

QDRO PROFESSIONALS PLLC
30300 Northwestern Hwy.
Suite 260
Farmington Hills, Michigan 48334

Telephone: 248.865.4700
Fax: 248.865.4705
JON@QDRO.PRO
WWW.QDRO.PRO

PROBLEMS WITH MODEL ORDERS (QDRO FORMS)

We are frequently asked, “What’s wrong with using a QDRO form from my employer?” This article explains the problems with using “QDRO forms” or model orders and our approach.

Problems with Model Orders

Some retirement plans publish model orders or fill-in-the-blank QDROs. These plans favor this one-size-fits-all approach because it makes their job easier. There are four primary problems with model QDROs.

1. Model orders almost always contain inappropriate provisions or lack critically important provisions. Among other things, many models do not address any of the following: the effects of plan insolvency, tax consequences to the parties, the need for the court to reserve jurisdiction and all permutations of death clauses. Even when models do address these topics, they tend to use poorly drafted language. Several significant U.S. employers often fail to include provisions in their models about various ancillary benefits that by default are required to be shared under state law, including under MCL 552.101(c)(5).
2. Many models that appear to be complete are internally inconsistent or use ambiguous language. These inconsistencies and ambiguities can sometimes cause additional litigation between the parties down the road.
3. Many models force parties to make irrevocable decisions about the form of benefit payment even when the law may permit those choices to be deferred to a much later date.
4. Model orders tend to favor plan participants because they are employees or former employees of the plan sponsor.

Some plans permit the preparation of QDROs online. These online systems are no different than using a model QDRO; they simply fill in the blanks. These online systems have the same deficiencies and traps mentioned above.

The QDRO Professionals Approach

At QDRO Professionals, we draft QDROs properly to conform to the Judgment of Divorce and the parties’ true intent. All of our QDROs comply fully with applicable law. Sometimes we use portions of a plan’s model but we always make appropriate revisions,

deletions and additions. This is what makes QDRO Professionals different from some of the “QDRO Mills” that simply churn out thousands of QDROs by filling in blanks in model QDROs.

This article is not a substitute for legal advice. If you need legal advice, please contact Jon Mallin at 248.865.4700 or by e-mail at JON@QDRO.PRO.