

## Division of Benefits under Defined Benefit Plans in Divorce

Retirement benefits under a defined benefit plan are typically divided by the **immediate offset method** or the **deferred distribution method**. The following chart compares key aspects of each method.

	method of division	
	immediate offset	deferred distribution
<b>Time of Division</b>	upon divorce (resulting in an immediate and final resolution of retirement benefit division issues)	upon retirement (resulting in unresolved retirement benefit division issues and the need for monitoring until retirement age)
<b>Type of Payment</b>	lump sum payment in cash or other property	periodic payments, usually at the same time that the owning spouse receives his or her payments
<b>Division Based On</b>	actuarial assumptions	actual future benefits
<b>Payment Contingencies</b>	because the nonowning spouse receives payment at the time of divorce, her or his payment is not contingent on the owning spouse's survival or receipt of benefits	because payments are not made until benefits are paid, the nonowning spouse's payments are contingent on the owning spouses receipt of benefits and continued survival
<b>Inherent Risk of Harm</b>	to both parties because each party's share of retirement benefits must be discounted by the probability that the owning spouse will die before she or he receives benefits	to neither party because each party's share of retirement benefits is based on actual facts
<b>Amount of Benefits</b>	because the nonowning spouse's share is distributed at the time of divorce, the amount of benefits is certain	because the nonowning spouse's share is not distributed until a later date, many factors can affect the amount of benefits
<b>Qualified Domestic Relations Order (QDRO)</b>	not required	required for direct payment to nonowning spouse from plan administrator

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