

PROCEDURES FOR APPROVING AND ADMINISTERING
QUALIFIED DOMESTIC RELATIONS ORDERS
UNDER THE UMWA 1974 PENSION PLAN

The UMWA 1974 Pension Plan (the "1974 Pension Plan" or "Plan") applies the following procedures in determining whether a domestic relations order is a "qualified domestic relations order" ("QDRO") under ERISA and the Internal Revenue Code, and in administering distributions under a QDRO to an alternate payee.

1. About the 1974 Pension Plan

The 1974 Pension Plan is a defined benefit pension plan that is funded primarily by employer contributions. A defined benefit plan provides a formula for calculating a participant's pension amount at retirement. The 1974 Pension Plan does not maintain individual participant accounts into which contributions are made. Rather, participants accumulate credited service under the Plan, which may entitle them to an accrued benefit. Eligibility for benefits and the amount of benefits payable to a participant are based on a number of factors, such as, years of credited service, type of service, period of service, age at retirement and age at pension commencement. All, or portions of, a participant's accrued benefit can be allocated to an alternate payee under a QDRO.

2. Domestic Relations Orders

A domestic relations order is any order, judgment or decree (including approval of a property settlement agreement) which is made pursuant to a state domestic relations law (including a community property law) relating to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of the participant.

3. QDRO Requirements and Permissible Provisions

A domestic relations order will be considered a QDRO if it creates or recognizes the existence of an alternate payee's right, or assigns to an alternate payee the right, to receive all or a portion of the benefits payable to a participant under the Plan. An alternate payee is any spouse, former spouse, child, or other dependent of a participant who is recognized by the domestic relations order as having a right to receive all, or a portion of, the benefits that are payable to the participant under the Plan.

To qualify as a QDRO, a domestic relations order also must clearly specify:

- a. The name and last known mailing address of the participant and of each alternate payee covered by the order;

- b. The name of each plan to which the order applies (**this Plan is the United Mine Workers of America 1974 Pension Plan**);
- c. The amount or percentage of the participant's benefits to be paid by the 1974 Pension Plan to each such alternate payee, or the manner in which such amount or percentage is to be determined; and
- d. The number of payments or period to which such order applies.

A domestic relations order will not qualify as a QDRO if it requires the 1974 Pension Plan to provide any type or form of benefit, or any option not otherwise provided under the Plan; requires the 1974 Pension Plan to provide increased benefits; requires 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 QDRO.

The amount a QDRO directs the 1974 Pension Plan to pay to an alternate payee from a participant's accrued benefit will be segregated when payments to the alternate payee are due to commence. Accordingly, the 1974 Pension Plan must be able to clearly determine the amount that is payable to the alternate payee under the domestic relations order and the date payments shall begin.

If a participant's pension amount is not known when the QDRO is being drafted, the parties may use an allocation formula. When creating a formula to calculate the alternate payee's benefit, factors such as the length of the marriage and the number of years of service under the Plan may be considered. The 1974 Pension Plan will make a determination as to whether the formula selected by the parties is clear and specific enough so that the alternate payee's benefit can be calculated. Orders that are not clear and specific will be rejected.

The settlors of the UMWA 1974 Pension Plan may periodically amend the Plan to provide a pension cost-of-living increase, an annual (one-time) bonus payment, and other economic adjustments. A QDRO may assign all or a portion of the pension increase and/or bonus. If a QDRO does not provide for an assignment of benefits that a participant may acquire after retirement or the accrual date of the alternate payee's marital portion, the 1974 Pension Plan will not give an alternate payee a portion of the pension increase or bonus. The Plan also will not give an alternate payee a portion of future benefits accrued to a participant based on future service credit, unless required by the QDRO.

A QDRO may provide that a former spouse of a participant is to be treated as a surviving spouse with regard to certain survivor benefits under the Plan, such as the lump-sum death benefit, the pre-retirement survivor annuity, the post-retirement joint and survivor annuity, and the post-retirement surviving spouse benefit. A QDRO that designates a former spouse as the surviving spouse will be honored by the 1974 Pension Plan provided that a previously received QDRO does not designate a different

former spouse for a particular benefit. In the absence of a QDRO designating a former spouse as the surviving spouse, the participant's spouse at the time of death will receive the survivor benefits as provided under the Plan.

4. Commencement and Duration of Benefits

Benefits to the alternate payee will commence only after the alternate payee has submitted to the 1974 Pension Plan a completed and signed application. A QDRO cannot require the commencement of benefits to an alternate payee before the participant has reached the earliest retirement age under the Plan (age 55), unless the participant qualifies for a disability pension or a special permanent layoff pension. The QDRO must state whether the alternate payee has the option to commence receiving his/her portion of plan benefits when the participant attains the earliest retirement age. If the QDRO does not specifically state the selection of this option, the alternate payee cannot commence receiving benefits until the participant's benefits have begun.

The QDRO must indicate whether payments are to be made for the participant's lifetime, for the lifetime of the alternate payee, or some other specified period of time. If payments are to be made for the alternate payee's lifetime, his/her portion will be adjusted actuarially to provide that form of benefit. An order cannot provide that an alternate payee's benefits will be paid to another individual upon his/her death. Benefits under the QDRO automatically will revert to the participant if the alternate payee predeceases the participant, unless the alternate payee's benefits are being paid as a separate interest and payments to the alternate payee have commenced.

When the participant reaches the earliest retirement age under the Plan, and elects to receive benefits, the participant will receive his benefits minus what is owed to the alternate payee under the QDRO. No benefits shall be paid to a participant as a result of a QDRO prior to the earliest retirement age, unless the participant is a disability pensioner or special permanent layoff pensioner.

5. Notice of Receipt and Determination

Upon receipt of a domestic relations order, the Plan Administrator will promptly notify in writing the participant and each alternate payee of the receipt of such order and the 1974 Pension Plan's procedures for determining whether the domestic relations order is a QDRO. Within a reasonable period after receiving such an order, the Plan Administrator will determine whether the order is a QDRO and will notify in writing the participant and each alternate payee of its determination. An alternate payee may designate a representative for receipt of copies of notices that are sent to the alternate payee with respect to a domestic relations order.

6. Segregation and Payment of Benefits

Upon receipt of a domestic relations order, the 1974 Pension Plan will make every reasonable effort to qualify the order as a QDRO within a reasonable period of time, which may vary depending on the specific circumstances. While the Plan Administrator is determining the domestic relations order's status as a QDRO, the 1974 Pension Plan shall defer the payment of any benefits which would have been payable to the alternate payee during such period if the order had been determined to be a QDRO. The 1974 Pension Plan will account separately for these deferred benefits.

If the domestic relations order, or a modification thereof, is determined to be a QDRO within 18 months after the segregation of deferred benefits, the 1974 Pension Plan shall pay the segregated amounts to the person or persons entitled to them under the order. However, if the Plan Administrator determines that the order is not a QDRO or, after the 18-month period has expired, has not determined whether the order is a QDRO, the 1974 Pension Plan must pay the segregated amounts to the person or persons who would have been entitled to such amounts if there had been no order. Any subsequent determination that an order is a QDRO will apply prospectively.

When the Plan Administrator makes an initial determination that a domestic relations order is not a QDRO, the administrator will notify the parties of its determination and will allow for the resubmission of a modified order within a reasonable period of time before the determination becomes final. During this time, the 1974 Pension Plan will continue to segregate the monies that would have been payable to the alternate payee had the order been determined a QDRO. A reasonable period of time for the parties to resubmit an order shall be no longer than six months from the date the Plan Administrator notifies the parties of its initial determination.

If a modified order is submitted and the 1974 Pension Plan determines that the modified order is a QDRO, the segregated amounts will be paid to the alternate payee under the terms of the QDRO. If the 1974 Pension Plan determines that the modified order is not a QDRO, or does not receive a modified order within the time period described above, the 1974 Pension Plan will render a final determination that the original or modified order is not a QDRO and will pay the segregated amounts to the person or persons who would have been entitled to such amounts if there had been no order. After the 1974 Pension Plan makes a final determination that the original order or modified order is not a QDRO, any subsequent determination that another order is a QDRO will apply prospectively.

If a party desires review of a final determination of the Plan Administrator, a written request must be submitted to the Plan Administrator within 30 days after notification of the decision.

7. Miscellaneous

The 1974 Pension Plan will make every reasonable effort to assist the parties in implementing a QDRO. To this end, a participant or alternate payee may submit a proposed domestic relations order to the Plan Administrator before it is entered with the court and ask the Plan Administrator to review such order and advise whether it would qualify as a QDRO. The 1974 Pension Plan also will provide a sample order upon request by the participant or alternate payee. The 1974 Pension Plan does not guarantee that the Plan Administrator will approve an order following the sample provided, nor does it require an order to follow the format contained in the sample provided. Each order should be drafted to suit the parties particular needs and will be reviewed independently to determine if it meets the requirements of ERISA and the Internal Revenue Code.

Additional information available to assist participants and alternate payees in preparing orders includes the 1974 Pension Plan's summary plan description, formal plan documents and individual benefit statements. Requests for such information or submission of any proposed or final orders should be sent to the following address:

**UMWA Health & Retirement Funds
2121 K. Street, N.W.
Washington, DC 20037
Attn: Emerson Work**