

# **Retirement Benefits Court Order—Procedures**

Thrift Savings Plan

June 2022



## **Helpful Hints**

### ***Does the order relate to state domestic relations law?***

See Section II of the FRTIB Procedures: Creating an RBCO. The order must contain a statement that it is issued pursuant to domestic relations law of any of the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Northern Mariana Islands, or the Virgin Islands, or by any Indian court as defined by 25 U.S.C. Sec. 1301(3).

### ***Does the order clearly state that it applies to the retirement benefit plan of the participant?***

The order must specify each benefit to which it applies; it must name Thrift Savings Plan and specify whether the benefit is to be paid from the civilian, military, or beneficiary account of the participant.

### ***Does the order specify the name and last known address of the participant and payee?***

The order must contain this information or reference an attachment that provides this information. The date of birth and Social Security number of the payee are also required to establish the account.

### ***Does the order specify the benefit to be paid to each payee and the manner in which such amount or percentage is to be determined?***

The order must contain a single valuation date and a clear benefit assignment.

### ***Does the order specify the manner of payment and the time at which the payments shall commence to be paid to each payee?***

The entire amount of the a court order payee's entitlement must be disbursed at one time. A series of payments will not be made, even if the court order provides for such a method of payment. For the savings plan, a separate account will be established as soon as administratively reasonable following qualification.

### ***Does the order meet the survivorship procedures established for the plan?***

The payee may not name a beneficiary in the order for payment of savings benefits upon the payee's death.

### ***Does the order meet taxation language IRC rules?***

If the payee is a spouse or former spouse, the payee will be taxed on any distributions.

If the payee is a child, the participant will be taxed.

### ***Is the order a court-certified document?***

Is the order signed by the judge, and does it have a clerk certification stamp or seal?

## **Questions?**

Call Thriftline Participant Care Center at 1-877-968-3778 or 1-404-233-4400 for international callers between 7 a.m. to 9 p.m. EST and request a transfer to the Court Order Center Team or email us at [courtorder@tsp.gov](mailto:courtorder@tsp.gov). You will receive a response within two business days at the latest.

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# **I. Retirement Benefits Court Order (RBCO) Overview**

## **What's a Retirement Benefits Court Order?**

A Retirement Benefits Court Order is a court order, judgment, or decree issued under a state's domestic relations law. It recognizes the right of the following individuals (referred to as "payees") to receive all or part of the participant's account balance in the Thrift Savings Plan.

- Spouse
- Former spouse
- Child
- Other dependent of the participant

An RBCO must be qualified before any payments are made to a payee.

## II. Creating an RBCO

### Considerations Before Seeking an RBCO

Before starting the process of seeking an RBCO, it's important to learn the following information:

- Is the participant entitled to a benefit under the Thrift Savings Plan?
- If you're a participant, you can call the Thriftline Participant Care Center at 1-877-968-3778 or 1-404-233-4400 for international callers between 7 a.m. to 9 p.m. EST to get your benefit information.
- All other parties can work with the participant or the participant's attorney for participant-specific information. Sometimes it may be necessary to subpoena the information from the Thrift Savings Plan.
- The participant can be restricted from retirement plan activity including taking a loan or withdrawal once the Court Order Center receives a court order or joinder.

### Your Steps for Creating an RBCO

There are many ways to draft the terms of an RBCO. The TSP's model language form is what it considers acceptable for an RBCO if the required information is accurately completed. However, using the model language form isn't required.

Dividing retirement benefits in domestic relations proceedings involves complex matters such as marital rights, legal issues, and tax consequences. You may want to consult with an attorney or financial professional to best handle your case.

Follow the steps below (either using the model language form or creating your own) to complete a Domestic Relations Order that meets FRTIB's RBCO requirements.

### Using Model RBCO Language Form

1. Complete the model language form without changing or adding language.
2. Have your order signed by a judge.
3. Obtain a court-certified copy of the order from the clerk of the court. See details about **court-certified copies** below. *Handwritten changes will not be accepted.*

4. Send the court-certified order to:

TSP Court Order Center  
C/O Broadridge Processing  
PO Box 120  
Newark, NJ 07101-0120

5. Alternatively, orders may be uploaded to our Court Order Center website at:  
<https://qoc.rk.tsp.gov/qoc/b/CsHome010Home.htm>

## Creating Your Own Form

1. Complete a draft (not signed by a judge) of your domestic relations order, making sure it satisfies all of FRTIB's RBCO requirements outlined later in this document.

2. Send the draft order to:

TSP Court Order Center  
C/O Broadridge Processing  
PO Box 120  
Newark, NJ 07101-0120

Alternatively, orders may be uploaded to our Court Order Center website at  
<https://qoc.rk.tsp.gov/qoc/b/CsHome010Home.htm>.

3. If you're notified that the draft order is preapproved, obtain a court-certified copy of the order from the clerk of the court and mail it to the address in Step 2. See details about **court-certified copies** below. Both draft and court-certified orders may be submitted to us by uploading them onto our website linked above. *Handwritten changes made to the order after certification will not be accepted.*
4. If the draft was denied, you'll need to make the necessary revisions based on the reasons stated in the Denial Notice and resubmit your order to the address in Step 2.

## Court-Certified Copies

A court-certified order is signed or stamped by the judge or other court official and has a stamp or seal from the clerk of the court stating the order is a certified copy. A photocopy or a faxed copy of a court-certified order is acceptable for qualification requirements.

## What Happens with Your Order?

After the order is received, the Qualified Order Center will:

- Restrict the participant's benefit activity, as outlined on page 7;
- Review the order to ensure that it meets all the qualification requirements;
- Notify all parties within 20 days of receiving the order whether it meets all qualification requirements; and
- If the order is qualified, direct the appropriate retirement plan record keeper to establish separate benefits for the payee.

## General Requirements for RBCO Approval

There are ten general qualification requirements that an RBCO must meet. In addition, the order must satisfy FRTIB's **RBCO requirements** as described in the last sections of this document. Otherwise, the order will be **denied**. The order must:

1. Be a court order, judgment, or decree (certified and signed by a judge or other state-approved court official);
2. Relate to the alimony payments or marital property rights of a spouse or former spouse, or to the support of a child or other dependent of a retirement plan participant;
3. Contain a statement that the order is issued pursuant to a state domestic relations law;
4. Clearly identify the plan name – Thrift Savings Plan;
5. Include the following information for the participant and payee:
  - Name
  - Last known mailing address
  - Last 4 digits of the participant's Social Security number
  - Full Social Security number of the payee
  - Date of birth;
6. Describe the amount or percentage of benefits to be paid and when to calculate the award;
7. Not require the plan to pay more benefits than the participant has earned;
8. Indicate the manner of payment and when payments may begin;
9. Not require the plan to provide any benefit not otherwise provided by the plan; and
10. Not require payments to a payee that are already required to be paid to another payee under a previously issued RBCO.

## III. Changing a Previously Approved RBCO

### What a Revised Order Must Indicate

Any order attempting to change or replace an existing RBCO—in addition to meeting all the RBCO requirements—must:

- Specifically state that it **amends** or **supersedes** the previously qualified order; and
- Identify the previous RBCO by plan name and date when it was signed by the court.

Send the order to:

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C/O Broadridge Processing  
PO Box 120  
Newark, NJ 07101-0120

Alternatively, orders may be uploaded to our Court Order Center website at:

<https://qoc.rk.tsp.gov/qoc/b/CsHome010Home.htm>.

### General Information on Special Situations

If the payee has already requested a total distribution, the revised order may only award the payee an increased benefit. If the revised order seeks a decreased benefit for the payee, the order will be denied.

## **IV. Canceling a Previously Approved RBCO**

### **What an Order Must Indicate**

Any order attempting to cancel an existing RBCO must:

- Specifically state that it **nullifies** or **vacates** the previously qualified order.
- Provide a way to identify the previous RBCO, such as a date when it was signed by the court.

Send the order to:

TSP Court Order Center  
C/O Broadridge Processing  
PO Box 120  
Newark, NJ 07101-0120

Alternatively, orders may be uploaded to our Court Order Center website at <https://qoc.rk.tsp.gov/qoc/b/CsHome010Home.htm>.

### **General Information on Special Situations**

If the payee has already requested a total distribution under an RBCO, the canceling order will be denied.

## V. Awarding an additional benefit

### What an Order Must Indicate

Any order attempting to assign an additional benefit in addition to a previously qualified order:

- Specifically state that it **is in addition to** the previously qualified order.
- Identify the previous RBCO by plan name and date when it was signed by the court.

Send the order to:

TSP Court Order Center  
C/O Broadridge Processing  
PO Box 120  
Newark, NJ 07101-0120

Alternatively, orders may be uploaded to our Court Order Center website at <https://qoc.rk.tsp.gov/qoc/b/CsHome010Home.htm>.

# VI. Benefit Restrictions on Participant's Plan

## Placing Benefit Restrictions

The participant's benefit activity will be restricted when the Court Order Center receives one of the following:

- Draft domestic relations order
- Court order

The retirement plan administrator will start the process to prevent the participant from withdrawing money, which otherwise may be payable to the payee if the order is approved.

The restriction lasts until the order is qualified or for a maximum period of 18 months per order. The participant will be able to change investment choices and contribution amounts during the restriction period. However, none of the following account activities will be allowed by the participant during the restriction period:

- Distributions
- Loans
- Withdrawals

## Removing Benefit Restrictions

When a court order or draft order is on file, account restrictions may be removed when any of the following events occurs:

- An RBCO becomes qualified.
- A subsequent court-certified order, such as a divorce decree, is received. The new order must state that the payee has waived his or her rights to the participant's benefits under the plan or that the participant is entitled to 100% of the benefit under the plan.
- A subsequent court-certified order is received that cancels the order that caused the restriction to be placed on the plan.
- A notarized letter signed by the payee is received requesting that restrictions be removed and naming the plan(s) affected. This method of removing a restriction is an available option **only** when a draft order has been submitted.
- A qualified order isn't submitted within the 18-month restriction period.

**Note:** Any new order received after a restriction has been removed will begin a new restriction period.

## VII. Glossary

### Definition of RBCO-Related Terms

**Account balance**—The dollar amount in the participant's defined contribution plan.

**Benefit commencement date**—The date on which the participant is scheduled to receive or actually begins receiving benefits in a defined contribution plan.

**Date of distribution**— The date on which the awarded benefit is distributed to the payee.

**Payee**—Any spouse, former spouse, child or other dependent of a participant who is recognized by an RBCO as having a right to receive all or a portion of the participant's retirement benefits payable under the plan.

**Retirement Benefits Court Order**— is any judgment, decree, or order (including an approval of a property settlement agreement, divorce decree, Joinder, restraining order, draft RBCO or a Court Certified Order) that relates 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 that is made pursuant to a state domestic relations law (including a community property law).

**Order**— An order is defined as either a divorce decree, property settlement agreement, joinder, restraining order, draft DRO, or court certified DRO.

**Plan administrator**— Federal Retirement Thrift Investment Board (FRTIB) is the Plan Administrator for the Thrift Savings Plan.

**RBCO Processing Fee**—An RBCO Processing Fee is a fee charged to the participant for the review and processing of an order.

**Valuation date**—The date on which the participant's benefit is valued to determine the payee's award.

**Vested account balance**—The dollar amount of the participant's account balance in a defined contribution account that the participant has the right to keep after ending employment with the federal government.

## **VIII. How Death May Affect an RBCO**

### **What Happens if a Participant or Payee Dies**

- If a participant dies before the Court Order Center has received an order, the order may still be submitted for the RBCO review process.
  - If survivor benefits have already been paid prior to the order being received, the Court Order Team will deny any order submitted as no further benefit is available.
- If a participant dies after the Court Order Center receives an order, we'll continue the RBCO review process.
- If a payee dies before or after the Qualified Order Center receives an order, we won't continue the RBCO review process.

## **IX. Contact Us**

### **Where to Send an Order**

Send all draft or court-certified orders to:

TSP Court Order Center  
C/O Broadridge Processing  
PO Box 120  
Newark, NJ 07101-0120

Alternatively, orders may be uploaded to our Court Order Center website at <https://qoc.rk.tsp.gov/qoc/b/CsHome010Home.htm>.

### **How to Correspond with Us**

If you have a question or need more information, send an e-mail message to [courtorder@tsp.gov](mailto:courtorder@tsp.gov), and we'll respond to you within two business days. Include the following information:

- Your name
- Reference to the Thrift Savings Plan
- Last four digits of the participant's Social Security number

For your own security, don't include personal and confidential information (such as a full Social Security number or your order) in the e-mail, except for the information we've requested.

You can get more information on our Court Order Center website at: <https://qoc.rk.tsp.gov/qoc/b/CsHome010Home.htm>.

## X. Defined Contribution Plan Requirements and Guidelines

The following are FRTIB requirements and guidelines that will be used to process an RBCO for the defined contribution plan. If an order doesn't follow the requirements, it will be **denied**.

An RBCO processing fee of \$600 will be charged to the participant's account upon receipt of the initial order.

### Benefit Assignment

- The order must provide a reasonably clear reference to the Thrift Savings Plan, otherwise the order will be denied.
- If the participant has both a civilian TSP account and a uniformed services TSP account, the court order must expressly identify the account to which it relates.
- Orders may award a benefit from a beneficiary TSP account and must expressly state that the award relates to the beneficiary account. Special rules apply to beneficiary account payments as explained in the Form of Payment section below.
- The assignment to the payee must be a dollar amount or percentage of the participant's account balance as of a valuation date.
- The order may not assign any portion of a participant's nonvested account balance.
- The benefit can't be defined as a portion of the increase in value between two dates.
- If the valuation date is a date prior to June 1, 2022, the order must use a quarter-end date. If the order uses a date prior to June 1, 2022 that is not a quarter-end date, the nearest quarter-end date will be used for valuation.
- The valuation date can't be a future date (unless the future date is defined as the liquidation date).
- The assignment to the payee can't exceed 100% of the participant's account balance as of the valuation date.
- The order must specify a valuation date; if the order doesn't specify a valuation date, the payee's benefit will be valued as of the liquidation date.
- If the amount assigned to the payee exceeds the full vested value of the participant's account (less the amount of any outstanding loans, prior distributions, or account losses) as of the valuation date preceding the liquidation date, the entire available balance will be assigned to the payee.
- The order can include or exclude earnings and losses from the valuation date to the liquidation date.

- If the order doesn't address earnings and losses, the payee will not receive earnings and losses between the valuation date and the liquidation date.
- If the order includes earnings and losses, earnings and losses will be calculated according to plan provisions. The order can't provide direction on how to calculate any earnings and losses.
- The payee's benefit will be subject to earnings and losses from the liquidation date to the date of distribution from the plan.
- The benefit will be awarded pro rata across all funds and contribution sources.
- Mutual Fund Window funds will be awarded if there are insufficient funds in the participant's core funds. Core funds are depleted first and then Mutual Fund Window funds are liquidated if needed to cover the awarded amount.
- The order may include or exclude the outstanding loan balance from the participant's account before determining the payee's benefit. If the order doesn't address any outstanding loan balance, the benefit will be determined from the gross account balance.
- The order can't give the payee the responsibility for repaying the participant's outstanding loan.

## **Form of Payment and Timing of Receiving Benefits**

- After the order is qualified, the benefit assigned to the payee will be established in a separate account.
- The payee is eligible for payment as soon as administratively reasonable following qualification.
- The order can't provide payment or rollover instructions. The payee must request a distribution or rollover through the TSP.
- Payments from a beneficiary participant account may not be transferred or rolled over. If a beneficiary participant remarries, his or her new spouse will not be able to transfer or roll over any court-ordered payments made from the beneficiary participant's account, and the taxable portion of the payment will be fully taxable in the year issued.
- The payee is eligible for any available form of payment under the provisions of the plan, except for a joint and survivor option.

## **Survivorship**

- After the order is qualified, the death of the participant or the payee won't impact the amount assigned to the payee.
- A beneficiary for the payee can't be named in the order. When a separate account is established, the payee will have the chance to choose a beneficiary.
- If the payee doesn't choose a beneficiary and dies, the benefit will be paid according to the plan provisions.

- No preretirement or postretirement survivor annuities are available under the plan. However, the order may direct the participant to name the payee as the beneficiary of the participant's remaining account balance.

## **Taxation**

For purposes of Sections 402 and 72 of the Code, any payee who is the spouse or former spouse of the participant shall be treated as the distributee of any distributions or payments made to the payee under the terms of this order, and, as such, will be required to pay the appropriate federal, state, and local income taxes on such distributions. Participant shall be responsible for the appropriate federal, state, and local income taxes on distributions to a child payee pursuant to a legal process.