

Frequently Asked Questions: Divorce and Your Retirement Benefits

Your current or potential retirement allowance from the Lawrence Retirement System is considered to be marital property. As such, it may be subject to valuation and division in divorce just like your savings accounts, real estate, and other marital property.

Your former spouse may become an “alternate payee” of your benefits by court order and, as a result, would be entitled to receive a share of your retirement allowance pursuant to the terms of a Domestic Relations Order (DRO).

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? What is a DRO?

A DRO is a court order that sets forth how your retirement benefits are to be allocated between you and your former spouse. The order may dictate what retirement payment option you must take, who your named beneficiary must be, among other requirements.

? Do I need to have a DRO as part of my divorce?

Not all divorce settlements include a DRO, so this should be discussed in detail with your legal counsel at the time of divorce to avoid problems when you wish to begin collecting your benefits.

When you retire, we will ask you whether you have been divorced. If so, you will need to provide copies of your settlement agreement or DRO indicating whether you are obligated to pay benefits to your former spouse or to the children of your previous marriage. We will not be able to process your refund or retirement application without this information!

? Should the retirement office review my DRO before seeking approval from the Court?

Yes! DROs bind the parties and the retirement system and must comply with the provisions of the public employee retirement law. We ask that you submit a draft DRO to the retirement office for review before seeking approval by the court.

We will ensure that the allocation of benefits is supported by the retirement plan.

? Will my ex-spouse receive benefits while I am still working?

No, your ex-spouse will not receive payment until you receive a benefit from the retirement system. The DRO establishes a formula for calculating how much of your refund or future monthly benefit will be divided. You need to be in pay status for your ex-spouse to receive the share of benefits set forth in the DRO.

? What will my ex-spouse receive if I die prior to retirement?

The provisions of the DRO should address who will receive your survivor benefits in the event you pass away while you are an active member. It is important to note that a surviving spouse’s rights to a survivor benefit may supersede the rights of another beneficiary you name, including your ex-spouse. This, too, should be discussed in detail with your legal counsel at the time of your divorce.

To assist our members, the Lawrence Retirement System can supply a sample DRO which can be found on our website. This is only one of several options available to members.

www.lawrenceretirement.net

Be sure to supply us with a draft before signing - Our attorney will review.