



## **Qualified Domestic Relations Order (QDRO) Procedures for the Edison 401(k) Savings Plan (“Plan”)**

### **What is a Qualified Domestic Relations Order (QDRO)?**

A QDRO is a judgment, decree, or order (including the approval of a property settlement agreement) that awards all (or a portion) of a participant’s plan benefit to an alternate payee. The alternate payee may be the participant’s spouse, former spouse, child, or other dependent. The QDRO must be made pursuant to a state’s domestic relations or community property law, and must satisfy certain legal requirements before it may be accepted.

### **Benefits Payable Under a QDRO**

A QDRO is only used to divide marital property or provide child support or alimony payments. Many states consider 401(k) plan benefits accrued during marriage to be divisible marital property. Although divorcing parties are free to agree to any mutually acceptable division of community property, 401(k) benefits are often divided by awarding a former spouse either a percentage, or a flat dollar amount, of the benefits accrued during marriage. The Plan cannot distribute benefits to anyone other than the participant without an approved QDRO. If the parties cannot agree on the division of property or the payment of support, a court may issue a QDRO, without participant approval, awarding all or a portion of the participant’s benefits to an alternate payee or multiple alternate payees.

### **QDRO Administrator**

The administrator for purposes of the submission and review of draft QDROs for the Plan is Domestic Relations Administration Group (“DRA”), Conduent. Correspondence to DRA should be sent to the EIX Benefits Connection, using the following addresses:

#### **For US Mail**

EIX Benefits Connection  
P.O Box 5221  
Cherry Hill, NJ 08034-5221

#### **For Overnight Delivery**

EIX Benefits Connection  
101 Woodcrest Road  
Cherry Hill, NJ 08003

If you have questions about the QDRO process, you may also contact DRA by calling the EIX Benefits Connection at (866) 693-4947 from 7:30 a.m. to 5:30 p.m. Pacific Time Monday through Friday, excluding holidays. When calling the EIX Benefits Connection, please be sure to mention that you are calling about a QDRO, and have the participant’s Social Security number available for reference purposes. The EIX Benefits Connection representative will transfer the

call to DRA.

### **Notice of Adverse Interest**

A notice of adverse interest is a written notice from an individual (usually a spouse, former spouse, or dependent child) or the individual's legal representative claiming an interest in the participant's Plan benefit. It can be any written documentation (court document, judgment, dissolution decree, joinder, or other writing) indicating a pending division or award of Plan benefits, or notice that a QDRO is being sought.

Notices of adverse interest should be sent to DRA c/o the EIX Benefits Connection at either address listed on page 1 of these Procedures. Your notice must include your signature, date, current address, social security number, date of birth and a phone number. Please do not send a photocopy of your written notice.

The following is an example of a written notice of adverse interest:

My name is *John Doe*, SSN *xxx-xx-xxxx*. I am the legal spouse of *Jane Doe*, SSN *xxx-xx-xxxx*, a participant in the *Edison 401(k) Savings Plan*.

I intend to obtain a Qualified Domestic Relations Order claiming an interest in any benefits accumulated by *Jane Doe under the Edison 401(k) Savings Plan*. Please prohibit any distribution of plan benefits pending receipt of a QDRO.

*Signature and Date*

*Current Address*

*Date of Birth*

*Phone Number*

When DRA receives a notice of adverse interest for the Plan, an *administrative hold* will be placed on the participant's benefits in the Plan. If the participant is in "pay status" (i.e., the participant is receiving payments from the Plan), no hold will be placed on the Plan payments until a Joinder, Restraining Order, proposed or final QDRO is received.

### **Administrative Holds**

If DRA receives a written notice of adverse interest, a proposed QDRO, or a final QDRO for the Plan, an administrative hold will be placed on the participant's benefits in the Plan. An administrative hold will:

- Prevent distributions from the Plan, even if the participant terminates employment with the company or retires,
- Prevent the participant from receiving a loan or hardship withdrawal from the Plan, and
- Prohibit a direct payment of dividends from the Plan's Edison International Stock Fund.

An administrative hold will not stop a participant from contributing to the Plan or changing investment elections. The participant may continue to change future investment elections, reallocate assets, and change his or her 401(k) contribution rate.

Upon receipt of one of the following documents below, any administrative hold which has been placed on a participant's Plan account shall be removed:

- A divorce decree, judgment, or property settlement agreement is received which unambiguously provides that the participant is awarded all of his or her interest in the Plan.
- A QDRO has been received and its terms implemented.
- A subsequent court order vacating the QDRO (or amending the QDRO to unambiguously provide that the participant is awarded all of his or her interest in the Plan) is received.
- The participant's ex-spouse provides a written, signed and notarized waiver of his or her interest in the participant's plan benefit. This method shall only be accepted if a QDRO has not been received by the Plan. If a QDRO exists, the QDRO must be vacated (or must be amended to unambiguously provide that the participant is awarded all of his or her interest in the Plan) before the hold will be released.

If at the end of the 18-month period after the administrative hold was first placed it is determined that a domestic relations order is not a QDRO (or the issue as to whether such domestic relations order is a QDRO is not resolved), then DRA may release the administrative hold on the participant's account at such time or at a later time, in compliance with ERISA Section 206(d)(3)(H), Code section 414(p)(7)(E), and other applicable guidance.

If an administrative hold is removed (or if no administrative hold was put in place because DRA did not receive a written notice of adverse interest or a proposed or final QDRO), the participant will be entitled to payment of benefits from the Plan in accordance with regular Plan terms (i.e., there will be no additional restrictions on distributions to the participant).

### **QDRO Preparation**

A QDRO must meet certain legal requirements before it will be approved by DRA.

The QDRO must clearly specify the following:

- The name and address of both the participant and the alternate payee. For identification and benefit payment purposes the Plan also requires that the Social Security numbers and dates of birth for both the participant and alternate payee also be provided. The Social Security numbers and dates of birth may either be provided in the order, or in a separate attachment to the order;
- The amount or percentage of the participant's benefits to be paid by the Plan to the alternate payee, or the manner in which such amount or percentage is to be determined;

- Please note that the Plan's current recordkeeper is not able to determine the daily value of the Participant's account balance and any investment earnings and/or losses prior to January 1, 2006. The parties will need to arrive at a dollar figure or percentage of the Participant's account balances payable to the Alternate Payee either at a specific current date, or as of a date that is no earlier than January 1, 2006. The Plan's current recordkeeper can determine the value of a Participant's account balance on and after January 1, 2006 and calculate any earnings and/or losses from January 1, 2006 through the date assets are transferred or distributed to the Alternate Payee.
- When payments should be made to the alternate payee; and
- The name of each plan to which the order applies.

A QDRO may not contain certain provisions:

- The order must not require the Plan to provide for any type or form of benefit or any option that is not otherwise provided under the Plan;
- The order may not require the Plan to provide increased benefits (determined on the basis of actuarial value);
- The order may 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.

### **Receipt of a Domestic Relations Order**

*Notification of receipt of a DRO:*

- Upon receipt of a domestic relations order, DRA shall notify the participant, the alternate payee and their attorneys, if known, of the receipt of such order by mail. Such notification shall be sent to the addresses provided in the order. However, if the participant or the alternate payee has submitted a written designation of a representative to receive any further communications, such notification shall instead be sent to the respective representative.
- A copy of these QDRO procedures shall accompany the notification.

*Review of the DRO:*

In general, DRA will complete its review and determination of the DRO within fifteen (15) business days of the receipt of a proposed (draft) or pending (court executed) DRO.

The review process consists of the following:

- The order shall be evaluated for compliance with the requirements for a QDRO as provided in provisions of Internal Revenue Code Section 414(p) and ERISA Section 206(d) and the terms and procedures of the Plan.

- If DRA determines that the order fails to meet the requirements for a QDRO, the parties shall be notified by mail. Such notification shall contain an explanation for the negative determination.
- If the sole reason for the non-qualification of the order is that the order has not been filed with the court, the order shall be considered "pre-qualified" and the parties shall be notified of such by mail.
- If DRA determines that the order meets all of the qualifications of a QDRO, the parties shall be notified by mail and given instruction regarding the effectuation of the provisions of the QDRO. All, or a portion, of the participant's benefit will be awarded to the alternate payee in accordance with the terms of the QDRO.

### **Additional Issues in Determining an Order's Qualified Status**

- The order may only provide for the division of a participant's vested account balance. Orders directing the division of any portion of an unvested account balance will be rejected.
- The order must include a valuation date for purposes of valuing an alternate payee's award and must specify how to treat earnings or losses from that valuation date through the date that the Plan recordkeeper establishes a separate account for the alternate payee. Otherwise, the Plan will interpret the valuation date as being the date that the Plan recordkeeper establishes the alternate payee's separate account under the Plan. The valuation date in the order must be a date for which sufficient account data is available with respect to the participant.
- If there is an outstanding loan balance on the valuation date provided in the order, and the order is awarding the alternate payee a specific percentage of the participant's account, the order should instruct whether or not the outstanding loan balance should be included or excluded in the participant's total account balance prior to determining the alternate payee's award. If the order is silent with respect to the outstanding loan balance, such loan balance shall be excluded from the participant's total account balance prior to determining the alternate payee's award.
- The Plan does not permit domestic relations orders to make, change, or revoke beneficiary designations for the participant. If the alternate payee is currently the participant's designated beneficiary for the Plan, and the participant wishes to change his or her beneficiary designation for the Plan, the participant must contact EIX Benefits Connection and make a new Plan beneficiary designation in accordance with Plan terms.

### **Establishment and Payment of Alternate Payee Account**

As soon as administratively possible following receipt of an approved QDRO, a Plan account is established in the name of the alternate payee using the alternate payee's Social Security number and date of birth. Assets are transferred from the participant's account to the alternate payee's account. Unless otherwise provided in the QDRO, the assets will be transferred in percentages that mirror the investment allocation of the participant's account.

Once the alternate payee's account is established:

- The participant and the alternate payee will be notified in writing as to the amount of the asset transfer and the effective date.
- Any administrative hold on the participant's Plan account will be removed.
- The alternate payee's account value will be subject to daily market fluctuations.
- The alternate payee will be provided with a PIN and will be able to direct investment of the account. However, the alternate payee will not be eligible to take a loan against the account or make additional contributions to the account.
- The alternate payee will be provided with a Special Tax Notice and information regarding how to request distribution of his or her account.

Once the account is established, the alternate payee is eligible to request an immediate distribution of the entire account. Unless the QDRO provides otherwise, *the alternate payee must take distribution of his or her account balance within 90 days.*

If the alternate payee dies before the account balance is distributed, the awarded but undistributed amounts will be paid to the alternate payee's estate.

If, after the date of the QDRO and the valuation date, the Plan makes an adjustment to the participant's account that relates to the period of Plan participation during the term of the marriage between the participant and the alternate payee, the adjustment will not change the alternate payee's account or benefit entitlement under the Plan.

### **Taxes on Plan Payments**

If the alternate payee is the spouse or former spouse of the participant:

- The alternate payee shall be treated as the distributee under Internal Revenue Code Sections 61, 72 and 402 as to any payment or distribution that is made directly to the alternate payee and shall be solely responsible for any income or other taxes due with respect to such amounts.
- The distribution to the alternate payee will be eligible for rollover to a traditional Individual Retirement Account (IRA) or another qualified retirement plan.
- Any lump sum pre-tax payment amounts that are not rolled over will be subject to a 20% mandatory Federal withholding and applicable state withholdings.

If the alternate payee is the participant's child or other dependent, the participant is responsible for any income or other taxes due with respect to such amounts.

Alternate payees should consult a financial planner or tax advisor for information prior to any distribution from the qualified plans.

## **Information Requests**

Plan participants can obtain statements of their current account balances and certain other account information through the EIX Benefits Connection (866-693-4947 or [www.eixbenefits.com](http://www.eixbenefits.com)).

Anyone else (other than the participant) seeking Plan account information will only be provided the information pursuant to a subpoena or written authorization from the participant. Procedures for subpoena service can be obtained by contacting DRA.

Sample QDROs (i.e., model orders) are available upon request. The company recommends you seek appropriate legal assistance in the completion of your QDRO.

Once the QDRO is ready to be filed with the Court, we suggest you obtain pre-approval from DRA as to the proper form and content of any proposed QDRO you anticipate filing.