

GAO Highlights

Highlights of [GAO-20-541](#), a report to the Ranking Member of the Committee on Health, Education, Labor, and Pensions, U.S. Senate

Why GAO Did This Study

A domestic relations order (DRO) is a court-issued judgment, decree, or order that, when qualified by a retirement plan administrator, can divide certain retirement benefits in connection with separation or divorce and as such provide crucial financial security to a former spouse. DOL has authority to interpret QDRO requirements. GAO was asked to review the process for obtaining QDROs. This report examines what is known about (1) the number of QDRO recipients, (2) the fees and other expenses for processing QDROs, and (3) the reasons plans do not initially qualify DROs and the challenges experts identify regarding the QDRO process.

To conduct this work, GAO analyzed available data, and a total of 14 responses from two surveys of large private sector plans and account record keepers, and interviewed 18 experts including practitioners who provide services to divorcing couples.

What GAO Recommends

GAO is recommending that DOL (1) explore ways to collect information on QDRO-related fees charged to participants or alternate payees, and (2) take steps to ensure information about the process for obtaining a QDRO is accessible. DOL generally agreed with our recommendations.

View [GAO-20-541](#). For more information, contact Kris Nguyen, (202) 512-7215 or NguyenTT@gao.gov.

July 2020

RETIREMENT SECURITY

DOL Could Better Inform Divorcing Parties About Dividing Savings

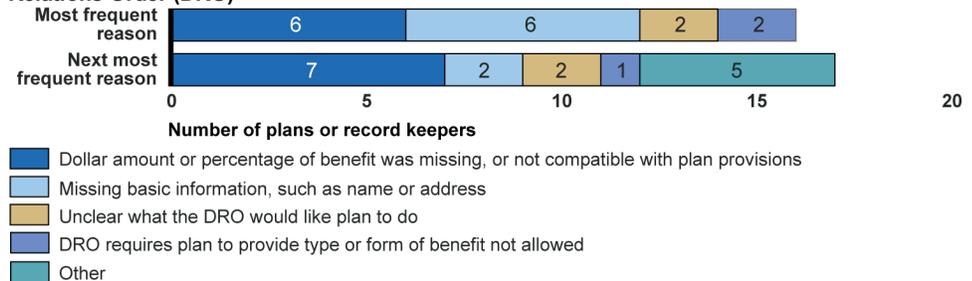
What GAO Found

Although more than one-third of adults aged 50 or older have experienced divorce, few people seek and obtain a Qualified Domestic Relations Order (QDRO), according to large plan sponsors GAO surveyed. A QDRO establishes the right of an alternate payee, such as a former spouse, to receive all or a portion of the benefits payable to a participant under a retirement plan upon separation or divorce. There are no nationally representative data on the number of QDROs, but plans and record keepers GAO interviewed and surveyed reported that few seek and obtain QDROs. For example, the Pension Benefit Guaranty Corporation administered retirement benefits to about 1.6 million participants, and approved about 16,000 QDROs in the last 10 years. GAO's analysis of other survey data found about one-third of those who experienced a divorce from 2008 to 2016 and reported their former spouse had a retirement plan also reported losing a claim to that spouse's benefits. Many experts stated that some people—especially those with lower incomes—face challenges to successfully navigating the process for obtaining a QDRO, including complexity and cost.

Individuals seeking a QDRO may be charged fees for preparation and review of draft orders before they are qualified as QDROs and, according to experts GAO interviewed, these fees vary widely. These experts cited concerns about QDRO review fees that they said in some cases were more than twice the amount of typical fees, and said they may discourage some from pursuing QDROs. Department of Labor (DOL) officials said the agency generally does not collect information on QDRO fees. Exploring ways to collect and analyze information from plans on fees could help DOL ensure costs are reasonable.

Divorcing parties who pursue QDROs often had orders not qualified due to lacking basic information, according to plans and record keepers we surveyed (see figure).

Plan Administrators and Record Keepers Reported Reasons for Not Qualifying a Domestic Relations Order (DRO)



Source: GAO survey of plan administrators and recordkeepers. | GAO-20-541

DOL provides some information to help divorcing parties pursue QDROs. However, many experts cited a lack of awareness about QDROs by the public and said DOL could do more to make resources available to divorcing parties. Without additional outreach by DOL, divorcing parties may spend unnecessary time and resources drafting orders that are not likely to be qualified, resulting in unnecessary expenditures of time and money.