate or designated beneficiary, including any refund of contributions to the estate following a member's death, whether or not the benefit is so called under the applicable Article of the Pension Code.

Benefits Not Affected By a QILDRO

The QILDRO legislation does not apply to survivor benefits, disability benefits, or health insurance benefits. A QILDRO that states it applies to any of these benefits is invalid.

FABF provides four types of survivor benefits: (i) a widow's or spousal annuity (ii) a child's annuity (iii) handicapped child's annuity and (iv) parent's annuity. A QILDRO may not order payment of any type of survivor's benefit to an alternate payee.

FABF provides three types of disability benefits: (i) a duty disability benefit; (ii) an occupational disease disability benefit; and (iii) an ordinary disability benefit. A QILDRO may not order payment of any type of disability benefit to an alternate payee.

The QILDRO legislation does not apply to health insurance benefits. Eligibility to participate in the City of Chicago's Annuitant Plan is not affected by the existence of a QILDRO. Acquiring a status of "alternate payee" under a QILDRO does not make the alternate payee eligible for health insurance benefits through the City of Chicago Plan.

Who May Be an Alternate Payee

An alternate payee may be a current spouse, former spouse, child, or other dependent of a member. Anyone who does not fit one of these categories cannot be designated as an alternate payee.

Providing Information About a Member's Retirement Benefits

A divorcing member may be required by law to provide other parties and the court with information regarding the value of his or her retirement benefits. The FABF Contribution Statement covers the period of entrance into the Fund through the end of the prior fiscal year and provides information concerning the member's service credit and contributions. Members of the Fund will receive Contribution Statements at the 3rd quarter of each year.

If benefit information is desired specifically for divorce purposes, FABF will provide a more detailed statement regarding the value of a member's retirement benefits. The statement provides information as to contributions made to the Fund from date of entry to the date of request with interest and what portion of these contributions have been made toward a spouse annuity. Benefit information for divorce will be provided in response to a subpoena, a member's request, or the member's written authorization to release the information. FABF will provide benefit information within 45 days of receiving the request or subpoena.

FABF does not provide actuarial opinions as to the present market values of a member's benefits or other interests. FABF does not assume future events such as additional service credit or future salary increases. FABF may, by written request, provide information isolated as to the marital period only. The information provided reflects the facts of the member's actual FABF service credit and contribution history based on the data on file with FABF at the time the information is requested. If the member is not vested, retirement benefit information will not be provided. FABF will provide accrued retirement benefits as of the date of the subpoena or member's authorization.

Use of FABF Adopted Forms

FABF, along with other Illinois public retirement systems, has adopted a QILDRO form to be used when a QILDRO applies to a FABF member. A sample of the required QILDRO form and instructions for completing the form are contained in this packet. ***FABF can only accept QILDRO Orders that are on the form adopted by FABF. Go to www.fabf.org for the QILDRO form, in PDF that can be filled out online and printed. This will insure that the correct form is used. FABF has placed it's logo on each page of the order to assist in verifying that the correct form is used.***

FABF, along with other Illinois public retirement systems, has adopted the QILDRO Calculation Order form contained in the most recent law to be used when a QILDRO calls for a division of benefits on a percentage basis. The QILDRO Calculation Order form is used in conjunction with the QILDRO to divide benefits. A sample of the required QILDRO Calculation form is contained in this packet. ***FABF can only accept QILDRO Calculation Orders that are in the form adopted by FABF. These forms are also available in PDF format at www.fabf.org.***

If FABF membership began before July 1, 1999, the member must sign and submit a *Consent to Issuance of QILDRO* form before FABF may honor a QILDRO entered against that member. Article XIII, Section 5 of the Illinois Constitution prevents FABF from honoring a QILDRO against a pre-July 1, 1999 member unless accompanied by the required consent form. The consent form is required even if a court enters a QILDRO against a pre-July 1, 1999 member. Once signed and submitted to FABF, the consent form is irrevocable.

FABF, along with other Illinois public retirement systems, has adopted a *Consent to Issuance of QILDRO* form to be used when a QILDRO applies to a pre-July 1, 1999 member. A sample of the *Consent to Issuance of QILDRO* form is contained in this packet. ***FABF can only accept the consent form adopted by FABF. These forms are also available in PDF format at www.fabf.org.***

Procedure for Filing a QILDRO with FABF

When FABF Began Accepting QILDROs. FABF began accepting QILDROs contained in this document pursuant to the revised QILDRO law on or after July 1, 2006. A QILDRO (in the amended format) received prior to July 1, 2006 will be returned to the sender and may be resubmitted after July 1, 2006.

Where to Send QILDRO. QILDROs should be sent to the Office of the Firemen's Annuity and Benefit Fund of Chicago.

**Firemen's Annuity and Benefit Fund of Chicago
Attn: QILDRO ORDERS
Twenty South Clark, Suite 1400
Chicago, Illinois 60603**

The order will be deemed received on the date the office of the Firemen's Annuity and Benefit Fund of Chicago receives it.

\$50 Processing Fee. Each QILDRO and each QILDRO Calculation Order must be accompanied by a nonrefundable \$50 processing fee payable to the Firemen's Annuity and Benefit Fund of Chicago (checks or money orders only, please). A separate \$50 payment is required each time a new or modified QILDRO or QILDRO Calculation Order is submitted to FABF. Orders not accompanied by the processing fee will be returned immediately without review.

Notice. Within 45 days after the FABF receives the court order, FABF will notify the attorney submitting the order by first class mail that it has received the order and whether it is a valid QILDRO/QILDRO Calculation Order. If FABF determines that the order is not a valid QILDRO/QILDRO Calculation Order, the notice will specify the reason or reasons. Once an order is deemed valid the FABF will notify the attorney submitting the order, the member, and the alternate payee that the order is valid and has been accepted by FABF.

Requirements For a Valid QILDRO

For a court order to be valid a QILDRO, it must satisfy all of the following criteria:

- (1) The QILDRO must be accompanied by a nonrefundable \$50 processing fee, payable to the Firemen's Annuity and Benefit Fund of Chicago.
- (2) If the order applies to a person who became a FABF member before July 1, 1999, it must be accompanied by the original *Consent to Issuance of QILDRO* form signed by the member. The member's signature must be notarized.
- (3) The order must be a certified copy of the original.
- (4) The order must have been issued by an Illinois court of competent jurisdiction in a proceeding for declaration of invalidity of marriage, legal separation, or dissolution of marriage that provides for the distribution of property, or any proceeding to amend or to enforce such a property distribution.
- (5) The order must contain the name, residence address, and social security number of the member.
- (6) The order must contain the name, residence address, and social security number of the alternate payee.
- (7) The order must identify the Firemen's Annuity and Benefit Fund of Chicago as the retirement system to which it is directed.
- (8) The order must identify the court that issued it.
- (9) The order must specify the dollar amount or percentage of the retirement benefit, refund payable or death benefit payable to the alternate payee.
- (10) The order must specify whether the portion of the retirement benefit payable to the alternate payee will or will not increase due to automatic annual increases.

- (11) The order must apply only to benefits that are statutorily subject to QILDROs. *(See Benefits Affected By a QILDRO, above).*
- (12) The order must be on the form adopted by FABF. Any alterations to the form will invalidate the order.
- (13) The effective date of the order must be on or after July 1, 2006.
- (14) The QILDRO Calculation Order must not be completed in a manner that changes the intent of the QILDRO to which it relates.

Correcting Minor Deficiencies

Certain minor deficiencies in the court order may be corrected during the 60-day period following the date FABF sends notice of the deficiency or deficiencies. This 60-day period is called the “cure period”. Only the following deficiencies may be corrected during the cure period:

- (1) The order is not accompanied by a nonrefundable \$50 processing fee payable to the Firemen’s Annuity and Benefit Fund of Chicago.
- (2) The order is not a certified copy of the original.
- (3) The order omits the residence address or social security number of the member or the alternate payee.
- (4) The order contains an inaccurate social security number of the member or alternate payee.
- (5) The order contains a misspelled name of the member or alternate payee.
- (6) Any other deficiency deemed by FABF to be of a minor nature.

If the member is receiving monthly benefits, has a refund application pending, or a death benefit is pending when the court order is received, FABF will hold the portion of the benefit payable to the alternate payee during the cure period until: (i) the order is resubmitted during the cure period and FABF determines that all deficiencies have been corrected; or (ii) the cure period expires.

If the order is resubmitted during the cure period and FABF determines that all deficiencies have been corrected, the QILDRO will be deemed received as of the first date the order was received in the office of the FABF, and the QILDRO will be deemed accepted.

If the cure period expires and the order has not been resubmitted or if all deficiencies have not been corrected, the order will be deemed rejected as of the date the order was first received in the office of the FABF. Once the order is rejected, any amounts held during the cure period will be paid to the member.

Other Deficiencies

All other deficiencies will invalidate the order and cannot be cured during the cure period. An order that has one or more of the following deficiencies is invalid:

- (1) The order applies to a person who became a FABF member before July 1, 1999, and is not accompanied by a valid *Consent to Issuance of QILDRO* signed by the member and notarized.
- (2) The order is not issued by an Illinois court of competent jurisdiction.
- (3) The order identifies a different retirement system.
- (4) The order does not identify the court that issued it.
- (5) The order does not specify the dollar amount or percentage of each benefit to be paid to the alternate payee, or it contains a formula. The QILDRO Calculation Order contains an incomplete formula.
- (6) The order does not specify whether the alternate payee will or will not receive a proportional share of any applicable cost of living adjustments or automatic annual increases received by the member.
- (7) The order applies to a benefit that is not statutorily subject to QILDROs.
- (8) The order is not on the form adopted by FABF.
- (9) The effective date of the order contained in this document pursuant to the revised QILDRO Act is prior to July 1, 1999.

In these cases, it will probably be necessary for the parties to obtain a new order from the appropriate court. The new order must be accompanied by another \$50 processing fee. FABF will review the new order once it has been submitted to determine whether it meets all requirements.

Effect of a Valid QILDRO

Once FABF has determined that a QILDRO is valid, one of the two following scenarios will occur.

- (1) If the **member has not retired**, and if the QILDRO provides for an **allocation of retirement benefits on a dollar amount basis**, the QILDRO will be placed in the member's file and the QILDRO will be implemented when the first affected benefit payment commences. **If the allocation of retirement benefits is on a percentage basis and the member is not retired**, FABF will provide the initial service entry date, pensionable service from date of entry to the most recent date, providing the date used, a retirement estimate as of that date (if the member is vested), the amount of any refund of contributions as of that date, the amount of any partial refund (refund of spouse contributions) as of that date, and the amount of any death benefit as of that date. In the future when the member applies for retirement benefits, within 45 days of the FABF receiving all information necessary to determine the benefit payable, FABF will provide the effective date of retirement, the benefit commencement date, the total amount of pensionable service, gross amount

of retirement annuity, gross amount of any contributions refund or partial refund (refund of spouse contributions) and the gross amount of the death benefit as of that date. If a QILDRO Calculation Order did not accompany the QILDRO, FABF will advise the need for a QILDRO Calculation Order. FABF will determine an anticipated payment to the alternate payee based on information in the QILDRO, if it is possible to do so. FABF will hold the alternate payee's anticipated payment and pay the member's monthly retirement benefit, less the amount held for the alternate payee, pending receipt of the Calculation Order. Once the Calculation Order is received FABF will adjust the amount payable in accordance with the Calculation Order and begin paying the alternate payee. However, if it is not possible for FABF to determine an anticipated payment based only on the QILDRO, then neither the member or the alternate payee will be paid until the Calculation Order is received.

- (2) If the **member is retired**, and if the QILDRO provides for an **allocation of retirement benefits on a dollar amount basis**, payment to the alternate payee will begin with the first payment occurring at least 30 days after the QILDRO was received by FABF.

If the allocation of retirement benefit is on a percentage basis and the member is retired, FABF will provide the retirement effective date, benefit commencement date, total amount of pensionable service credit, gross amount of annuity and amount of automatic annual increase (if applicable), amount of partial refund (refund of spouse contributions), if it has not yet been paid to the member, and the gross amount of the death benefit.

If a QILDRO Calculation Order did not accompany the QILDRO, FABF will advise of the need for a QILDRO Calculation Order. FABF will determine an anticipated payment to the alternate payee based on information in the QILDRO, if it is possible to do so. FABF will hold the alternate payee's anticipated payment and pay the member's monthly retirement benefit, less the amount held for the alternate payee pending receipt of the Calculation Order. Once the Calculation Order is received FABF will adjust the amounts payable in accordance with the Calculation Order and begin paying the alternate payee. However, if it is not possible for FABF to determine an anticipated payment based only on the QILDRO, then neither the member nor the alternate payee will be paid until the Calculation Order is received.

- (3) When a QILDRO provides for the allocation of a refund, partial refund, or death benefit on a dollar amount basis the QILDRO will be placed in the member's file and will be implemented when the refund is requested or at the death of the member.

When a QILDRO provide for the allocation of a refund, partial refund, or death benefit on a percentage basis, if no QILDRO Calculation Order is on file, FABF will advise of the need for a QILDRO Calculation Order. FABF will hold the refund, partial refund, or death benefit until the QILDRO Calculation Order is received.

If a member has applied for a refund or the **beneficiary on file has applied for a death benefit** which has not yet been approved by the Board when FABF receives a QILDRO and/or QILDRO Calculation Order that applies to the refund or death benefit, FABF will hold the refund until the court clarifies whether the QILDRO and/or QILDRO Calculation order applies to the pending refund or death benefit payment. It is the member's or beneficiary's responsibility to obtain clarification from the court. If the refund or death benefit payment has already been granted by the Board of the FABF but not yet paid, it will be held pending further clarification from the court and the member or beneficiary will be notified.

Current Address of Alternate Payee

Each alternate payee is responsible to keep FABF informed of his or her current residence address. FABF must have the alternate payee's current address in order for the alternate payee to receive payment. The law does not require FABF to search for a missing alternate payee, other than sending notice to the last known address. Any changes of address must be made in writing to the office of the FABF.

Allocation of Benefits on a Dollar Amount Basis. When a member becomes eligible to receive a retirement benefit, refund or death benefit, FABF will send notice to the alternate payee's last known address. If the notice is returned undelivered, FABF will hold the amount payable to the alternate payee for 180 days from the date FABF sent the notice or the date the benefit becomes payable, whichever is later. The amount held will not bear interest. If FABF is notified of the alternate payee's current address within 180 days, FABF will pay the amount held to the alternate payee. If FABF does not learn of the alternate payee's current address within 180 days, FABF will pay the amount held to the member or beneficiary. If FABF later becomes aware of the alternate payee's current address, FABF will implement the QILDRO but the alternate payee will have no right to any amounts already paid to the member or beneficiary.

Allocation of Benefits on a Percentage Basis. When a member becomes eligible to receive a retirement benefit or refund, or due to the death of the member a death benefit or refund of contributions to the estate is payable, FABF will send notice by certified mail to the alternate payee's last known address. FABF provides the effective date of the retirement, benefit commencement date, total amount of pensionable service credit, gross amount of annuity, gross amount of refund of contributions, gross amount of partial refund (refund of spouse contributions) and gross amount of death benefits. If a QILDRO Calculation Order did not accompany the QILDRO, FABF will advise of the need for a QILDRO Calculation Order. If the notice is returned undelivered, FABF will hold the amount payable to the alternate payee for 180 days from the date FABF sent the notice or the date the benefit become payable, whichever is later. The amount held will bear no interest. If FABF is notified of the alternate payee's current address within 180 days, FABF will pay the amount held to the alternate payee. If FABF does not learn of the alternate payee's current address within 180 days, FABF will pay the amount held to the member or in the case of a death benefit, the member's beneficiary. If FABF later become aware of the alternate payee's current address, FABF will implement the QILDRO, beginning with the first payment occurring at least 30 days after the current address become known, but the alternate payee will have no right to any amounts already paid to the member or beneficiary.

Amount Payable to the Alternate Payee

An alternate payee's rights are not greater than the member's rights. An alternate payee is only eligible to receive payment if and when the member becomes eligible to receive the benefit or refund or a death benefit become payable. A QILDRO cannot order payment to an alternate payee that would not otherwise have been payable to the member or beneficiary.

A QILDRO must specify the dollar amount or percentage payable to the alternate payee. FABF cannot calculate the amount from a formula. If the QILDRO states a formula rather than a dollar amount or percentage, the QILDRO is invalid. The QILDRO form allows the parties to elect whether the amount payable to the alternate payee will or will not increase proportionately if the member's retirement benefit increases due to post-retirement cost of living adjustments or automatic increases. The election must be designated by checking the appropriate box in the QILDRO form. If a designation is not indicated the order is invalid. If the QILDRO indicates that the alternate payee will receive such increases, those increase will be measured by the same proportion that the alternate payees allocation bears to the members benefit at the time the QILDRO become effective.

If the amount payable to an alternate payee exceeds the actual amount of the benefit payable to the member, the excess must be disregarded. If there are multiple QILDROs against the member, FABF will honor all of the QILDROs to the extent possible. If the total amount payable to all alternate payees exceeds the actual amount of the benefit, the QILDROs will be satisfied in the order that FABF received them. Amounts payable to multiple alternate payees will not be adjusted pro rata. Amounts that cannot be paid because the benefit is not large enough to cover all amounts payable must be disregarded. FABF is not responsible to an alternate payee or any other person for amounts that remain unpaid because the benefit is not large enough.

If the member received an overpayment or owes FABF any other amount, the amount owed will be deducted from the benefit or refund before the alternate payee is paid. In some instances, a benefit may be subject to an existing tax lien or withholding order. If the benefit is not large enough to pay the amount due an alternate payee under the QILDRO plus the amount due under the tax lien or withholding order, FABF will notify the member and the alternate payee. FABF will continue to deduct the amount due under the tax lien or withholding order ahead of the amount due the alternate payee, until FABF receives different instructions from the court that issued the QILDRO. It is the member's or alternate payee's responsibility to obtain clarification from the court if the QILDRO should take priority ahead of an existing tax lien or withholding order.

If a benefit subject to a QILDRO subsequently becomes subject to a tax lien or withholding order, the amount due will be deducted from the portion of the benefit payable to the person subject to the tax lien or withholding order. The remainder of the benefit will be payable to the recipient unaffected by the tax lien or withholding order. FABF is not required to make up any amounts not paid due to recoupment of an overpayment, tax lien, or withholding order.

Application for Benefit by Alternate Payee

An alternate payee who is entitled under a QILDRO to all (not just a portion) of a member's benefit may apply for the benefit, but only if all other qualifications and requirements for payment of the benefit have been met. The alternate payee may not apply for a member's benefit under the following circumstances: (i) the alternate payee is only entitled to part of the member's benefit; (ii) the member is earning service credit (including service credit granted to members receiving disability benefits); or (iii) the member is below the minimum age for receiving an retirement annuity from FABF.

Modified QILDROs

A modified QILDRO should be sent to the office of FABF in the same manner as a new QILDRO. A separate \$50 processing fee payable to the Firemen's Annuity and Benefit Fund of Chicago must be paid each time a modified QILDRO is submitted to FABF. If a modified QILDRO applies to a person who was a FABF member before July 1, 1999, the modified QILDRO must be accompanied by the member's original signed *Consent to Issuance of QILDRO* form.

A modified QILDRO will hold the same priority of payment that the original QILDRO held, as long as the modified QILDRO does not; (i) increase the amount of any benefit payable to the alternate payee, or (ii) affect a different benefit. If a modified QILDRO does increase the amount or affect different benefits, the modified QILDRO will lose the priority held by the original QILDRO. Priority of payment will then be based on the date the FABF received the modified QILDRO. If the benefit is subject to multiple QILDROs, losing the original QILDROs priority could actually result in a reduced payment to the alternate payee. If the benefit is not large enough to pay the total due under all QILDROs, only the amount remaining after all other QILDROs have been paid will be available.

Expiration of a QILDRO

A QILDRO expires upon the death of the alternate payee. The right to receive the affected benefit will then revert to the member.

A QILDRO expires upon the death of the member.

A QILDRO may terminate when a specified number of monthly payments have been made.

A QILDRO expires when the member takes a refund that terminates the member's participation in FAFB. This is true even if the member's refund is paid to an alternate payee. A QILDRO that expires because the member takes a refund is not automatically renewed by the member's subsequent return to FAFB membership.

Income Tax Reporting

The member and alternate payee will receive an income tax form 1099-R by February 1st of each year for the previous calendar year.

Information About FABF

The Firemen's Annuity and Benefit Fund of Chicago was established in 1931 and is governed by legislation contained in the Illinois Compiled Statutes, particularly Chapter 40, Act 5, Article 6 which specifically and exclusively refers to the Fund. The Fund can be amended only by the Illinois General Assembly. The Fund is a single-employer defined benefit pension plan with a defined contribution minimum. The Fund was created for the purpose of providing retirement and disability benefits for employees of the City of Chicago employed under the provisions of the Municipal Personnel Ordinance as fire service and for the dependents of such employees. The Fund is considered to be a component unit of the City of Chicago and is included in the City's financial statements as a pension trust fund.

The Statutes authorize a Board of Trustees of eight members to carry out the provisions of the Article. According to the Article, four members of the Board are ex-officio and four are to be elected by the employee members of the Fund. The four ex-officio members are the City Treasurer, the City Clerk, the City Comptroller, and the Deputy Fire Commissioner. All members of the Board of Trustees are fiduciaries in respect to the Fund and are statutorily mandated to discharge their duties, as such, solely in the interest of the Fund's participants and beneficiaries.

GLOSSARY

Alternate Payee	The spouse, former spouse, child or other dependent of a member, as designated in a QILDRO. [40 ILCS 5/1-119(a)(1).]
Death Benefit	Any non periodic benefit payable upon the death of a member to a survivor of the member or to the member's estate or designated beneficiary, including any refund of contributions following the member's death, whether or not the benefit is so called under the applicable Article of the Illinois Pension Code. [40 ILCS5/1-119(a)(2).]
Disability Benefit	Any periodic or non-periodic benefit payable to a disabled member based on occupational or non-occupational disability or disease, including any periodic or non-periodic increases to the benefit, whether or not the benefit is so called under the applicable Article of the Illinois Pension Code. [40 ILCS 5/1-119(a)(3).]
Member	Any person who participates in or has service credit in FABF, including a person who is receiving or is eligible to receive a retirement or disability benefit, without regard to whether the person has withdrawn from service. [40 ILCS 5/1-119(a)(4).]
Member's Refund	A return of all or a portion of a member's contributions that is elected by the member (or provided by operation of law) and is payable before the member's death, prior to age 50 with more than 10 years of service and prior to age 57 with less than 10 years of service upon termination of employment. [40 ILCS 5/1-119(a)(5).]
Refund of Spouse Contributions (Partial Refund)	A return of the portion of the member's contributions made for widow's annuity. A refund of deductions for spouse annuity is only made to the member if at the time of retirement the member is not married. Additionally, these monies represent a portion of the total contributions made by the member to this Fund and have been included in the total contribution amount communicated to the alternate payee.
Refund of Contributions to the Estate	A refund of all remaining contributions accumulated in the account of a deceased fireman from salary deductions for annuity purposes, including interest, which has not been paid to him or any of his eligible survivors in the form of an annuity or benefit.
Qualified Illinois Domestic Relations Order or "QILDRO"	An Illinois court order that creates or recognizes the existence of an alternate payee's right to receive all or a portion of the member's accrued benefits in FABF, is issued pursuant to Section 1-119 of the Illinois Pension Code and Section 503(b)(2) of the Illinois Marriage and Dissolution of Marriage Act, and meets the requirements of Section 1-119 of the Illinois Pension Code. A QILDRO is not the same as a qualified domestic relations order or QDRO issued pursuant to Section 414(p) of the Internal Revenue Code of 1986. [10 ILCS5/1-119(a)(6).
QILDRO Calculation Order	An Illinois Court order that provides the amount of retirement benefit, refund, partial refund and death benefit that is subject to a QILDRO allocation of benefits on a percentage basis as issued pursuant to Section 1-119 of the Illinois Pension Code.

Regular Payee	The person to whom a benefit would be payable in the absence of an effective QILDRO. [40 ILCS 5/1-119(a)(7).]
Retirement Benefit	Any periodic benefit payable to a retired member based on age or service, or on the amounts accumulated to the credit of the member for retirement purpose, including any periodic or non-periodic increases in the benefit, whether or not the benefit is so called under Article 16 of the Illinois Pension Code. [40 ILCS 5/1-119(a)(8).]
Surviving Spouse	The spouse of a member at the time of the member's death. [40 ILCS 5/1-119(a)(10).]
Survivor's Benefit	Any period benefit payable to a surviving spouse, child, parent, or other survivor of a deceased member, including any periodic or non-periodic increases in the benefit, whether or not the benefit is so called under Article 16 of the Illinois Pension Code. [40 ILCS 5/1-119(a)(11).]
Pensionable Service Credit	Service for which salary from the Chicago Fire Department was received and employee and city contributions have been received as specified in 40 ILCS 5/6-166 and 5/6-211.

Guidelines for Completing the QILDRO, Section IX of the QILDRO, and the QILDRO Calculation Order

The member, alternate payee and their legal representatives will decide:

- (1) which benefits will be divided.
 - (a) Retirement Annuity
 - (b) Refund of Contributions
 - (c) Partial Refund (Refund of Spouse Contributions)
 - (d) Death Benefit
- (2) when the allocation will begin
- (3) when the allocation will end
- (4) will the alternate payee share in post retirement increases
- (5) will the allocation of benefits be on a flat dollar amount basis, percentage of marital portion basis, or percentage of gross benefit basis at commencement of benefits.

After the decisions are made regarding the benefits to be divided and the methods to be used, a QILDRO, QILDRO Section IV, and QILDRO Calculation Order may need to be completed, approved by the Court and filed with FABF.

All necessary forms are provided in this document and these FABF approved forms **MUST** be used when filing any of the forgoing orders with the Firemen's Annuity & Benefit Fund of Chicago.

