



The Agenda

Retirement Pension Committee
August 11, 2011
3:30 PM

CALL TO ORDER

CONSENT AGENDA

Approval of Minutes – 5/12/11

OLD BUSINESS:

- Core Bond SAGIC Rate
- Publicizing Quarterly Pension meetings

NEW BUSINESS:

- Introduction of Associate Vice President Chad Smith – Morgan Stanley Smith Barney
- Request approval for Mass Mutual to take on administrative review of QDRO – Qualified Domestic Relations Orders
- Investment Performance Review – Morgan Stanley Smith Barney
- Quarterly Review

ADDITIONAL ITEMS

- Next scheduled Pension Board Meeting – November 10, 2011 at 3:30pm

ADJOURNMENT

Retirement Pension Committee

Allen McCarty, Chairman - Jack Krakeel, Vice Chairman
Connie Boehnke, Wayne Hannah, Allen McCullough, Tony Parrott

Staff Members

Lewis Patterson, Lori Smith

Meeting Location

Commissioners Conference Room
Administrative Complex
140 Stonewall Avenue
Fayetteville, GA 30214

Important Disclosures:

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Economic Highlights

- In its June 24 update, the Department of Commerce estimated that Gross Domestic Product (GDP) grew at an annual rate of 1.9% in the first quarter of 2011, in comparison with 3.1% in the fourth quarter of 2010. Both Morgan Stanley and Citi economists forecast that U.S. GDP will grow 2.7% in 2011.
- For the second quarter, the seasonally adjusted unemployment rate rose from 9.0% for April to 9.2% for June. The number of jobs increased slightly during the quarter by both seasonally adjusted and unadjusted measures. While the number of jobs in construction, manufacturing, and services grew, the number of government jobs declined at the local, state, and federal levels.
- According to the most recent estimate from the Commerce Department, corporate profits rose 2.9% between the fourth quarter of 2010 and the first quarter of 2011, and 10.2% between the first quarter of 2010 and the first quarter of 2011.
- Inflation remained low in the U.S. According to the Bureau of Labor Statistics, the seasonally adjusted Consumer Price Index rose 0.4% in April and 0.2% in May. Morgan Stanley economists expect an inflation rate of 3.1% for 2011, while Citi economists forecast a 2011 rate of 2.9%.

Economic Highlights

- The Census Bureau reported that privately owned housing starts in May 2011 were at a seasonally adjusted annual rate of 560,000—3.5% above the revised April estimate, but 3.5% below May 2010 housing starts. Most experts agree that uncertainties about the economy and expectations of continuing declines in house prices continue to weigh down demand for new homes.
- The Census Bureau also reported that seasonally adjusted retail and food services sales declined 0.2% between April and May, but increased 7.7% between May 2010 and May 2011.
- In June, the Institute for Supply Management's manufacturing-sector index (PMI) was 55.3, up 1.8 from May, though down from April's 60.4. PMI has been above 50 for 23 consecutive months, and above 42 for 25 consecutive months.
- The ISM Nonmanufacturing Index (NMI) fell 1.3 to 53.3 between May and June, but rose 0.5 between April and June. The index has now been above 50 for 19 consecutive months. Generally speaking, a PMI or NMI over 50 indicates that the sector is expanding, and a PMI over 42 indicates that the overall economy is expanding.

Equity Market Highlights

- In the second quarter, the global business and equity upswing flattened somewhat due to weaker than expected U.S. and Chinese economic data, continued softness in U.S. residential real estate, and sovereign debt concerns in Greece that posed challenges for European policy makers.
- However, U.S. markets surged in the quarter's final week, indicating that investors are willing to give the economy the benefit of the doubt.
- The Federal Reserve's quantitative easing ended on June 30, yet the central bank's long-anticipated exit from the Treasury bond market had negligible near-term effect on the markets.
- Despite the soft patch, both Morgan Stanley and Citi economists expect growth in excess of 6% in 2011 for emerging-market (EM) economies, while developed-market (DM) economies could gain approximately 2%.
- According to the Dow Jones-UBS Commodity index, commodity prices fell 6.7% in the second quarter, compared with a 4.4% first-quarter gain, which was fueled by rising oil prices.
- China is still growing rapidly, and many other emerging nations are getting wealthier, too, supporting the thesis that these nations will consume more raw materials, thereby potentially bolstering global demand for commodities.

Equity Market Highlights

- Mergers-and-acquisitions activity declined in the second quarter, as market volatility discouraged large-scale commitments. Global M&A volume for the quarter totaled \$741.3 billion, down 7% from the first quarter. Still, global deal volume for the second quarter was up 23% from a year ago.
- The Dow Jones Industrials were up 1.4% for the second quarter.
- The NASDAQ Composite lost 0.3% for the quarter.
- The S&P 500 gained 0.1% for the quarter. The largest advances among the S&P stock sectors for the quarter were for Health Care (7.9%), Utilities (6.1%), and Consumer Staples (5.3%). Consumer Discretionary (3.5%) and Telecommunication Services (2.1%) also rose. Industrials (-0.7%), Materials (-0.9%), and Information Technology (-1.4%) declined slightly. Energy and Financials lagged, down 4.6% and 5.9%, respectively.

Bond Market Highlights

- As U.S. economic data and European debt worries worsened in the second quarter, investors snatched up bonds in a quest for a safe haven from stocks. This return to bonds represents a pullback from first-quarter investments in the stock market.
- Due to a strong Treasury rally, the bond market turned in a solid showing. Treasuries of all maturities gained 2.8% during the quarter. High-yield corporate bonds gained 0.8%, and investment-grade debt of corporate borrowers rose 2.6%. This flight to safety pushed Treasury-bill yields to zero and even into slightly negative territory in June.
- In addition, low interest rates coaxed some companies, already flush with cash, into tapping the bond market. As a result, issuance of U.S. investment-grade debt totaled \$202.8 billion during the quarter, up 55% from the same period one year prior, but 29% lower than the first quarter.
- The Barclays Capital U.S. Aggregate Bond index, a general measure of the fixed-income market, rose 2.3% for the second quarter. The Barclays Capital High Yield index, a measure of lower-rated corporate bonds, rose 1.1% for the quarter. Investors shook off their wariness of mortgage-backed securities, sending the Barclays Capital Mortgage Backed index up 2.3% for the quarter.
- During the second quarter, investors overcame the ongoing negative headlines about state and local government finances to stage a six-week rally in the municipal-bond market. As a result, the Barclays Capital Muni index was up 3.9% for the quarter.

Fayette County 401(a) Plan Highlights

- The Fayette County 401(a) portfolio increased approximately 0.82% during the quarter ended June 30. This gain was 0.28% better than the benchmarks' gain of 0.54% on a weighted average over the same period.
- The 401(a) plan outperformed its benchmarks on a three year and five year basis and narrowly underperformed, by 16 basis points on a one year basis.
- Most asset classes posted gains in the second quarter, although large cap and mid cap holdings declined modestly in the period.
- The Asset Allocation Funds, Core Bond SAGIC, Small Cap and International funds all outperformed their respective benchmarks during the quarter.
- For the one year period ended June 2011, the Fayette County 401(a) portfolio rose 18.00% or 16 basis points less than the benchmark rise of 18.16%. The portfolio outperformed the benchmarks by 0.62% for the three year period, and by 1.38% over the five year period.

Fayette County 457(b) Plan Highlights

- The Fayette County 457(a) portfolio increased approximately 0.74% during the quarter ended June 30. This gain was 0.29% better than the benchmarks' gain of 0.45% on a weighted average over the same period.
- The 457(b) plan outperformed its benchmarks on a three year and five year basis and narrowly underperformed, by 12 basis points on a one year basis.
- Most asset classes posted gains in the second quarter, although large cap and small cap holdings declined modestly in the period.
- The Asset Allocation Funds, Core Bond SAGIC, Small Cap and International funds all outperformed their respective benchmarks during the quarter.
- For the one year period ended June 2011, the Fayette County 457(b) portfolio rose 18.68% or 12 basis points less than the benchmark rise of 18.80%. The portfolio outperformed the benchmarks by 0.31% for the three year period, and by 1.35% over the five year period.

Fayette County Plan Diversification

Current Investment Options			
Domestic Equity	Value	Core	Growth
Large	American Century Equity Income Fund	Select Indexed Eqty Fd (Northrn Tr) Henssler Equity Fund	American Funds Growth Fund of America
	Perkins Mid Cap Value Fund	Invesco Mid Cap Core Equity Fund	American Century Heritage Fund
	Allianz NFJ Small Cap Value Fund	Invesco Small Companies Fund	Invesco Van Kampen Small Cap Growth Fund
Global/International	Target Date/Asset Allocation	Fixed income	Other
American Funds Capital World Growth and Income Fund Manning & Napier World Opportunities Fund	American Century Livestrong Target Date Funds Oakmark Equity & Income Fund	PIMCO Total Return MassMutual Premier High Yield Fund Core Bond SAGIC	First American Real Estate Securities Fund American Century Utilities Fund Alger Health Sciences Fund T. Rowe Price Financial Services Fund T. Rowe Price Global Technology Fund

Fayette County Plan Highlights

The 401(a) Plan

Investment	\$ Value	% of Portfolio	Portfolio			Benchmarks		
			2nd Qtr	1 yr	3 yrs	2nd Qtr	1 yr	3 yrs
Core Bond SAGIC (60325)	\$ 4,260,157.80	32.99%	1.02%	4.05%	N/A	0.02%	0.14%	0.35%
Large Cap	\$ 3,281,368.57	25.41%	-0.29%	27.40%	2.57%	0.24%	32.52%	3.93%
International/Global	\$ 1,322,082.21	10.24%	1.69%	30.51%	1.57%	1.07%	30.43%	-0.75%
Asset Allocation/Target Date	\$ 1,288,620.13	9.98%	1.16%	20.47%	4.32%	0.81%	20.31%	4.58%
Fixed Income	\$ 1,281,379.59	9.92%	1.75%	5.57%	8.98%	2.29%	4.01%	6.51%
Mid Cap	\$ 618,981.47	4.79%	-0.05%	31.32%	5.44%	0.70%	39.65%	6.50%
Small Cap	\$ 555,698.54	4.30%	0.37%	38.23%	14.26%	-1.75%	36.57%	7.67%
Nuveen Real Estate Securities Fund	\$ 306,043.77	2.37%	3.63%	35.18%	7.65%	3.88%	35.57%	4.88%
Total	\$ 12,914,332.08		0.82%	18.00%	4.76%	0.54%	18.16%	4.14%

The 457(b) Plan

Investment	\$ Value	% of Portfolio	Portfolio			Benchmarks		
			2nd Qtr	1 yr	3 yrs	2nd Qtr	1 yr	3 yrs
Core Bond SAGIC (60325)	\$ 5,092,502.13	29.86%	1.02%	4.05%	N/A	0.02%	0.14%	0.35%
Large Cap	\$ 4,735,286.51	27.76%	-0.22%	27.18%	2.78%	0.19%	32.26%	3.81%
Fixed Income	\$ 1,892,323.42	11.09%	1.72%	5.88%	8.97%	2.25%	4.35%	6.69%
Asset Allocation/Target Date	\$ 1,774,046.78	10.40%	1.15%	20.55%	4.27%	0.83%	20.51%	4.61%
International/Global	\$ 1,556,415.01	9.12%	1.69%	30.52%	1.57%	1.07%	30.43%	-0.75%
Mid Cap	\$ 857,124.93	5.02%	0.29%	38.12%	4.77%	1.04%	41.01%	6.54%
Small Cap	\$ 821,417.77	4.82%	-0.02%	36.51%	10.60%	-1.87%	35.91%	7.58%
Specialty	\$ 328,286.90	1.92%	1.09%	35.44%	9.81%	-0.35%	32.33%	9.05%
Total	\$ 17,057,403.45		0.74%	18.68%	4.69%	0.45%	18.80%	4.38%

Fayette County Plan Relative Performance

Investment	\$ Value	% of Portfolio	2nd Qtr	1 yr	3 yrs	5 yrs
Alger Health Sciences Fund	\$ 96,076.98	0.32%	4.42%	0.14%	-3.63%	0.03%
Invesco Small Companies Fund	\$ 649,061.60	2.17%	2.40%	2.69%	10.20%	4.71%
American Century Utilities Fund	\$ 54,557.43	0.18%	1.83%	-1.21%	-7.04%	-2.66%
Allianz NFJ Small Cap Value Fund	\$ 502,953.52	1.68%	1.71%	0.99%	0.73%	4.92%
American Century Equity Income Fund	\$ 1,049,799.63	3.50%	1.54%	-6.16%	3.04%	2.74%
Invesco Van Kampen Small Cap Growth Fund	\$ 225,101.19	0.75%	1.24%	-3.70%	-3.76%	-0.25%
American Funds Capital World Growth and Income F	\$ 1,312,206.05	4.38%	1.11%	-1.37%	0.19%	1.93%
Core Bond SAGIC (60325)	\$ 9,352,659.93	31.20%	1.00%	3.91%	N/A	N/A
American Century LIVESTRONG 2045 Portfolio Func	\$ 2,525.74	0.01%	0.54%	-3.00%	-1.87%	-0.55%
Oakmark Equity & Income Fund	\$ 2,401,149.41	8.01%	0.43%	0.10%	-0.01%	2.49%
American Century LIVESTRONG 2035 Portfolio Func	\$ 223,509.15	0.75%	0.37%	-3.34%	-1.52%	-0.40%
T. Rowe Price Global Technology Fund	\$ 149,620.15	0.50%	0.35%	8.73%	6.91%	4.38%
Manning & Napier World Opportunities Fund	\$ 1,566,291.17	5.23%	0.21%	1.30%	4.11%	4.28%
American Century LIVESTRONG 2025 Portfolio Func	\$ 270,639.02	0.90%	0.05%	-0.45%	-0.98%	-0.29%
Select Indexed Eqty Fd (Northrn Tr)	\$ 2,024,398.38	6.75%	-0.20%	-2.18%	-0.99%	-1.03%
Nuveen Real Estate Securities Fund	\$ 306,043.77	1.02%	-0.25%	-0.39%	2.77%	2.57%
Premier High Yield Fund (Babson)	\$ 80,975.31	0.27%	-0.39%	0.43%	-3.97%	-3.00%
Perkins Mid Cap Value Fund	\$ 90,202.46	0.30%	-0.41%	-9.38%	N/A	N/A
Total Return Fund (PIMCO)	\$ 3,092,727.70	10.32%	-0.54%	1.57%	2.52%	1.85%
American Century LIVESTRONG 2015 Portfolio Func	\$ 40,383.35	0.13%	-0.55%	3.06%	-1.07%	-0.47%
Henssler Equity Fund	\$ 2,788,448.06	9.30%	-0.58%	-4.77%	-0.48%	0.99%
American Century LIVESTRONG Income Portfolio Ft	\$ 124,460.24	0.42%	-0.75%	6.50%	-1.99%	-1.08%
Invesco Mid Cap Core Equity Fund	\$ 698,640.07	2.33%	-0.77%	-13.51%	-0.43%	0.97%
American Century Heritage Fund	\$ 687,263.87	2.29%	-0.79%	3.85%	-2.52%	3.83%
American Funds Growth Fund of America	\$ 2,154,009.01	7.19%	-1.52%	-7.74%	-4.26%	-2.75%
T. Rowe Price Financial Services Fund	\$ 28,032.34	0.09%	-3.70%	-8.23%	-1.87%	-2.52%

August 11, 2011

Fayette County Retirement
Pension Committee

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Fayette County Plan Report Card

Fayette County 401 & 457 Plans - Q2 11

	Style			Risk/Return			Peer Group			Period			
	Style	Style Drift	R ²	Risk / Return	Up / Down	Info Ratio	Return Rank	Ratio Rank	Info Qual.	Score Q2 11	Score Q1 11	Score Q4 10	Score Q3 10
Large Cap Value													
American Century Equity Income A	1	1	1	1	1	1	1	1	2	10	9	10	10
Large Cap Blend													
MassMutual Select Indexed Equity A	1	1	1	1	0	0	0	0	1	5	5	5	5
Henssler Equity	1	1	1	1	0	1	0	0	2	7	8	9	9
Large Cap Growth													
American Funds Growth Fund of Amer R3	1	1	1	1	0	0	0	0	2	6	6	6	6
Mid Cap Value													
Perkins Mid Cap Value S	0	1	1	1	0	1	0	0	2	6	6	8	8
Mid Cap Blend													
AIM Mid Cap Core Equity A	1	1	1	1	0	1	0	0	2	7	7	9	9
Mid Cap Growth													
American Century Heritage A	1	1	1	1	1	1	1	1	2	10	10	10	10
Small Cap Value													
Allianz NFJ Small Cap Value A	0	1	1	1	1	1	1	1	2	9	8	8	9
Small Cap Blend													
AIM Trimark Small Companies A	1	1	1	1	1	1	1	1	2	10	10	10	10
Small Cap Growth													
Van Kampen Small Cap Growth A	1	1	1	1	0	0	0	0	2	6	6	6	9
International - Large-Cap Core													
Manning & Napier World Opportunities A	1	1	1	1	1	1	1	1	2	10	10	10	10

Fayette County Plan Report Card

Fayette County 401 & 457 Plans - Q2 11													
	Style			Risk/Return			Peer Group			Period			
	Style	Style Drift	R ²	Risk / Return	Up / Down	Info Ratio	Return Rank	Ratio Rank	Qual.	Score Q2 11	Score Q1 11	Score Q4 10	Score Q3 10
Global													
American Funds Capital World G/I R3	0	1	1	1	1	1	0	0	2	7	8	8	10
Core Fixed Income													
PIMCO Total Return A	1	1	0	1	1	1	1	1	2	9	9	9	9
High Yield													
MassMutual Premier High Yield A	1	1	1	1	0	0	0	0	2	6	6	6	6
Technology													
T. Rowe Price Global Technology	1	1	1	1	1	1	1	1	1	9	9	8	5
Utilities													
American Century Utilities Inv	1	1	1	1	1	1	1	1	2	10	10	10	7
Real Estate													
First American Real Estate Secs A	1	1	1	1	1	1	1	1	2	10	10	10	10
Health Care													
Alger Health Sciences A	1	1	1	1	1	1	0	1	2	9	10	9	6
Finance													
T. Rowe Price Financial Services	1	1	1	1	1	1	1	1	2	10	10	9	7

Fayette County Plan Watchlist

- The T. Rowe Price Global Technology Fund was removed from the Watchlist because of performance and improved Report Card Scores.
- No other funds scored below acceptable levels and no further action is indicated at this time.

2nd Quarter 2011 Review

Thursday, August 11th, 2011

Prepared for: Fayette County Retirement Pension Committee

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Secure E-mail



Subject Action Request: 60325 - QDRO service:
Attachments [4 file\(s\)](#)
From sbauer (sbauer@massmutual.com)
To lsmith@fayettecountyga.gov
Sent Today, 06/20/2011 09:32:23, EDT4
Expires 60 days later, 08/19/2011 09:33:23, EDT

Reply Reply to All

Message from Sender

Original Recipients:
To: "Lori Smith" lsmith@fayettecountyga.gov
Cc:

Good morning Lori,

Per our earlier discussion, you mentioned interest in having MassMutual take on the administration/review of domestic relations orders. If you are still interested, please go ahead and review and sign the Manual Approval page and also the Addendum documents.

Thanks!

Shaundi

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Save Mes

Files from Sender

	File Name	Type	Size	Action
<input checked="" type="checkbox"/>	Fayette_County_Manual.doc	Microsoft Word File	176 KB	Open
<input checked="" type="checkbox"/>	Fayette_County_Procedures_Manual_Approval.doc	Microsoft	45	Open

 [Addendum plan 1.doc](#)

 [Addendum plan 2.doc](#)

 Save Checked Files... 

Word File KB

Microsoft Word File 28 KB 

Microsoft Word File 28 KB 

Fayette County Board of Commissioners

Guidelines and Procedures for the Administration of Qualified Domestic Relations Orders ("QDROs")

Approved by : _____

Printed Name: _____

Title: _____

Date: _____

***Introduction to
Qualified Domestic
Relations Orders***

Introduction to Qualified Domestic Relations Orders

In September 1974, the Employee Retirement Income Security Act of 1974 (known as "ERISA") was enacted to protect the interests of employees who participated in employer-sponsored pension plans. ERISA § 206(d)(1) contains language that prevents a plan participant's benefits from being assigned or alienated in any way. Section 401(a)(13) of the Internal Revenue Code states that a "trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that benefits provided under the plan may not be assigned or alienated." This spendthrift provision assures that a plan participant's benefits under the plan are maintained solely for that individual's benefit and cannot inure to the benefit of another person.

There is, of course, a very limited exception to these anti-alienation provisions. In 1984, the Retirement Equity Act created an exception to ERISA's strict anti-alienation requirements. A ***Qualified Domestic Relations Order ("QDRO")*** that meets the criteria enumerated in Section 414(p) of the Internal Revenue Code can require the plan administrator to make direct payments of all or a portion of a plan participant's benefits to an "alternate payee" as defined in section 414(p)(8) of the Internal Revenue Code.

Definition of Qualified Domestic Relations Order

The term Qualified Domestic Relations Order refers to a judgment, decree, or order that creates or recognizes the existence of an alternate payee's right to receive all or a portion of a plan participant's benefits payable under an ERISA-qualified employee benefit plan. An alternate payee is defined as a spouse, former spouse, child or other dependent of a participant who is recognized by a domestic relations order as having a right to receive all, or a portion of, the benefits payable under a plan with respect to such participant.

Criteria Necessary for a QDRO

For a QDRO to be considered qualified, it must meet the requirements contained in Section 414(p) of the Internal Revenue Code. There are basically nine items to be aware of when drafting a QDRO. Specifically, the QDRO must include:

1. The name and last known mailing address (if any) of the participant and the name and mailing address of each alternate payee covered by the order;
2. The amount or percentage of the participant's benefits to be paid by the plan to each such alternate payee, or the manner in which such amount or percentage is to be determined;
3. The number of payments or period to which such order applies;
4. Each plan to which such order applies;

It is also important to remember that the QDRO is actually a domestic relations order that must specifically:

5. Relate to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child or other dependent of a participant; and
6. Be made pursuant to a state domestic relations law (including a community property law);

In addition to meeting these criteria, the QDRO may not alter the amount, form, or other provisions of benefits otherwise payable under the plan(s). In other words, the QDRO must:

7. Not require the plan to provide any type or form of benefit, or any option not otherwise provided under the plan;
8. Not require the plan to provide increased benefits (determined on the basis of actuarial value); and
9. Not require the payment of benefits to an alternate payee that are required to be paid to another alternate payee under another order previously determined to be a QDRO.

***QDRO Procedures &
Policies for
Fayette County Board of
Commissioners***

Fayette County Board of Commissioners

Procedures to Determine Qualified Status of Domestic Relations Orders and to Administer Distributions Pursuant to Qualified Orders

I. GENERAL PROCEDURES AND POLICIES REGARDING THE ADMINISTRATION OF QUALIFIED DOMESTIC RELATIONS ORDERS:

1. MassMutual QDRO Center as Designated Review Agent: *Fayette County Board of Commissioners* has delegated to *MassMutual QDRO Center* the authority to determine whether a domestic relations order ("Order") is a qualified domestic relations order ("QDRO"). Copies of each Order relating to any qualified ERISA-governed savings plan ("Plan") maintained by *Fayette County Board of Commissioners* should be forwarded to *MassMutual QDRO Center* along with any associated correspondence relative to the Order. All pertinent documentation and requests for QDRO information should be addressed to:

**MassMutual QDRO Center
3071 Pearl Road
Medina, OH 44256
Attn: Fayette County Board of Commissioners QDRO
Compliance Team
Phone: (866) 940-1921
Fax: (330) 350-5011**

This guide makes reference to certain functions to be performed by the Plan Administrator. As noted above and pursuant to the relevant Addendum to the Services Agreement, the Plan Administrator has directed MassMutual to review Orders that affect participants' benefits under the Plan to determine whether the order constitutes a QDRO. The Plan Administrator has directed MassMutual to follow these guidelines and procedures in making these determinations. Pursuant to this direction by the Plan Administrator, MassMutual will be completing these functions on behalf of the Plan Administrator.

2. Review of "Certified" DROs that Purport to be QDROs Under the Defined Contribution Plans of Fayette Count Board of Commissioners: Upon initial receipt by *MassMutual QDRO Center* of a certified DRO that purports to be a QDRO, they will review the order to determine its qualified status as a QDRO in accordance with federal law. During this qualification review period, the plan administrator or third party administrator (recordkeeper) will separately account for the alternate payee's assigned portion of the benefits in accordance with Section 414(p)(7) of the Internal Revenue Code, as amended, in order to prevent payment of such benefits to the plan participant.

3. Notification of Rejected Orders: Once *MassMutual QDRO Center* reviews the Order, they will notify the Participant, each Alternate Payee (or his/her designated representative), in writing, of the determination as to the qualified status of the Order. If the Order is rejected, the notification letter will include the reasons why the Order failed to qualify, along with sample QDRO forms, if necessary. The purpose of this letter is to assist the family law practitioner in expediting the QDRO approval process.

4. Notification of Approved Orders (The "Interpretation Letter"): If the Order is deemed to qualify as a QDRO, *MassMutual QDRO Center* will notify the parties regarding the Order's approval as a QDRO and will distribute an "Interpretation Letter" to all parties setting forth how the Plan Administrator will interpret the terms and provisions of the QDRO. The Interpretation Letter will state in clear terms the rights and entitlements of the alternate payee in a manner to be understood by nonattorneys.

5. Segregation of Participant's Benefits During QDRO Qualification Determination Period: Pursuant to section 414(p)(7) of the Internal Revenue Code, during any period in which the issue of whether a "*certified*" (ie: signed by the judge) domestic relations order is a qualified domestic relations order is being determined, the Plan Administrator shall separately account for the amounts which would have been payable to the alternate payee during such period if the order had been determined to be a qualified domestic relations order. In other words, the Plan Administrator shall separately account for the called-for portion of the participant's benefits during the period in which it is determining whether the Order is a QDRO in order to prevent the Participant from receiving such benefit. With respect to a Participant who has funds under a defined contribution plan, the amounts which would have been payable to an Alternate Payee shall be separately accounted for, not physically separated. Unless specified otherwise in the DRO, amounts will be taken proportionately from each Investment Fund in which the Participant's account is invested. During this QDRO determination period, and with respect to the Participant's total account balance, the Participant will still be permitted to direct his/her own investments in accordance with the terms of the plan. However, he/she may be restricted from making withdrawals, loans, etc. in accordance with federal law and these written QDRO

procedures.

6. 18 Month Maximum Segregation Period: If, within 18 months of the date the first payment from the Plan would be required to be made to the alternate payee under an executed Order, the Order (or modification thereof) is determined to be a qualified domestic relations order, the Plan Administrator shall direct payment of the amounts separately accounted for to the person or persons entitled thereto.

If within such 18 month period:

- (i) it is determined that the Order is not a qualified domestic relations order, or
- (ii) the issue as to whether such Order is a qualified domestic relations order is not resolved,

then the Plan Administrator shall direct payment of the amounts separately accounted for to the person or persons who would have been entitled to such amounts if there had been no Order. Any determination that an Order is a qualified domestic relations order which is made after the close of the 18 month period shall be applied prospectively only.

7. Sixty (60) Day ERISA Appeal Period Upon Approval of QDRO: Once the Interpretation Letter is distributed upon approval of the QDRO, the parties will have 60 days from the date of the letter to dispute the Plan Administrator's understanding of the QDRO as set forth in the Interpretation Letter prepared by *MassMutual QDRO Center*. If any party to the proceeding does not agree with the terms set forth in the Interpretation Letter, they must respond in writing, within such 60 day period, explaining the provisions in dispute. During this 60 day appeal period, the alternate payee will not be permitted to commence his/her benefits. Upon the expiration of the appeal period, if neither party (nor their legal representatives) has disputed the terms of the QDRO in writing, the QDRO will be administered in accordance with its terms and the alternate payee may be eligible to commence benefits, to the extent he/she is otherwise eligible under the terms of the applicable plan. **Important Note Regarding Waiver of ERISA Appeal Period:** If the parties choose to expedite the payment of benefits to the alternate payee, they may waive their appeal rights, in writing, by mailing or faxing a letter signed by each party indicating that they waive their ERISA appeal rights and do not dispute the terms of the QDRO as set forth under the Interpretation Letter. Once *MassMutual QDRO Center* receives a written waiver signed by each party, the alternate payee will be entitled to apply for the immediate commencement of benefits, assuming he/she is otherwise entitled to do so in accordance with the terms of the QDRO and the applicable plan.

8. Ninety (90) Day Extension in the Event of an Appeal: If, within the 60 day ERISA appeal period set forth above, one or both of the parties dispute the terms of the Interpretation Letter in writing, they will have 90 days from the date *MassMutual QDRO Center* receives their written appeal to submit an amended QDRO that clarifies the intent of the parties. If an amended QDRO is not submitted by the end of the 90 day period, the originally approved QDRO will be administered in accordance with its terms as set forth under the original Interpretation Letter. During this 90 day extension, the alternate payee will not be permitted to commence his/her benefits, to the extent otherwise eligible.

9. Review of "Draft" Orders: *MassMutual QDRO Center* will review a draft QDRO before it is executed by the court. Please feel free to have the QDRO pre-approved before you have the judge sign it. You may send the QDRO to the following address for pre-approval:

**MassMutual QDRO Center
3071 Pearl Road
Medina, OH 44256
Attn: Fayette County Board of Commissioners QDRO
Compliance Team**

Important Note: Please be sure to submit your QDRO on a timely basis for review and approval. There may be adverse consequences for the alternate payee should the participant retire or die before the Plan Administrator receives and approves a certified copy of the QDRO.

10. Six (6) Month Hold Codes for Draft Orders Under the Defined Contribution Plans of Fayette Count Board of Commissioners: Upon initial receipt by *MassMutual QDRO Center* of a "draft" DRO that purports to be a QDRO or a divorce decree or separation agreement addressing the division of the participant's benefits a Hold Code will be placed on the Participant's accounts under the plan. The Hold Code will remain in effect for six months during which time the Participant will be prohibited from applying for, or receiving any withdrawals, transfers, loans or distributions under the plan. However, this does not prohibit the plan participant from making investment choices during the hold period(s). If a "certified" QDRO is not received within such six-month period, the Hold Code will be removed from the participant's accounts, and he/she may apply to receive benefits in accordance with the terms of the plan.

Important Note Regarding Six-Month Hold Code: The purpose of the Six-Month Hold Code is to encourage the parties and their attorneys to finalize the QDRO process in a timely manner. It is not meant to be a tool employed by a plan participant to delay the QDRO process in order to receive funds otherwise intended for the alternate payee. Therefore, the plan administrator, in its sole discretion, may reinstate a Six-Month Hold Code at any time if it appears that one of the affected parties (or their respective legal counsel) is still actively pursuing a QDRO to divide the participant's benefits under the plan.

11. Ambiguity in Domestic Relations Order: In the event of an ambiguity in a DRO that would otherwise constitute a QDRO, the Plan Administrator may resolve the ambiguity by written agreement of the Participant and Alternate Payee and/or their legal counsel.

12. Scope of Discussions with the Plan Administrator Regarding QDRO Fairness and Equitability Issues: The Plan Administrator will avoid discussing fairness or equitability issues regarding the division of benefits under a QDRO. It is the responsibility of the parties' legal counsel to negotiate the substantive provisions of a QDRO. The Plan Administrator will limit its review to the technical requirements for QDROs as set forth under ERISA and Section 414(p) of the Internal Revenue Code.

13. Correcting or Terminating Payments: The Plan will retain any rights it may have under its terms to suspend or terminate payments to Alternate Payee and Participant provided that either Participant or Alternate Payee may contest such suspension or termination through any administration remedies available under the Plan. Payments by the Plan pursuant to the QDRO will be without prejudice to any right the Plan has under applicable law to seek recoupment or offset for overpayment. If the Plan pays one party a portion of the other party's benefits under the Plan and the QDRO, the party receiving the overpayment will return that portion to the Plan, which in turn, will pass that portion on to the other Party.

14. Inaccurate Information: If MassMutual complies with these procedures and the Plan, but nevertheless approves a distribution as a QDRO even though the distribution does not comply with Internal Revenue Code section 414(p) and the terms of the Plan due to the provision of inaccurate or incomplete information by a participant, the plan administrator, or the plan sponsor, MassMutual is not liable for any and all claims, causes of action, obligations or liabilities of any kind or nature whatsoever, which the Plan, the plan sponsor, the Plan on behalf of its participants, or the participants may have, now or in the future, attributable to such error.

15. Death of the Plan Participant Before a QDRO is Received by the Plan Administrator: The Plan Administrator will not consider a QDRO applicable for a specific case until a *certified, executed copy is received by the Plan Administrator*. However, if the participant dies before a the QDRO has been certified by the Court or received by the Plan Administrator, the Plan Administrator will take into account whether such Order would have otherwise qualified as a QDRO had it been received and reviewed prior to the death of the participant or alternate payee, as applicable and if there are any benefits still payable on behalf of the participant under the Plan. If the Plan Administrator determines that the nunc pro tunc QDRO is acceptable, then any benefits that may become payable under the Order will only be payable on a prospective basis and to the extent permitted under the terms of the Plan.

16. Use of Model QDROs: *MassMutual QDRO Center* can furnish upon request "model QDROs" for Participant's covered under the *Fayette County 401(a) Defined Contribution Retirement Plan* and the *Fayette County, Georgia 457(b) Deferred Compensation Plan*.

II. ADMINISTRATIVE POLICIES REGARDING QDROS FOR THE FOLLOWING DEFINED CONTRIBUTION PLANS:

- o Fayette County 401(a) Defined Contribution Retirement Plan*
- o Fayette County, Georgia 457(b) Deferred Compensation Plan*

1. The following items should be addressed in a QDRO for the Defined Contribution Plans of Fayette Count Board of Commissioners:

- Names and Addresses:** Names and last known mailing addresses of the participant and alternate payee must be included in the Order;
- Social Security Numbers:** Social security numbers of the participant and alternate payee must be included in the Order or provided in a separate document;
- Official Name of Plan:** The Order must include the specific, legal name of the Plan;
- Amount of Alternate Payee's Benefits:** Amount of participant's accrued benefit payable to the alternate payee stated either as a specific dollar amount or percentage;
- Commencement Date:** The date that the alternate payee is to commence his/her share of the benefits; alternatively, the Order can include language that allows the alternate payee the right to elect to commence his/her benefits as soon as administratively feasible following the date that the QDRO is approved by the Plan Administrator;
- Duration of Benefit Payments:** The Order must clearly state that the alternate payee is to receive his/her share of the benefits in a lump sum distribution;
- Date of Birth:** Birth date of the alternate payee and the participant;
- Survivorship Rights:** The extent of any survivorship rights to which the alternate payee will be entitled in the event of the participant's death;

2. Affirmative Statement of Growth Should Be Included in the QDRO, if Applicable: If the intent of the parties is to provide the alternate payee with interest and investment income or losses attributable to his/her assigned share of the benefits from the date of assignment to the date of distribution, the QDRO should include specific language to this effect. **Default Procedure:** However, if the QDRO is silent with respect to investment gains/losses on the alternate payee's share of the benefits, the plan administrator will automatically recognize any change in value [by incorporating such investment gains or losses] on the amounts payable to the Alternate Payee

from the effective date of assignment specified in the QDRO to the distribution date.

Important Note: If you do include investment growth language in the QDRO for the benefit of the alternate payee, you should include language that provides for the possibility of "losses" as well as "gains."

3. Pro-Rata Allocation of Alternate Payee's Benefits Among Participant's Accounts: In all cases, the alternate payee's share of the benefits under the Plan, whether stated in terms of a fixed dollar amount or a percentage of the total account balance shall be allocated on a "pro-rata" basis among all of the participant's subaccounts and/or investment funds maintained on his/her behalf under the Plan as of the date of segregation.

Important Note Regarding the Allocation of Benefits to the Alternate Payee: A QDRO may *not* attempt to assign benefits to the alternate payee from one or more specific accounts and/or investment funds maintained by the participant. All such funds will be allocated to the alternate payee on a pro-rata "across the board" basis.

4. Commencement of Benefits by the Alternate Payee Under the Defined Contribution Plans of Fayette Count Board of Commissioners: Once *MassMutual QDRO Center* approves a QDRO for the *Defined Contribution Plans of Fayette Count Board of Commissioners*, the alternate payee may be entitled to receive his/her distribution as soon as administratively feasible following the expiration of the 60 day ERISA appeal period, assuming no appeal was issued. Once the alternate payee is entitled to commence benefits, he/she will receive the necessary information and distribution election forms directly from the Plan Administrator.

In the event an alternate payee has questions regarding their distribution (including the amounts to be received), they may contact *MassMutual* at (800) 788-8781.

5. Retroactive Dates of Assignment: As a result of a change in recordkeepers for the *Defined Contribution Plans of Fayette Count Board of Commissioners*, the company is not able to calculate gains/losses on any participant accounts for periods prior to *June 25, 2009*. Therefore, if a QDRO is submitted that attempts to divide the participant's benefits as of a date prior to *June 25, 2009*, please understand that the Plan Administrator will reject the QDRO.

6. Outstanding Participant Loans: Unless otherwise specified in the QDRO, the alternate payee's share of the benefits will be calculated *with regard to* any outstanding loan balance applicable to the plan participant (ie: the outstanding loan balance will be subtracted from the participant's total account balance when calculating the alternate payee's assigned share of the benefits). *Example:* John had a total account balance under the plan of \$100,000. However, he took a loan for \$20,000 just prior to his divorce. A QDRO is submitted shortly after their divorce that awards 50% of John's total account balance as of his date of divorce to his former spouse, Mary. If the QDRO is otherwise silent regarding the disposition of the outstanding loan balance, the QDRO will be interpreted to provide Mary with \$40,000 (ie: half of the remaining \$80,000 after the loan balance is subtracted).

Important Note: It is acceptable to the Plan Administrator to include specific language in the QDRO that bases the alternate payee's specified share of the benefits on the participant's account balance, *"without regard to" any previous loans made by the participant, if any.* Of course, the alternate payee's actual assigned share of the benefits in the QDRO cannot exceed 100% of the participant's actual current total account value. If you include this language in the QDRO, the alternate payee's share of the benefits will be based on the participant's total vested account balance as if no previous loans were ever made by the participant. However, when determining the alternate payee's share of the total account balance, the added loan amounts will not include any earnings or losses that would have been attributable to such amounts if they remained in the Plan.

7. Debit of Participant's Account for Administrative Expenses: When a separate, one-time QDRO review fee is incurred by the Company for qualification of the Order, such fee will be initially charged to the Participant's account. Specifically, an amount equal to \$350.00 will be assessed against the Participant's account balance at the time the initial DRO is submitted to MassMutual QDRO Center. However, once the final QDRO has been approved, the Plan Administrator will segregate and reduce the Alternate Payee's assigned share of the benefits by 50% of the processing fee. This fee applies even if the QDRO is silent on the issue or attempts to include alternate language regarding the review fee. The QDRO review and processing fee will be charged regardless of whether or not the DRO is qualified.

***Model Qualified Domestic
Relations Orders for
Fayette County Board of
Commissioners***

Model QDRO Language for the

Fayette County 401(a) Defined Contribution Retirement Plan

Important information! Please read carefully. This model QDRO satisfies the technical requirements for QDROs under ERISA and the Internal Revenue Code. It is only intended to assist the family law practitioner in expediting the QDRO approval process. It is not meant to be a substitute for expressing the intent of the parties or the negotiated terms of a separation agreement regarding the division of the participant's pension plan benefits. It is your responsibility, as the drafting attorney, to properly define the terms of the applicable QDRO. Please modify the provisions of this model QDRO to the extent necessary to conform to the intent of the parties.

IT IS HEREBY ORDERED AS FOLLOWS:

1. Effect of This Order as a Qualified Domestic Relations Order: This Order creates and recognizes the existence of an Alternate Payee's right to receive a portion of the Participant's benefits payable under an employer-sponsored defined contribution plan that is qualified under Section 401 of the Internal Revenue Code (the "Code") and the Employee Retirement Income Security Act of 1974 ("ERISA"). It is intended to constitute a Qualified Domestic Relations Order ("QDRO") under Section 414(p) of the Code.

2. Participant Information: The name, last known address, social security number and date of birth of the plan "Participant" is:

Name: _____ ("Participant")

Address: _____

Social Security Number: _____

Birth Date: _____

Participant's Attorney Information:

Name of Attorney: _____

Address: _____

Phone: _____

3. Alternate Payee Information: The name, last known address, social security number and date of birth of the "Alternate Payee" is:

Name: _____ ("Alternate Payee")

Address: _____

Social Security Number: _____

Birth Date: _____

Alternate Payee's Attorney Information:

Name of Attorney: _____

Address: _____

Phone: _____

The Alternate Payee shall have the duty to notify the plan administrator in writing of any changes in his/her mailing address subsequent to the entry of this Order.

4. Plan Name: The name of the Plan to which this Order applies is the *Fayette County 401(a) Defined Contribution Retirement Plan* (hereinafter referred to as "Plan").

Any changes in Plan Administrator, Plan Sponsor or name of the Plan shall not affect Alternate Payee's rights as stipulated under this Order.

5. Pursuant to State Domestic Relations Law: This Order is entered pursuant to the authority granted in the applicable domestic relations laws of the State of _____.

6. For Provision of Marital Property Rights and/or Spousal Support: This Order relates to the provision of [marital property rights] [spousal support] to the Alternate Payee as a result of the Order of [Divorce] [Dissolution] between Participant and Alternate Payee.

[for Section 7, first paragraph, please use either Alternative A or Alternative B, but not both]:

7. (Alternative A - Paragraph One): Amount of Alternate Payee's Benefit (Percentage Basis): This Order assigns to Alternate Payee an amount equal to _____ Percent (____%) of the Participant's Total Account Balance accumulated under the Plan as of _____ (or the closest valuation date thereto), plus any interest/investment earnings or losses attributable thereon for periods subsequent to _____, until the date of total distribution.

7. (Alternative B - Paragraph One): Amount of Alternate Payee's Benefit (Fixed Dollar Basis): This Order assigns to Alternate Payee a portion of the Participant's Total Account Balance accumulated under the Plan as of _____ (or the closest valuation date thereto), in an amount equal to \$ _____, plus any interest/investment earnings or losses attributable thereon for periods subsequent to _____, until the date of total distribution.

IMPORTANT NOTE: Due to a change in plan recordkeepers, the plan administrator cannot obtain account balance information nor track investment gains/losses for periods prior to June 25, 2009. Therefore, be sure to utilize an effective date of assignment in Alternative A or B above, that is on or after June 25, 2009.

In the event the Alternate Payee does not elect an immediate distribution, his/her share of the benefits described above shall be **segregated and separately maintained** in Account(s) established on his/her behalf and shall additionally be credited with any interest/investment earnings or losses attributable thereon from the date of segregation, until the date of total distribution. The Alternate Payee's share of the benefits shall be allocated on a "pro-rata" basis among all of the accounts and/or investment funds maintained on behalf of the Participant under the Plan. Any outstanding loan balances shall be excluded from the total account balance when calculating the Alternate Payee's share of the benefits.

8. Commencement Date and Form of Payment to Alternate Payee: If the Alternate Payee so elects, he/she shall be paid his/her benefits as soon as administratively feasible following the date this Order is approved as a QDRO by the Plan Administrator, or at the earliest date permitted under Plan or Section 414(p) of the Internal Revenue Code, if later. Benefits will be payable to the Alternate Payee in any form or permissible option otherwise available to participants and alternate payee's under the terms of the Plan, including, but not limited to, a single lump-sum cash payment.

9. Alternate Payee's Rights and Privileges: On and after the date that this Order is deemed to be a Qualified Domestic Relations Order, but before the Alternate Payee receives his/her total distribution under the Plan, the Alternate Payee shall be entitled to all of the rights and election privileges that are afforded to plan beneficiaries, including, but not limited to, the rules regarding the right to designate a beneficiary for death benefit purposes.

10. Death of Alternate Payee: In the event of Alternate Payee's death prior to his/her receiving the full amount of benefits called for under this Order and under the benefit option chosen by Alternate Payee, such Alternate Payee's beneficiary(ies), as designated on the appropriate form provided by the Plan Administrator (or in the absence of a beneficiary designation, his/her estate), shall receive the remainder of any unpaid benefits under the terms of this Order, and in accordance with the benefit option selected by Alternate Payee.

11. Death of Participant: In the event that the Participant dies **prior** to the establishment of a separate Account in the name of the Alternate Payee, such Alternate Payee shall be treated as the surviving spouse of the Participant for any death benefits payable under the Plan to the extent of the full amount of his/her benefits as called for under Paragraph 7 of this Order. Should the Participant predecease the Alternate Payee **after** the new Account has been established on his/her behalf, such Participant's death shall in no way affect Alternate Payee's right to the portion of his/her benefits as stipulated herein.

12. Savings Clause: This Order is not intended, and shall not be construed in such a manner as to require the Plan:

- (a) to provide any type or form of benefit option not otherwise provided under the terms of the Plan;
- (b) to require the Plan to provide increased benefits determined on the basis of actuarial value; or
- (c) to require the payment of any benefits to the Alternate Payee which are required to be paid to another alternate payee under another order which was previously deemed to be a QDRO.

13. Certification of Necessary Information: All payments made pursuant to this Order shall be conditioned on the certification by the Alternate Payee and the Participant to the Plan Administrator of such information as the Plan Administrator may reasonably require from such parties to make the necessary calculation of the benefit amounts contained herein.

14. Tax Treatment of Distributions Made Under this Order: For purposes of Sections 402(a)(1) and 72 of the Internal Revenue Code, any Alternate Payee who is the spouse or former spouse of the Participant shall be treated as the distributee of any distribution or payments made to the Alternate Payee under the terms of this Order, and as such, will be required to pay the appropriate federal income taxes on such distribution.

15. Continued Jurisdiction: The Court shall retain jurisdiction with respect to this Order to the extent required to maintain its qualified status and the original intent of the parties as stipulated herein.

16. Correcting or Terminating Payments: The Plan will retain any rights it may have under its terms to suspend or terminate payments to Alternate Payee and Participant provided that either Participant or Alternate Payee may contest such suspension or termination through any administration remedies available under the Plan. Payments by the Plan pursuant to this Order will be without prejudice to any right the Plan has under applicable law to seek recoupment or offset for overpayment. If the Plan pays one party a portion of the other party's benefits under the Plan and this Order, the party receiving the overpayment will return that portion to the Plan, which in turn, will pass that portion on to the other Party.

17. Debit of Participant's Account for Administrative Expenses: When a separate, one-time QDRO review fee is incurred by the Company for qualification of this Order, such fee will be initially charged to the Participant's account. Specifically, an amount equal to \$350.00 will be assessed against the Participant's account balance at the time the initial DRO is submitted to MassMutual QDRO Center. However, once the final QDRO has been approved, the Plan Administrator will segregate and reduce the Alternate Payee's assigned share of the benefits by 50% of the processing fee.

***Model Qualified Domestic
Relations Orders for
Fayette County Board of
Commissioners***

Model QDRO Language for the

Fayette County, Georgia 457(b) Deferred Compensation Plan

Important information! Please read carefully. This model QDRO satisfies the technical requirements for QDROs under ERISA and the Internal Revenue Code. It is only intended to assist the family law practitioner in expediting the QDRO approval process. It is not meant to be a substitute for expressing the intent of the parties or the negotiated terms of a separation agreement regarding the division of the participant's pension plan benefits. It is your responsibility, as the drafting attorney, to properly define the terms of the applicable QDRO. Please modify the provisions of this model QDRO to the extent necessary to conform to the intent of the parties.

IT IS HEREBY ORDERED AS FOLLOWS:

1. Effect of This Order as a Qualified Domestic Relations Order: This Order creates and recognizes the existence of an Alternate Payee's right to receive a portion of the Participant's benefits payable under an employer-sponsored defined contribution plan that is qualified under Section 457 of the Internal Revenue Code (the "Code") and the Employee Retirement Income Security Act of 1974 ("ERISA"). It is intended to constitute a Qualified Domestic Relations Order ("QDRO") under Section 414(p) of the Code.

2. Participant Information: The name, last known address, social security number and date of birth of the plan "Participant" is:

Name: _____ ("Participant")

Address: _____

Social Security Number: _____

Birth Date: _____

Participant's Attorney Information:

Name of Attorney: _____

Address: _____

Phone: _____

3. Alternate Payee Information: The name, last known address, social security number and date of birth of the "Alternate Payee" is:

Name: _____ ("Alternate Payee")

Address: _____

Social Security Number: _____

Birth Date: _____

Alternate Payee's Attorney Information:

Name of Attorney: _____

Address: _____

Phone: _____

The Alternate Payee shall have the duty to notify the plan administrator in writing of any changes in his/her mailing address subsequent to the entry of this Order.

4. Plan Name: The name of the Plan to which this Order applies is the *Fayette County, Georgia 457(b) Deferred Compensation Plan* (hereinafter referred to as "Plan").

Any changes in Plan Administrator, Plan Sponsor or name of the Plan shall not affect Alternate Payee's rights as stipulated under this Order.

5. Pursuant to State Domestic Relations Law: This Order is entered pursuant to the authority granted in the applicable domestic relations laws of the State of _____.

6. For Provision of Marital Property Rights and/or Spousal Support: This Order relates to the provision of [marital property rights] [spousal support] to the Alternate Payee as a result of the Order of [Divorce] [Dissolution] between Participant and Alternate Payee.

[for Section 7, first paragraph, please use either Alternative A or Alternative B, but not both]:

7. (Alternative A - Paragraph One): Amount of Alternate Payee's Benefit (Percentage Basis): This Order assigns to Alternate Payee an amount equal to _____ Percent (____%) of the Participant's Total Account Balance accumulated under the Plan as of _____ (or the closest valuation date thereto), plus any interest/investment earnings or losses attributable thereon for periods subsequent to _____, until the date of total distribution.

7. (Alternative B - Paragraph One): Amount of Alternate Payee's Benefit (Fixed Dollar Basis): This Order assigns to Alternate Payee a portion of the Participant's Total Account Balance accumulated under the Plan as of _____ (or the closest valuation date thereto), in an amount equal to \$ _____, plus any interest/investment earnings or losses attributable thereon for periods subsequent to _____, until the date of total distribution.

IMPORTANT NOTE: Due to a change in plan recordkeepers, the plan administrator cannot obtain account balance information nor track investment gains/losses for periods prior to June 25, 2009. Therefore, be sure to utilize an effective date of assignment in Alternative A or B above, that is on or after June 25, 2009.

In the event the Alternate Payee does not elect an immediate distribution, his/her share of the benefits described above shall be **segregated and separately maintained** in Account(s) established on his/her behalf and shall additionally be credited with any interest/investment earnings or losses attributable thereon from the date of segregation, until the date of total distribution. The Alternate Payee's share of the benefits shall be allocated on a "pro-rata" basis among all of the accounts and/or investment funds maintained on behalf of the Participant under the Plan. Any outstanding loan balances shall be excluded from the total account balance when calculating the Alternate Payee's share of the benefits.

8. Commencement Date and Form of Payment to Alternate Payee: If the Alternate Payee so elects, he/she shall be paid his/her benefits as soon as administratively feasible following the date this Order is approved as a QDRO by the Plan Administrator, or at the earliest date permitted under Plan or Section 414(p) of the Internal Revenue Code, if later. Benefits will be payable to the Alternate Payee in any form or permissible option otherwise available to participants and alternate payee's under the terms of the Plan, including, but not limited to, a single lump-sum cash payment.

9. Alternate Payee's Rights and Privileges: On and after the date that this Order is deemed to be a Qualified Domestic Relations Order, but before the Alternate Payee receives his/her total distribution under the Plan, the Alternate Payee shall be entitled to all of the rights and election privileges that are afforded to plan beneficiaries, including, but not limited to, the rules regarding the right to designate a beneficiary for death benefit purposes.

10. Death of Alternate Payee: In the event of Alternate Payee's death prior to his/her receiving the full amount of benefits called for under this Order and under the benefit option chosen by Alternate Payee, such Alternate Payee's beneficiary(ies), as designated on the appropriate form provided by the Plan Administrator (or in the absence of a beneficiary designation, his/her estate), shall receive the remainder of any unpaid benefits under the terms of this Order, and in accordance with the benefit option selected by Alternate Payee.

11. Death of Participant: In the event that the Participant dies **prior** to the establishment of a separate Account in the name of the Alternate Payee, such Alternate Payee shall be treated as the surviving spouse of the Participant for any death benefits payable under the Plan to the extent of the full amount of his/her benefits as called for under Paragraph 7 of this Order. Should the Participant predecease the Alternate Payee **after** the new Account has been established on his/her behalf, such Participant's death shall in no way affect Alternate Payee's right to the portion of his/her benefits as stipulated herein.

12. Savings Clause: This Order is not intended, and shall not be construed in such a manner as to require the Plan:

- (a) to provide any type or form of benefit option not otherwise provided under the terms of the Plan;
- (b) to require the Plan to provide increased benefits determined on the basis of actuarial value; or
- (c) to require the payment of any benefits to the Alternate Payee which are required to be paid to another alternate payee under another order which was previously deemed to be a QDRO.

13. Certification of Necessary Information: All payments made pursuant to this Order shall be conditioned on the certification by the Alternate Payee and the Participant to the Plan Administrator of such information as the Plan Administrator may reasonably require from such parties to make the necessary calculation of the benefit amounts contained herein.

14. Tax Treatment of Distributions Made Under this Order: For purposes of Sections 402(a)(1) and 72 of the Internal Revenue Code, any Alternate Payee who is the spouse or former spouse of the Participant shall be treated as the distributee of any distribution or payments made to the Alternate Payee under the terms of this Order, and as such, will be required to pay the appropriate federal income taxes on such distribution.

15. Continued Jurisdiction: The Court shall retain jurisdiction with respect to this Order to the extent required to maintain its qualified status and the original intent of the parties as stipulated herein.

16. Correcting or Terminating Payments: The Plan will retain any rights it may have under its terms to suspend or terminate payments to Alternate Payee and Participant provided that either Participant or Alternate Payee may contest such suspension or termination through any administration remedies available under the Plan. Payments by the Plan pursuant to this Order will be without prejudice to any right the Plan has under applicable law to seek recoupment or offset for overpayment. If the Plan pays one party a portion of the other party's benefits under the Plan and this Order, the party receiving the overpayment will return that portion to the Plan, which in turn, will pass that portion on to the other Party.

17. Debit of Participant's Account for Administrative Expenses: When a separate, one-time QDRO review fee is incurred by the Company for qualification of this Order, such fee will be initially charged to the Participant's account. Specifically, an amount equal to \$350.00 will be assessed against the Participant's account balance at the time the initial DRO is submitted to MassMutual QDRO Center. However, once the final QDRO has been approved, the Plan Administrator will segregate and reduce the Alternate Payee's assigned share of the benefits by 50% of the processing fee.

***QDRO Instructions &
Misc. Clauses***

***QDRO Instructions
& Misc. Clauses***

SPECIFIC INSTRUCTIONS FOR MODEL QDROS FOR THE FAYETTE COUNTY 401(A) DEFINED CONTRIBUTION RETIREMENT PLAN AND THE FAYETTE COUNTY, GEORGIA 457(B) DEFERRED COMPENSATION PLAN

Section 3: You should include the social security number of the alternate payee in order to establish separate accounts in his/her name.

Section 7: You should always include an effective date of assignment when defining the alternate payee's share of the account balance. You must also include an affirmative statement if the alternate payee is entitled to interest and investment earnings or losses for periods subsequent to the date of assignment through the date of distribution. You may use the following language, if applicable:

"7. Amount of Alternate Payee's Benefit: This Order assigns to Alternate Payee an amount equal to _____ Percent (___%) of the Participant's Total Account Balance accumulated under the Plan as of _____ (or the closest valuation date thereto), plus any interest/investment earnings or losses attributable thereon for periods subsequent to _____, until the date of total distribution.

If you want the alternate payee's share of the benefits to be determined without regard to any previous loans made by the participant, you should include the following sentence:

"Such Total Account Balance shall include the value of any outstanding loan balance(s) under the Plan."

Remember, though, the amounts assigned to the alternate payee cannot exceed the participant's total vested account balance as of the effective date of distribution.

If the alternate payee does not elect an immediate distribution of his/her share of the benefits, you may include the following language in the QDRO:

"In the event the Alternate Payee does not elect an immediate distribution, his/her share of the benefits described above shall be **segregated and separately maintained** in Account(s) established on his/her behalf and shall additionally be credited with any interest/investment earnings or losses attributable thereon from the date of segregation, until the date of total distribution to the Alternate Payee. The Alternate Payee's portion shall be proportionately divided among the investment funds as Participant's account(s) are allocated as of the date the Order becomes qualified."

Section 8: If you want the alternate payee to be entitled to commence his/her share of the benefits right away, you should include the following language in the QDRO:

"8. Commencement Date and Form of Payment to Alternate Payee: If the Alternate Payee so elects, he/she shall be paid his/her benefits as soon as administratively feasible following the date this Order is approved as a QDRO by the Plan Administrator, or at the earliest date permitted under Plan or Section 414(p) of the Internal Revenue Code, if later. Benefits will be payable to the Alternate Payee in any form or permissible option otherwise available to participants and alternate payee's under the terms of the Plan, including, but not limited to, a single lump-sum cash payment."

Important Note: Remember, the alternate payee will not be entitled to commence his/her benefits until he/she contacts the Plan Administrator and completes the necessary distribution application forms.

***Commonly Asked
Questions & Answers
Regarding QDROs***

**COMMONLY ASKED
QUESTIONS AND ANSWERS
REGARDING QDROS**

Q-1: How can I obtain information about a Plan participant?

A-1: In order to obtain information regarding the status of a certain Plan participant, you must furnish the Plan Administrator with a written, signed release from the participant or a subpoena.

Q-2: What kind of information can I obtain from the Plan Administrator?

A-2: Once the Plan Administrator receives the proper release or subpoena, the family law attorney can receive the following information regarding the status of the Plan participant:

- Names of all qualified plans under which he/she participates
- Status of Plan participant, whether active, retired or terminated with rights to a vested pension
- Date of retirement or termination of employment, as applicable
- Current account balance information for company-sponsored defined contribution plan(s)

Important Note: The Plan Administrator will only address the actual questions that are asked in the release or subpoena, so please be specific.

Q-3: What kind of information can I receive about the Plan(s)?

A-3: We can furnish you with the following information regarding the Company's qualified retirement plans:

- Available distribution options
- Earliest date at which alternate payee can elect a distribution of his/her share of the benefits

Q-4: Do you have "model QDROs" to use for dividing benefits under your qualified plans?

A-4: Yes, we can provide you with a model QDRO for the *Fayette County 401(a) Defined Contribution Retirement Plan* and the *Fayette County, Georgia 457(b) Deferred Compensation Plan*.

IMPORTANT INFORMATION FOR ATTORNEYS USING THE MODEL QDROS!

Please read them carefully. The model QDROs have been developed solely to satisfy the technical requirements for QDROs under ERISA and the Internal Revenue Code. They are only intended to assist the family law practitioner in expediting the QDRO approval process. They are not meant to be a substitute for expressing the parties' intent or the negotiated terms of a separation agreement regarding the division of the participant's pension plan and savings plan benefits. It is your responsibility, as the drafting attorney, to properly define the terms of the applicable QDRO. Please modify the provisions of the model QDROs to the extent necessary to conform to the intent of the parties.

Q-5: Can I send you a QDRO to review before I have it executed by the Court?

A-5: Yes. *MassMutual QDRO Center* will review a draft QDRO before it is executed by the court. You may send the QDRO to the following address for pre-approval:

**MassMutual QDRO Center
3071 Pearl Road
Medina, OH 44256
Attn: Fayette County Board of Commissioners QDRO
Compliance Team**

Q-6: How do I know what information is required under a QDRO?

A-6: All of the requirements for QDROs are contained in Section 414(p) of the Internal Revenue Code.

Q-7: Will the Plan Administrator tell me how much the Alternate Payee should get under a QDRO from an equity perspective?

A-7: Absolutely not. The Plan Administrator will avoid discussing fairness or equitability issues regarding the division of benefits under a QDRO. It is the responsibility of the parties' legal counsel to negotiate the substantive provisions of a QDRO. The Plan Administrator will limit its review to the technical requirements for QDROs as set forth under ERISA and Section 414(p) of the Internal Revenue Code.

Q-8: What happens if the Participant dies before the QDRO is received by the Plan Administrator?

A-8: This issue should be of central concern to the attorney representing a potential alternate payee under a QDRO. A QDRO is not a QDRO until a *certified, executed copy is received by the Plan Administrator*. However, if the participant dies before a the QDRO has been certified by the Court or received by the Plan Administrator, the Plan Administrator will take into account whether such Order would have otherwise qualified as a QDRO had it been received and reviewed prior to the death of the participant or alternate payee, as applicable and if there are any benefits still payable on behalf of the participant under the Plan. If the Plan Administrator determines that the nunc pro tunc QDRO is acceptable, then any benefits that may become payable under the Order will only be payable on a prospective basis and to the extent permitted under the terms of the Plan.

Q-9: When will the Plan Administrator begin to segregate and separately account for the alternate payee's share of the benefits?

A-9: Pursuant to section 414(p)(7) of the Internal Revenue Code, during any period in which the issue of whether a "certified" domestic relations order is a qualified domestic relations order is being determined, the Plan Administrator shall withhold and separately account for the amounts which would have been payable to the alternate payee during such period if the order had been determined to be a qualified domestic relations order. In other words, the Plan Administrator shall be required to separately account for the called-for portion of the participant's benefits during the period in which it is determining whether the Order is a QDRO, but only for a maximum of 18 months. In the case of a defined contribution plan, the participant will still be entitled to direct his/her investments during the qualification determination period, however, he/she will be refrained from withdrawing or borrowing any amounts that are earmarked for the

alternate payee under the domestic relations order.

Q-10: What is the earliest date on which the alternate payee can begin to receive benefits under a QDRO?

A-10: With respect to defined contribution plans, an alternate payee is entitled to commence his/her share of the benefits as soon as administratively feasible following the date the QDRO is approved by the Plan Administrator and upon completion by the alternate payee of the necessary distribution election forms and other paperwork as may be required by the Plan Administrator.

Important Note: The earliest commencement date stated above is based on the provisions of the Plan(s). Your QDRO must include specific language regarding the alternate payee's elected benefit commencement date. You may simply include language that provides payments to the alternate payee "on or after the earliest retirement age as defined in Section 414(p) of the Internal Revenue Code and upon the completion of the necessary distribution application forms."

Q-11: Are benefit payments to the Alternate Payee automatic once the QDRO is qualified?

A-11: No. Even if the QDRO includes a specific date when the alternate payee is to commence his/her share of the benefits, the alternate payee will not commence his/her benefits until a benefit distribution election form and any other associated paperwork as may be required by the Plan Administrator, is properly completed by the alternate payee. Remember, the alternate payee must contact the plan administrator to request the necessary distribution application forms. These must be properly completed and returned to the plan administrator before any distribution will occur.

Q-12: Will the alternate payee be entitled to growth on his/her share of the benefits "automatically"?

A-12: If the intent of the parties is to provide the alternate payee with interest and investment earnings or losses attributable to his/her assigned share of the benefits from the effective date of assignment to the date of distribution, the QDRO should include specific language to this effect. However, even if your QDRO is silent on this issue, the plan administrator will interpret the Order to provide the alternate payee with his/her associated investment growth. Once the alternate payee's benefits are actually segregated from the participant's accounts, they will automatically bear any associated gains/losses pending distribution, regardless of any wording to the contrary in the QDRO.

Q-13: How are interest and investment earnings/losses calculated on the alternate payee's share of the benefits?

A-13: If your QDRO provides the alternate payee with interest and investment earnings and losses attributable to his/her share of the benefits, the Plan Administrator will compute this as follows:

- **Retroactive calculation of growth on the alternate payee's share of the account balance from effective date of assignment to the current date (ie: "Segregation Date"):** Annualized interest and investment growth factors will be applied with partial year adjustments.
- **Growth from current "Segregation Date" to date of distribution:** If the alternate payee does not elect an immediate distribution of his/her share of the benefits upon approval of the QDRO, benefits will be segregated and maintained in separate account(s) in the name of the alternate payee. Once new accounts are established, the alternate payee's share of the benefits will grow with interest and investment earnings or losses in the same manner as a participant's benefits under such accounts.

Q-14: How will the alternate payee's share of the benefits be "allocated" among the participant's various accounts and/or subaccounts?

A-14: Not only should your QDRO include specific details regarding the **amount** of the alternate payee's benefits, it should also include instructions regarding the allocation of benefits from the participant's accounts. If your QDRO is silent on this issue, the plan administrator will allocate the alternate payee's share of the benefits on a **"pro rata"** basis among all of the participant's accounts as of the Segregation Date.

Important Note Regarding the Allocation of Benefits to the Alternate Payee: If your QDRO is silent regarding the allocation of the alternate payee's share of the benefits, the Plan Administrator will utilize the "pro rata" allocation method for establishing the alternate payee's share of the accounts. In other words, the alternate payee's share of the benefits will be made up of a pro rata portion of each and every account and/or subaccount held in the name of the participant.

***Glossary of
Important Terms***

GLOSSARY OF IMPORTANT TERMS

Account Balance: A participant's Account Balance means the value of his/her benefits as of a specified valuation date under the company's "*defined contribution plans.*" A participant's Account Balance may consist of one or more subaccounts such as a before-tax or after-tax account or a company match account. Further, these various accounts may be invested in a variety of investment vehicles made available to participants from time to time. Whenever a QDRO is submitted for a defined contribution plan, attorneys should refer to the participant's "Account Balance" under the plan as of a specified valuation date. Also, to help eliminate potential conflicts regarding the plan's standard valuation dates, attorneys may want to include the following phrase in the QDRO after stating the division date for benefits: "*(or the closest standard plan valuation date thereto)*".

Annuity: An annuity represents a periodic stream of income payable over a specified period of time such as a number of years or over the lifetime of an individual.

Code: This refers to the Internal Revenue Code of 1986, as amended from time to time. This is the basic federal tax law under which all qualified retirement programs must comply.

Defined Contribution Plan: A defined contribution plan refers to a plan that establishes and maintains an individual account for each plan participant. Benefits are simply based on the accumulated vested amounts contributed to the participant's account by the employee and the company, plus or minus any interest or investment income or losses attributable to that account. When drafting a QDRO for a defined contribution plan, attorneys should refer to its official name.

Direct Rollover: A direct rollover provides a participant or alternate payee under a QDRO a means to transfer his/her proceeds from the plan directly to an IRA or other qualified employer-sponsored plan. A direct rollover continues to defer payment of taxes on the taxable portion of the distribution until the money is withdrawn from the IRA or employer plan. If an alternate payee under a QDRO directs the plan administrator to make a direct rollover on all or a portion of his/her funds, the alternate payee can avoid the automatic 20% federal income tax withholding requirement on the amount of such rolled-over funds.

ERISA: This refers to the Employee Retirement Income Security Act of 1974, as amended from time to time.

Qualified Domestic Relations Order ("QDRO"): A qualified domestic relations order is a domestic relations order issued by a state court that creates or recognizes the rights of an alternate payee to receive all or a portion of the pension benefits payable with respect to a plan participant. In order to be a QDRO, it must satisfy the criteria enumerated in Section 414(p) of the Internal Revenue Code (IRC), as amended. Plan administrators have total discretionary authority to determine whether a QDRO satisfies such requirements.

Vested Benefit: This refers to a participant's nonforfeitable right to receive benefits under a defined contribution plan. A participant becomes 100% vested when he satisfies the plan's vesting schedule. Under a defined contribution plan, an employee's own contributions to the plan are always 100% vested, however, employer contributions may be subject to a vesting schedule.

QUALIFIED DOMESTIC RELATIONS ORDERS
ADDENDUM TO SERVICE AGREEMENT FOR CONTRACT NUMBER 60325-1

Effective the 8th day of June, 2011, Fayette County Board of Commissioners retains Massachusetts Mutual Life Insurance Company ("MassMutual") to review domestic relations orders that affect participants' benefits under the Fayette County 401(a) Defined Contribution Retirement Plan to determine if the order constitutes a qualified domestic relations order that satisfies all the requirements under section 414 (p) of the Internal Revenue Code. The Plan Sponsor has reviewed the attached Guidelines and Procedures for the Administration of Qualified Domestic Relations Orders and, hereby, directs MassMutual to follow these guidelines and procedures (without deviation) in determining if a domestic relations order constitutes a qualified domestic relations order. MassMutual does not have discretionary authority in applying these guidelines and procedures. In the review and administration of qualified domestic relations orders, MassMutual may subcontract certain work to QDRO Consultants Company or other vendors.

FEES:

\$350 for each Defined Contribution Domestic Relations Order, plus any applicable processing fee.

FOR THE PLAN SPONSOR:

NAME: _____

TITLE: _____

SIGNATURE: _____ **DATE:** _____

QUALIFIED DOMESTIC RELATIONS ORDERS
ADDENDUM TO SERVICE AGREEMENT FOR CONTRACT NUMBER 60325-2

Effective the 8th day of June, 2011, Fayette County Board of Commissioners retains Massachusetts Mutual Life Insurance Company (“MassMutual”) to review domestic relations orders that affect participants’ benefits under the Fayette County, Georgia 457(b) Deferred Compensation Plan to determine if the order constitutes a qualified domestic relations order that satisfies all the requirements under section 414 (p) of the Internal Revenue Code. The Plan Sponsor has reviewed the attached Guidelines and Procedures for the Administration of Qualified Domestic Relations Orders and, hereby, directs MassMutual to follow these guidelines and procedures (without deviation) in determining if a domestic relations order constitutes a qualified domestic relations order. MassMutual does not have discretionary authority in applying these guidelines and procedures. In the review and administration of qualified domestic relations orders, MassMutual may subcontract certain work to QDRO Consultants Company or other vendors.

FEES:
\$350 for each Defined Contribution Domestic Relations Order, plus any applicable processing fee.

FOR THE PLAN SPONSOR:

NAME: _____

TITLE: _____

SIGNATURE: _____ **DATE:** _____