

**UPS/IBT FULL-TIME EMPLOYEE PENSION PLAN
AND
CENTRAL STATES, SOUTHEAST AND SOUTHWEST AREAS PENSION FUND**

Qualified Domestic Relations Order
Suggested Language
(Effective January 1, 2016)

**In Pay-Status Model
(For use with respect to Participants who are *in pay status AND
who have not yet attained age 65.*)**

NOW, THEREFORE, IT IS HEREBY ORDERED AND ADJUDGED AS FOLLOWS:

1. This Order is directed to the UPS/IBT Full-Time Employee Pension Plan (the "UPS/IBT Plan") and the Central States, Southeast and Southwest Areas Pension Fund (the "Central States Plan"). (The UPS/IBT Plan and the Central States Plan may be referred to in the aggregate as "the Plans".) This Order acknowledges that benefit payments under the UPS/IBT Plan are coordinated with the benefits payments from the Central States Plan, and that benefit payments from the UPS/IBT Plan will be reduced, upon the Participant's attainment of normal retirement age, by the benefit payments which become payable from the Central States Plan. This Order shall be deemed to apply to the Central States, Southeast and Southwest Areas Pension Fund.

Note: The payment of benefits under the UPS/IBT Plan and the Central States Plan are coordinated in order to provide a "complete" retirement benefit for Participants and Alternate Payees.

Specifically, if the Participant accrued a benefit under the Central States Plan prior to January 1, 2008, and benefits are paid prior to the Participant's normal retirement age (generally, age 65), the benefit payments will be made from the UPS/IBT Plan. Upon the Participant's attainment of normal retirement age, the Participant's (and the Alternate Payee's) monthly benefit under the UPS/IBT Plan will shift and begin to be paid from the Central States Plan. When this happens, the benefit payments under the UPS/IBT Plan will be reduced (or "offset") by the monthly benefit which becomes payable from the Central States Plan.

The amount of the offset (or, in other words, the amount which the Central States Plan will begin to pay) will be the lesser of (i) the Participant's normal retirement age benefit (also known as the Contribution-Based Pension) which accrued through December 31, 2007, or (ii) the total monthly benefit being paid by the UPS/IBT Plan. Any benefit payments in excess of the offset amount will continue to be paid from the UPS/IBT Plan.

Because the Plans coordinate the payment of benefits, the QDRO should apply to both Plans in order to ensure that the Participant's or Alternate Payee's awarded benefit is not reduced unexpectedly when the Participant attains normal retirement age.

Any order submitted to the UPS/IBT Plan must acknowledge the relationship between the UPS/IBT Plan and the Central States Plan, as set forth above in paragraph 1.

Please note that the Order needs only to be submitted to the UPS/IBT Plan. The UPS/IBT Plan and the Central States Plan will coordinate the Order's review and approval by both Plans.

2. The name of the participant (the "Participant") covered by this Order is **[insert name of Participant]**. The Participant's relevant information is as follows:

**[Insert address, social security number,
and date of birth of the Participant]**

3. The name of the alternate payee (the "Alternate Payee") covered by this Order is **[insert name of Alternate Payee]**. The Alternate Payee's relevant information is as follows:

**[Insert address, relationship to the Participant, social security number,
and date of birth for the Alternate Payee]**

Note: An Alternate Payee may only be the spouse, former spouse, child or other dependent of the Participant. See Internal Revenue Code Section 414(p)(8). (Please note that a child or dependent will be eligible for payments from the Plans only if they have not attained the age of majority.)

4. The parties were married on _____ and divorced on _____.

Note: The above requested information is not necessary pursuant to Internal Revenue Code Section 414(p). It is, however, very helpful to the Plans for administrative purposes when separately accounting for the Alternate Payee's awarded benefit.

5. **AMOUNT OF AWARDED BENEFIT – CHOOSE ONE OF THE FOLLOWING ALTERNATIVE PARAGRAPHS**

Note: The amount of the Participant's and/or the Alternate Payee's benefit payable from the UPS/IBT Plan will be reduced by the offset as described in paragraph 1 of this Order. Please refer to the QDRO Procedures and the "Notes" contained in paragraph 7 for a more complete discussion of the manner in which this offset will be applied to the Participant's and/or the Alternate Payee's benefits payable from the UPS/IBT Plan. The parties should note that in no event will the Alternate Payee's awarded amount payable from the UPS/IBT Plan exceed the Participant's total accrued benefit under the UPS/IBT Plan (either before or after the application of the offset).

- 5(A). The Participant commenced receipt of his or her benefit under the UPS/IBT Plan in the form of a Lifetime with Limited Surviving Spouse Option. This form of benefit will pay a monthly benefit for the lifetime of the Participant, except that, if the Participant is eligible and if the Participant's death should occur before 60 monthly payments have been paid from the either of the Plans, payments will continue to the Alternate Payee until the Plans have made 60 monthly payments, so long as the Alternate Payee is alive. The Alternate Payee is awarded **[insert either a dollar amount or percentage]** of the Participant's monthly benefit payable from the UPS/IBT Plan, commencing as soon as practicable in accordance with the Plans' Administrative Procedures for Determining the Qualified Status of Domestic Relations Orders.

Note: The Participant would be eligible for the 60-month term certain if the Participant (i) has completed as least 20 Years of Service Pension Credit, (ii) has

completed at least 30 Years of Combined Service Credit, or (iii) is at least age 50 and has completed at least 20 Years of Combined Service Credit (as those capitalized terms are defined in the Plans). The 60-month term ends on the date the Plans have (in the aggregate) made a total of 60 monthly payments, regardless of whether these payments were made to the Participant or Alternate Payee.

OR

5(B). The Participant commenced receipt of his or her benefit under the UPS/IBT Plan in the form of a Qualified Joint and 50% Survivor Annuity (“QJSA”) and ***was married*** to the Alternate Payee at the time benefits commenced. This form of benefit will pay a monthly benefit for the lifetime of the Participant, followed by monthly payments to the Alternate Payee for his or her lifetime (assuming the Alternate Payee survives the Participant) in an amount equal to 50% of the total monthly payments the Alternate Payee had been receiving during the Participant’s lifetime. The Alternate Payee is awarded **[insert either a dollar amount or percentage]** of Participant’s monthly benefit, commencing as soon as practicable in accordance with the Plans’ Procedures for Determining the Qualified Status of Domestic Relations Orders.

OR

5(C). The Participant commenced receipt of his or her benefit under the UPS/IBT Plan in the form of a Qualified Joint and 50% Survivor Annuity (“QJSA”) and was ***not*** married to the Alternate Payee at the time benefits commenced. This form of benefit will pay a monthly benefit for the lifetime of the Participant, followed by monthly payments to the spouse to whom the Participant was married at the time of benefit commencement for that spouse’s lifetime (assuming he or she survives the Participant). The Alternate Payee is awarded **[insert either a dollar amount or percentage]** of Participant’s monthly benefit, commencing as soon as practicable in accordance with the Plans’ Procedures for Determining the Qualified Status of Domestic Relations Orders. Because the Alternate Payee was *not* married to the Participant at the time benefits commenced, no benefits will be payable to the Alternate Payee upon the Participant’s death.

OR

5(D). The Participant commenced receipt of his or her benefit under the UPS/IBT Plan in the form of a Joint and 75% Survivor Annuity and designated the Alternate Payee as the surviving beneficiary. This form of benefit will pay a monthly benefit for the lifetime of the Participant, followed by monthly payments to the Alternate Payee for his or her lifetime (assuming the Alternate Payee survives the Participant) in an amount equal to 75% of the total monthly payments the Alternate Payee had been receiving during the Participant’s lifetime. The Alternate Payee is awarded **[insert either a dollar amount or percentage]** of Participant’s monthly benefit, commencing as soon as practicable in accordance with the Plans’ Procedures for Determining the Qualified Status of Domestic Relations Orders.

6. APPLICATION OF “OFFSET” FOR BENEFIT WHICH BECOMES PAYABLE FROM THE CENTRAL STATES PLAN – CHOOSE ONE OF THE FOLLOWING ALTERNATIVE PARAGRAPHS

Note: As described in paragraph 1 of this Order, the Participant’s benefit payable from the UPS/IBT Plan will be reduced (or “offset”) upon the Participant’s attainment of normal retirement age to take into account benefits which become payable from the Central States Plan.

This model QDRO addresses the offset only in instances where the Order is received prior to the Participant's attainment of normal retirement age because, if the UPS/IBT Plan receives the Order before the Participant's attainment of normal retirement age, the Order must include a statement which addresses the offset (by including one of the alternative provisions below). If, on the other hand, the UPS/IBT Plan receives the Order after the Participant's attainment of normal retirement age, no special provision is necessary regarding the offset because the offset will already have been applied to the Participant's benefit at the time of the Order's receipt.

The offset to the benefit payable from the UPS/IBT Plan (which is equal to the benefit which becomes payable from the Central States Plan) can be applied to the benefit payable from the benefit payable from the UPS/IBT Plan either (i) proportionately to the Participant's and Alternate Payee's benefits, (ii) first to the Participant's remaining benefit, or (iii) first to the Alternate Payee's awarded benefit. The Plans' Procedures for Determining the Qualified Status of Domestic Relations Orders include specific examples of how each of these alternatives will affect the Participant's and Alternate Payee's benefit payments.

Note: In no event will the Alternate Payee's awarded amount payable from the UPS/IBT Plan exceed the Participant's total accrued benefit payable from the UPS/IBT Plan (either before or after the application of the offset). The parties should note that it is possible that the Participant's OR Alternate Payee's benefit to be reduced to zero, in which case the appropriate parties' entire benefit will become payable from the Central States Plan.

6(A) Upon the Participant's attainment of normal retirement age, the application of the offset (to take into account the benefit which becomes payable from the Central States Plan) shall be applied to the Participant's and Alternate Payee's monthly benefit payable from the UPS/IBT Plan in the same proportion.

OR

6(B) Upon the Participant's attainment of normal retirement age, the application of the offset (to take into account the benefit which becomes payable from the Central States Plan) shall be applied first to the Alternate Payee's monthly benefit payable from the UPS/IBT Plan.

OR

6(C) Upon the Participant's attainment of normal retirement age, the application of the offset (to take into account the benefit which becomes payable from the Central States Plan) shall be applied first to the Participant's monthly benefit payable from the UPS/IBT Plan.

7. WITHHELD AMOUNTS – CHOOSE ONE OF THE BRACKETED PROVISIONS

Amounts which have been withheld from the Participant's monthly benefit from the Plans for the period of time during which the Order was being determined to be a qualified domestic relations order shall be **[paid to the Alternate Payee][paid to the Participant][paid to the Alternate Payee in the same proportion as if the formula set forth in paragraph 5 were effective for each month that amounts have been withheld from the Participant's benefit during the QDRO determination process]**. Payment of these withheld amounts shall be made as soon as practicable following the date on which the Order is determined to be a qualified domestic relations order.

Note: Upon the UPS/IBT Plan's initial receipt of a domestic relations order, an administrative hold will be placed on a portion of the Participant's monthly benefit. Unless the order clearly specifies a different percentage, the UPS/IBT Plan will withhold 50% of the Participant's monthly benefit. Upon the UPS/IBT Plan's determination that an executed order satisfies the requirements of a qualified domestic relations order, the Plans will distribute these withheld amounts. The order should direct the Plans as to whom, and in what amount, the withheld amounts should be paid.

Any withheld amounts in excess of the withheld amounts which are specifically awarded to the Alternate Payee shall be returned to the Participant. If the order is silent as to the withheld amounts, the withheld amounts will be returned to the Participant unless, within 30 days of the date of the Plans' approval letter, the UPS/IBT Plan receives a properly executed and amended QDRO which addresses the withheld amounts.

8. ALTERNATE PAYEE'S DEATH – CHOOSE ONE OF THE FOLLOWING ALTERNATIVE PARAGRAPHS

8(A). If the Alternate Payee should die prior to either (i) the Participant's death, or (ii) the end of the term certain (if applicable), continued payment of the awarded benefit, if any, will be made in accordance with the terms of the Plans.

8(B). If the Alternate Payee should die prior to either (i) the Participant's death, or (ii) the end of the term certain (if applicable), then the following person(s) shall be designated as contingent alternate payees and shall share equally in the awarded benefit as long as alive on each payment date. The names, addresses, relationship to Participant, social security numbers, and dates of birth of each contingent alternate payee are as follows: _____.

Note: Contingent alternate payees may be designated by including their names, addresses, relationship to the Participant, social security numbers, and dates of birth in this paragraph 8. Payments to any contingent alternate payee will end at the Participant's death or the end of the term certain, if applicable.

The Plan cannot honor any direction to pay benefits to someone who does not have the status of a named alternate payee; that is, a spouse, former spouse, child or other dependent of the Participant. See ERISA Section 206(d)(3)(K). For example, the Plan cannot honor an award of contingent benefits to the Alternate Payee's estate, or in accordance with his or her power of appointment. Please note further that children and dependents of the Participant will be eligible to receive benefits from the Plans only until they reach the age of majority.

9. If the Alternate Payee is the spouse or former spouse of the Participant, the taxable portion of any awarded benefits distributed under this Order shall be included, as and when received, in the Alternate Payee's gross taxable income. The Alternate Payee hereby agrees that said awarded benefits, when paid, shall not be taxable income to the Participant.

10. It is intended that this Order will qualify as a Qualified Domestic Relations Order under Section 414(p) of the Internal Revenue Code of 1986, as amended, and Section 206(d)(3) of the Employee Retirement Income Security Act of 1974, as amended, and shall be administered and interpreted in conformity with such. This Order shall not require the Plans to provide any type or form of benefit or any option not otherwise provided to the Participant. This Order further shall not require the Plans to provide increased benefits (determined on the basis of actuarial value)

and shall not require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to be a Qualified Domestic Relations Order.