

**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)

Normal Model

(For use with respect to Participants who *have not commenced receipt* of their benefits.)

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: Regardless of which of the alternative formulas below is utilized to determine the Alternate Payee's awarded amount, the actual monthly dollar amount that the Alternate Payee will receive depends on the Participant's age when the Alternate Payee's benefits begin to be received. If the benefits begin to be paid prior to the Participant's normal retirement age (generally, age 65), the monthly benefit amount will be reduced, to take into account the likelihood that benefits will be paid over a longer period of time, using the appropriate early retirement reduction factor (including any early retirement subsidy to which the Participant may be entitled) as of the Alternate Payee's benefit commencement date. Please refer to the QDRO Procedures for a more complete discussion of the manner in which the Alternate Payee's award will be adjusted.

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 Alternate Payee shall be entitled to receive a portion of the monthly benefit that would be payable to the Participant at normal retirement age, which is equal to **[insert appropriate percentage]** of the Participant's vested benefit in the Plans, accrued as of **[insert date of divorce or other operative date]**, calculated as if the Participant had separated from

service on that date with a vested benefit under the Plans. (Notwithstanding the foregoing, in the event the Participant never becomes entitled to a vested benefit under the Plans, then no amounts shall be payable pursuant to this Order.)*

**** This sentence may be omitted if the Participant has at least 5 years of vesting service under Plans.***

OR

5(B). The Alternate Payee shall be entitled to receive a monthly benefit equal to **[insert appropriate dollar amount]** per month of the benefit that would be payable to the Participant at normal retirement age. This stated dollar amount will be adjusted to the extent the Alternate Payee elects a form of benefit other than the Plans' normal form of benefit, or elects to commence receipt of benefits at time other than the Participant's normal retirement age. (Notwithstanding the foregoing, in the event the Participant never becomes entitled to a vested benefit under the Plans, then no amounts shall be payable pursuant to this Order.)*

Note: The above dollar amount will be adjusted if the Alternate Payee's benefit commences at a time other than the Participant's normal retirement age or in a form of benefit other than the Plans' normal form of benefit.

OR

5(C). The Alternate Payee shall be entitled to receive a benefit equal to that portion of the Participant's vested accrued benefit, as is represented by a formula. The formula is as follows: $[\text{___}\% \times (a/b \text{ or } a/c)]$; where (a) is the numerator of the fraction and represents the total number of whole and partial years of service credit accrued between **[insert the date of marriage]** and **[insert the date of divorce or other operative date]**, and the denominator of the fraction represents the total number of whole and partial years of service credit accrued as of the earlier of either (b) the date that the Participant begins to receive benefits, or (c) the date the Alternate Payee begins to receive benefits. (Notwithstanding the foregoing, in the event the Participant never becomes entitled to a vested benefit under the Plans, then no amounts shall be payable pursuant to this Order.)*

Note: The above-described formula should be used if the parties are awarding the marital portion of the Participant's total accrued benefit. The formula will be applied to the Participant's relevant periods of service under both Plans in the aggregate.

OR

5(D). The Alternate Payee shall be entitled to receive a benefit equal to that portion of the Participant's vested accrued benefit, determined as of **[insert date of divorce or other operative date]**, as is represented by a formula. The formula is as follows: $[\text{___}\% \times (a/b)]$; where (a) is the numerator of the fraction and represents the total number of whole and partial years of service credit accrued between **[insert the date of marriage]** and **[insert the date of divorce or other operative date]**, and (b) is the denominator of the fraction and represents the total number of whole and partial years of service credit accrued as of **[insert date of divorce or other operative date]**. (Notwithstanding the foregoing, in the event the Participant never becomes entitled to a vested benefit under the Plan, then no amounts shall be payable pursuant to this Order.)*

Note: The above formula should be used if the parties are awarding the marital portion of the Participant's benefit which had accrued as of the date of divorce or other operative date. The formula will be applied to the Participant's relevant periods of service under both Plans in the aggregate.

6. EARLY RETIREMENT SUBSIDIES -- CHOOSE FROM AMONG THE APPROPRIATE ALTERNATIVE PARAGRAPHS

Note: Any monthly benefit which begins to be paid to the Alternate Payee prior to the Participant's 65th birthday may be reduced in accordance with the terms of the Plan to reflect the longer period of time over which benefits are likely to be paid. The order must include a statement similar to the first sentence contained within each alternative of this paragraph 6, acknowledging this reduction.

Having said the above, the amount of the reduction will depend upon the early retirement reduction factor (including any early retirement subsidy) that is applied to the Alternate Payee's awarded benefit. The early retirement reduction factor (including any early retirement subsidy) will vary depending upon the formula utilized to calculate the Alternate Payee's awarded amount. Please choose from among the appropriate alternatives (and options contained therein) described below.

CHOOSE ONE OF THESE TWO ALTERNATIVES IF THE ORDER UTILIZES EITHER PARAGRAPH 5(A) OR 5(D) -- CHOOSE ONE:

6(A). Notwithstanding anything contained herein to the contrary, if the Alternate Payee's benefit begins to be paid prior to the Participant attaining normal retirement age, the monthly amount thereof will be reduced, in accordance with the terms of the Plans, to take into account such early receipt of benefits. When calculating the early retirement reduction factor to be applied to the Alternate Payee's benefit, the Alternate Payee shall be entitled to any early retirement subsidy to which the Participant may be entitled as of **[insert date of divorce or other operative date][insert Alternate Payee's benefit commencement date]**.

OR

6(B). Notwithstanding anything contained herein to the contrary, if the Alternate Payee's benefit begins to be paid prior to the Participant attaining normal retirement age, the monthly amount thereof will be reduced, in accordance with the terms of the Plans, to take into account such early receipt of benefits. When calculating the early retirement reduction factor to be applied to the Alternate Payee's benefit, the Alternate Payee shall not be entitled to any early retirement subsidy to which the Participant may be entitled.

CHOOSE ONE OF THESE TWO ALTERNATIVES IF THE ORDER UTILIZES EITHER PARAGRAPH 5(B) OR 5(C) -- CHOOSE ONE:

6(C). Notwithstanding anything contained herein to the contrary, if the Alternate Payee's benefit begins to be paid prior to the Participant attaining normal retirement age, the monthly amount thereof will be reduced, in accordance with the terms of the Plans, to take into account such early receipt of benefits. When calculating the early retirement reduction factor to be applied to the Alternate Payee's benefit, the Alternate Payee shall be entitled to any early retirement subsidy to which the Participant may be entitled as of the Alternate Payee's benefit commencement date.

OR

6(D). Notwithstanding anything contained herein to the contrary, if the Alternate Payee's benefit begins to be paid prior to the Participant attaining normal retirement age, the monthly amount thereof will be reduced, in accordance with the terms of the Plans, to take into account such early receipt of benefits. When calculating the early retirement reduction factor to be applied to the Alternate Payee's benefit, the Alternate Payee shall not be entitled to any early retirement subsidy to which the Participant may be entitled.

Note: It is possible that the Participant may become eligible for a more generous early retirement reduction factor after the Alternate Payee's benefit commencement date. Special rules affording a more limited early retirement reduction may also apply to Participants who retire early with 20 or more years of benefit service credit.

In the event that the Participant should qualify for a more generous early retirement reduction factor upon his or her actual retirement (after the Alternate Payee's benefit commencement), the domestic relations order may retain jurisdiction to modify the Order's terms to adjust the Alternate Payee's benefit. Please note that the Plans will not accept an order that requires the Alternate Payee's benefit to be recalculated automatically to take into account a more generous early retirement reduction factor to which the Participant may become entitled. Please also note that any new order must take into account the value of benefits paid to the Alternate Payee prior to the Participant's retirement.

[Optional Provision (which may be added to any of the above four alternative paragraphs)]: In the event that, following the commencement of the Alternate Payee's benefit, the Participant should retire with a more limited reduction factor applicable with respect to the awarded benefit, the Court retains jurisdiction to modify the terms of the Order to permit such reduction factor to apply with respect to the Alternate Payee's benefit; provided, however, that such modification shall not cause the Plans to pay increased benefits to the Alternate Payee, determined on the basis of actuarial value.

7. 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 accrued benefit 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. The Order must include a statement which addresses this reduction of benefits. The reduction can be applied 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 QDRO Procedures 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 for the Participant's or Alternate Payee's benefit payable from the UPS/IBT Plan to be reduced to zero, in which case the appropriate parties' entire benefit will become payable from the Central States Plan.

7(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 benefit payable from the UPS/IBT Plan in the same proportion.

OR

7(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 benefit payable from the UPS/IBT Plan.

OR

7(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 benefit payable from the UPS/IBT Plan.

8. The benefit shall begin to be paid to the Alternate Payee upon the date that the Participant retires and begins to receive benefits, but in no event later than the month following the month in which the Participant attains normal retirement age. Notwithstanding the foregoing, once the Participant attains "earliest retirement age" (as that term is defined by the Internal Revenue Code), the Alternate Payee's benefit may, upon written request to the Plan's Board of Trustees, begin to be paid to the Alternate Payee regardless of whether the Participant continues to work past that age.

Note: Internal Revenue Code Section 414(p)(4) permits a QDRO to provide for the payment of benefits to an Alternate Payee even if the Participant is still working, so long as the Alternate Payee's benefit does not begin to be paid prior to the Participant's "earliest retirement age". (Under the Plans, a Participant is generally eligible for an early retirement pension upon the attainment of age 50, but may be eligible for a Service Pension at an earlier date.) Without this provision, distribution to the Alternate Payee must be delayed until the earlier of the Participant's benefit commencement or normal retirement age, which is generally age 65.

9. The Alternate Payee may elect to receive the awarded benefit from among any of the available forms of benefit under the Plans. Currently, the available forms of benefit are as follows: (a) a Lifetime with Limited Surviving Spouse Option, (b) a Qualified Joint and 50% Survivor Annuity ("QJSA"), (c) a Joint and 75% Survivor Annuity. The Alternate Payee shall present this election in writing to the Board of Trustees prior to the commencement of benefits. If no election is received, payments will be made in the form of benefit prescribed by the Plans.

Note: The Lifetime with Limited Surviving Spouse Option will pay an unreduced monthly benefit for the lifetime of the Participant; provided that, if the Participant is eligible and if the Participant dies prior to the payment of a total of 60 monthly payments, payments will continue to the Alternate Payee until said total of 60 payments has been made from the Plans. The 60-month term under the Lifetime with Limited Surviving Spouse Option is available to an Alternate Payee only 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). If the Participant is not eligible for the

term certain, this form of benefit provides only for monthly payments for the remainder of the Participant's lifetime.

Note: If the Alternate Payee elects the Lifetime with Limited Surviving Spouse Option, and the Participant subsequently dies, no benefits will be payable after the end of the 60-month term. The 60-month term ends on the date the Plan has made a total of 60 monthly payments, regardless of whether those payments were made from the UPS/IBT Plan or the Central States Plan, or to the Participant or the Alternate Payee.

Note: Under the QJSA option and the Joint and 75% Survivor Annuity, all payments pursuant to this Order will end at the Alternate Payee's death unless a contingent alternate payee is named in this Order and the Alternate Payee dies before the Participant.

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

10(A). If the Alternate Payee should die prior to the Participant's death, continued payment of the awarded benefit, if any, will be made in accordance with the terms of the Plans.

10(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 10.

The Plans 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 Plans cannot honor an award of contingent benefits to the Alternate Payee's estate or in accordance with the Alternate Payee's power of appointment. Please note further that children and dependents of the Participant will be eligible to receive benefits under the Plans only until the attainment of the age of majority.

If the Alternate Payee dies after commencement of his or her benefits (and before the Participant), payments will continue to the contingent alternate payee in the form of benefit chosen by the Alternate Payee. If the Alternate Payee dies prior to the commencement of his or her benefits (and before the Participant) the contingent alternate payee may elect to commence benefits in any of the forms of benefit made available to contingent alternate payees at the time of said election.

11. If the Participant should die before the Alternate Payee's benefit commencement date, the Alternate Payee shall be treated as a surviving spouse of the Participant for purposes of eligibility for a "50% Surviving Spouse Benefit" (as that term is used in the UPS/IBT Plan, and also known as a qualified preretirement survivor benefit), if any, with respect to that portion of the Participant's benefit assigned by this Order. If the Participant should die as aforesaid, it will be assumed that the Alternate Payee had elected to receive the awarded portion of the Participant's benefit in the form of a QJSA. Because, however, the Participant would have died, the Alternate

Payee shall be entitled to receive only the 50% survivor portion of this benefit, which shall begin to be paid at the time the Participant would have attained earliest retirement age (or, if the Participant had already attained such age, immediately following the Participant's death).

Note: As permitted by Internal Revenue Code Section 414(p)(5), in the absence of this provision, a former spouse will not be entitled to a survivorship benefit under the Plan if the Participant dies prior to the Alternate Payee's commencement of retirement benefits.

12. The Alternate Payee **[shall/shall not]** be entitled to a portion of any Disability benefit payments made from the Plan on behalf of the Participant. **[Include the following sentences only if Disability benefits are being awarded to the Alternate Payee:** The Alternate Payee shall be entitled to that portion of any monthly Disability benefit payment which may be paid to the Participant from the Plan using the same award formula set forth in paragraph 5 of this Order. The awarded portion of any Disability benefit payments would continue to be paid to the Alternate Payee until the Alternate Payee elects to commence receipt of the retirement benefit awarded under paragraph 5 of this Order.]

13. 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.

14. 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 Act. 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.