



FRS Investment Plan

SUMMARY PLAN DESCRIPTION

• • • July 1, 2009

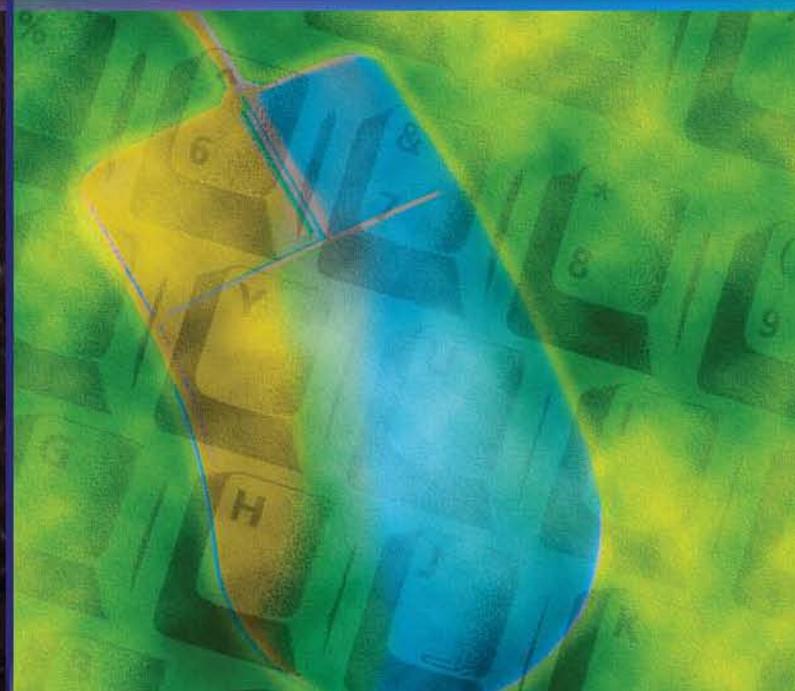


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DISCLAIMER

This summary plan description is a summary written in nontechnical terms of the main provisions of the Public Employee Optional Retirement Program (also known as the Florida Retirement System Investment Plan). It is not intended to include every program detail. Complete details can be found in Chapter 121, Florida Statutes, and the rules of the State Board of Administration of Florida (SBA) in Title 19, Florida Administrative Code (F.A.C.). In case of any conflict between this summary plan description and the statutes and rules, the provisions of the statutes and rules will control.

The information provided in this brochure is based on the Florida Retirement System (FRS) laws and rules in existence on July 1, 2009, and is subject to modification based on changes in the law in Chapter 121, Florida Statutes, or the rules as found in Rule Titles 19 and 60 of the F.A.C.

Although participating FRS employers have certain obligations under Section 121.4501(10)(h), Florida Statutes, and Section 19-13.003(2)(a), F.A.C., to regularly communicate the existence of both the FRS Pension Plan and FRS Investment Plan, as well as the plan choice available to employees under the FRS, they are not agents of the SBA or the FRS (per Section 19-13.003(3), F.A.C.). You may obtain information on the FRS from a participating employer; however, the SBA is not responsible for erroneous information provided by representatives of these participating employers.

As a member of the FRS you have an obligation to understand the plan provisions which govern your membership and should comply with these provisions in your actions. You also have an obligation to use the free resources available to you through the FRS to help you manage your retirement account. You should also know that THE FRS MAY REVERSE RETIREMENT PLAN ELECTIONS OR TRANSACTIONS THAT ARE INCONSISTENT WITH FLORIDA STATUTES AT ANY TIME, WITHOUT LIMITATION OR PRIOR NOTICE TO YOU.

INTRODUCTION

Financial security when you retire is an important goal, and one that the Florida Retirement System (FRS) can help you achieve. The FRS has two retirement plans from which eligible employees can choose to help them meet their retirement goals: the FRS Pension Plan (defined benefit) and the FRS Investment Plan (defined contribution). Your employer makes all contributions to the plan you choose.

Each FRS plan is designed to provide you with a good foundation for financial security when considered along with Social Security, other retirement programs, and your own personal savings (including savings accounts, IRAs, and deferred compensation programs offered through your employer, among other resources).

This document is a description of one of these plans: the FRS Investment Plan.

The FRS also offers free retirement planning support through the MyFRS Financial Guidance Program, which can help all FRS members better prepare for their retirement. Contact information is available at the bottom of each page.

THE FRS INVESTMENT PLAN

What is the FRS Investment Plan?

The FRS Investment Plan is a defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code. This means that employer contributions are made to each member's account under the plan. These employer contributions are set by state law based on retirement membership class, as described below. The term "defined contribution" for the FRS Investment Plan means that employer contributions are defined; in the FRS Pension Plan, the benefit is defined. Your employer's contributions are deposited in an account established for you under the FRS Investment Plan. Benefits are based on the total value of your account at distribution. This amount is based on employer contributions, plus interest and earnings on those contributions, less fees and plan charges.

The Florida Legislature enacted this optional retirement plan during the 2000 legislative session. Its formal name, as set out in Part II of Chapter 121, Florida Statutes, is the "Public Employee Optional Retirement Program." However, in order to provide a strong contrast with the existing retirement plan, the defined benefit plan, the State Board of Administration of Florida (SBA), which is responsible for establishing and administering the program, calls the defined benefit program the FRS Pension Plan and calls the defined contribution program the FRS Investment Plan. This document will use the term FRS Investment Plan.

Since the FRS Investment Plan is a governmental plan, the plan documents are the Florida Statutes enacting this plan, which may be found and reviewed through the MyFRS.com web site. All Florida Statutes are subject to amendment or deletion each year during Florida's legislative sessions. Consequently, all statements in this Summary Plan Description are subject to legislative change. Where there are discrepancies between the Florida Statutes and this document, the Florida Statutes control. Similarly, all rules adopted by the SBA to implement this plan must conform to the Florida

Statutes. But if the Florida Legislature changes the statute, a rule might no longer conform. In that circumstance, the SBA is required to amend the rule so that it conforms to the statute.

Therefore, the controlling policies and procedures for the FRS Investment Plan are the Florida Statutes and any rules which properly implement those statutes.

Reference: Sections 121.4501(1), (2)(i), and (8), F.S.
Sections 19-12.001, 12.002, 13.001, and 13.003, F.A.C.

How is the FRS Investment Plan administered?

The SBA, along with its contractual partners and participating FRS employers, and with the assistance of the Division of Retirement within the Florida Department of Management Services, is required by statute to implement and administer the FRS Investment Plan.

- **Official Plan Name:** Florida Retirement System Public Employee Optional Retirement Program.
- **Common Plan Name:** FRS Investment Plan
- **Type of Plan:** Defined Contribution Retirement Plan qualified under Section 401(a) of the Internal Revenue Code.
- **Federal Employer Identification Number:** 59-6001872
- **Plan Number:** 002
- **Plan Sponsor:** State Board of Administration of Florida (SBA). The SBA is charged with establishing and administering this plan.
- **Plan Trustees:** Executive Director, State Board of Administration of Florida, representing the Governor, the Chief Financial Officer and the Attorney General as the Trustees of the Board. The address for the Executive Director is: Executive Director, State Board of Administration of Florida, 1801 Hermitage Blvd., Suite 100, Tallahassee, Florida 32308. The address for each of the three Trustees of the Board is: The Capitol, Tallahassee, Florida 32399.
- **Plan Documents are the Florida Statutes and the rules of the State Board of Administration establishing the Plan:** Chapter 121, Parts I, II, and III, Rule Title 19, Florida Administrative Code.
- **Plan Year:** July 1 through June 30.
- **Source of Benefit Payments:** All benefits payable under the Investment Plan shall be paid solely from your individual retirement account within the Public Employee Optional Retirement Program Trust Fund.
- **Agent for Service of Legal Process:** Executive Director, State Board of Administration of Florida, 1801 Hermitage Blvd., Suite 100, Tallahassee, Florida 32308.
- **Name of Plan Administrator:** ING¹, FRS Investment Plan Administrator, P.O. Box 56290, Jacksonville, Florida 32241-6290; telephone: 1-866-446-9377, Option 4. This is a toll-free number.
- **Date plan effective:** The plan became effective July 1, 2000, although the first members in the plan were effective July 1, 2002.
- **Name of Employer:** Your FRS employing agency

As a state governmental plan, the *Employee Retirement Income Security Act of 1974 (ERISA)* does not apply except to the extent certain sections of that federal law are incorporated into Florida law. Section 121.4501(15), Florida Statutes, incorporates the federal law concept of fiduciary responsibility

¹ Note: Effective January 1, 2010, Hewitt Associates will replace ING as the FRS Investment Plan Administrator.

on the part of the Trustees of the SBA, codified at 29 U.S.C. 1104(a)(1)(A)-(C), and also incorporates the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of ERISA.

Under the concept of fiduciary responsibility, the Trustees of the SBA shall ensure that investment of FRS Investment Plan assets shall be made for the sole interest and exclusive purpose of providing benefits to plan participants and beneficiaries and defraying reasonable expenses of administering the plan.

Under the concept of participant control, if you, as a participant, exercise control over your assets in the FRS Investment Plan, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the FRS Investment Plan, no program fiduciary shall be liable for any loss to your account that may result from your exercise of that control.

The SBA has the responsibility to vote proxies on all investment funds in the FRS Investment Plan and has a fiduciary responsibility to ensure proxies are voted in the best interest of fund participants and beneficiaries. For open-end mutual funds offered within the FRS Investment Plan, the SBA's voting responsibility is limited to directly voting the fund's proxy, which covers the mutual fund's Board of Trustees and other major fund policies, but does not encompass voting the underlying stock investments of the fund's portfolio. For all other fund's offered within the FRS Investment Plan that hold publicly traded equity securities, the SBA is responsible for all proxy voting decisions. For more information, please see the "Corporate Governance" section located on the SBA's Internet site, www.sbafla.com.

Reference: Sections 121.4501(1), (8)(b)4., and (15)(b)-(c), F.S.
Sections 19-11.006(4)(c)5.f., 11.007(4)(d)5.c., 12.001, 12.002, 12.005, 13.001, 13.003, and 13.004, F.A.C.

What are the requirements for FRS membership and voluntary participation in the FRS Investment Plan?

Membership in the FRS is required for all full-time and part-time employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or participating city, special district, charter school, or metropolitan planning organization. Elected officials may elect not to participate in the FRS retirement program. And employees of the Elected Officers' Class (EOC) may elect to participate in the Senior Management Service Class in lieu of the Elected Officers' Class. The following employees may elect to participate in other annuity or optional programs instead of the FRS Investment Plan:

- Senior Management Service Class employees (including Elected Officers' Class employees who choose to join that class);
- State University System faculty and administrative and professional employees; and
- State Community College System faculty and certain administrators, if their college offers an optional retirement program.

If an employee works in two or more jobs at the same time that are covered by different FRS membership classes, the employee may be a member of only one class, which will be determined as follows:

- If the jobs are covered by different membership classes, and none of which is the Elected Officers' Class, the member will be in the class in which he or she is employed for more than half the time. When the employment is split equally, the member may choose the class of membership he or she prefers.
- If the jobs are covered by different FRS membership classes, and one of which is the EOC, the member may choose to participate in any one class for which he or she is eligible.

If the member is required or chooses to be a member of the Regular Class, his or her total salaries from all positions will be reported for retirement purposes. When the member is required or chooses to be a member of the Special Risk Class, the Special Risk Administrative Support Class, the Senior Management Service Class, or the Elected Officers' Class, only salary from that position will be reported for retirement purposes.

Reference: Sections 121.4501(2)(f) and (h), (3), and (4), and 121.051(9), F.S.
Sections 19-11.006 and 11.007, F.A.C.

What are the eligibility requirements for participation in the FRS Investment Plan?

As an FRS member, you are eligible to participate in the FRS Investment Plan unless you are a participant in one of the following programs:

- Deferred Retirement Option Program (DROP), except that terminated DROP participants may roll over their DROP proceeds into the Investment Plan as described in this document;
- Mandatory State University System Optional Retirement Program (SUSORP) participant. Faculty, including clinical faculty, in a college at a state university that has a faculty practice plan are mandatory participants of the SUSORP;
- Teachers' Retirement System (TRS);
- State and County Officers' and Employees' Retirement System (SCOERS); or
- A retiree of the FRS Pension Plan, FRS Investment Plan, or any state-administered retirement system who is initially reemployed with an FRS-covered employer on or after July 1, 2010.

If you choose to participate in the FRS Investment Plan, your employer will contribute an amount to your account every month equal to a percentage of your gross salary for the calendar month (for example, 9% of gross salary for Regular Class employees; see description of membership classes, below). You direct the investment of your account among the investment funds available through the Plan.

Please understand that these eligibility requirements are established by the Florida Legislature and codified in the Florida Statutes. They are subject to change.

Reference: Sections 121.4501(2)(f), (3), and (4), F.S.
Sections 19-11.006 and 11.007, F.A.C.

When am I vested in the FRS Investment Plan and what is normal retirement age?

For the FRS Investment Plan, if you have completed one year of service with an FRS employer, you are vested in (or, you "own") all contributions and earnings on those contributions. For the FRS Investment Plan, there is no "normal retirement age." After you have terminated all FRS-covered employment for 3 calendar months, you can take the value of your account with you, regardless of

your age. See “Distributions from the FRS Investment Plan” for further information on the distribution requirements.

This is in contrast with the FRS Pension Plan. In the FRS Pension Plan, you need six years of service to vest. Further, normal retirement age for Regular Class employees in the FRS Pension Plan is the earlier of age 62 or attaining 30 years of service. If you have previous FRS Pension Plan service that you may transfer to the FRS Investment Plan, that service will vest under the FRS Pension Plan’s 6-year vesting schedule.

If you leave FRS-covered employment before you’re vested in your Investment Plan benefit, you won’t be entitled to any benefit. Your account balance will be placed in a suspense account, where it will accrue actual investment earnings. If you return to work for an FRS employer within 5 years of your termination date, your account balance plus any earnings will be returned to you and combined with any future service credit and applied toward vesting of your account. If you never return to work for an FRS employer or if you return to FRS work for an FRS employer more than 5 years after your termination date, you will forfeit your unvested account balance.

If you leave FRS-covered employment after vesting in your Investment Plan benefit, but before your transferred Pension Plan benefit has vested, you may only receive your vested Investment Plan benefit. However, if you take any distribution from your Investment Plan benefit, the Pension Plan benefit you transferred into the Investment Plan will be forfeited. If you do not take a distribution of your Investment Plan benefit, the Pension Plan benefit you transferred into the Investment Plan will be placed in a suspense account, where it will accrue actual investment earnings.

In the FRS Investment Plan, you can take all of the contributions and earnings in your account after vesting once you terminate employment with all FRS employers. Or you can roll the balance over to another employer’s retirement plan (if permitted by that plan), roll the balance over to an IRA (Individual Retirement Account) or leave the value of your account in the FRS Investment Plan until a later date when you may take a distribution. (See “Distributions from the FRS Investment Plan” for more information.)

Your retirement benefit will depend upon your account balance and the type of payout you choose (e.g., quarterly withdrawals of 1% of the account value, monthly withdrawals, lifetime annuity, lifetime annuity with annual 3% increases, etc.). Payout distribution options are discussed later.

Please understand that these vesting requirements and the normal retirement age are established by the Florida Legislature and codified in the Florida Statutes. They are subject to change.

Reference: Sections 121.4501(2)(m) and (6), F.S.
Section 19-12.006, F.A.C.

As a new employee, how do I enroll in the FRS Investment Plan?

Eligible new employees will be enrolled automatically in the FRS Pension Plan on their first day of employment and may, within five months following their month of hire, elect to participate in the FRS Investment Plan instead of the FRS Pension Plan. Enrollment in the FRS Investment Plan will be retroactive to the date of hire. The FRS Investment Plan effective date will be established as the first of the month following the month in which the enrollment form is received or the online enrollment is processed by the Plan Administrator. From the date of hire until the effective date, contributions will be paid at the blended contribution rate. From the effective date forward, contributions will be paid at the full FRS Investment Plan contribution rate. If you decide to join the Investment Plan as a newly hired employee, the sooner you make the decision during your 5-month election window, the sooner you will receive the full retirement contributions to your account for the Investment Plan.

Your enrollment period will end at 4:00 p.m. Eastern time, on the last business day of the fifth month following your month of hire. If no active enrollment is made during this period you will remain in the FRS Pension Plan.

All employees can use either the enrollment form for their retirement class available online at MyFRS.com, or from your employer. If employed in a position covered under the Regular Class or Special Risk Class of membership, you may optionally enroll online at MyFRS.com, by calling the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 4, or by using the short ELE-1-EZ Enrollment Form available online at MyFRS.com.

Regardless of which enrollment method you use, the terms and conditions set out in the FRS ELE-1 enrollment form will apply.

Example: If you are hired on April 15, you are automatically enrolled in the FRS Pension Plan. You will have until the last business day in September to choose the FRS Investment Plan. If you elect to join the FRS Investment Plan on May 3, your retirement plan transfer date (i.e., effective date) to the FRS Investment Plan will be June 1. The employer contributions paid to the FRS on your behalf between April 15 and May 30 will be the amounts required for the FRS Pension Plan under the uniform contribution rate system (blended contribution rate system) specified in Section 121.71, Florida Statutes. Those amounts will be transferred to your FRS Investment Plan account and represent your opening account balance in June. Thereafter, starting with the month of June, your employer will make the required contributions based on your membership class in the FRS Investment Plan. However, April 15 will be considered your beginning effective date for vesting purposes and for FRS Investment Plan membership.

The contribution rates under the uniform contribution rate system are lower than the FRS Investment Plan contribution rates (except for the Senior Management Service and Special Risk Administrative Support Classes). So, if you intend to enroll in the FRS Investment Plan, you will be advantaged by enrolling early in your enrollment period.

Note: Under certain circumstances, you may be able to cancel a retirement plan election. See “Can I cancel a retirement plan election once it has been made?” for further information.

Reference: Sections 121.4501(4), 121.71, and 121.72, F.S.
Section 19-11.006, F.A.C.

HOW THE FRS INVESTMENT PLAN OPERATES

What are the FRS membership classifications?

Regular Class — This class consists of FRS employees who do not qualify for membership in the Special Risk, Special Risk Administrative Support, Elected Officers, or Senior Management Service Classes.

Special Risk Class — This class consists of employees who meet the criteria set forth in the Florida Statutes and accompanying rules in the Florida Administrative Code to qualify for this class and are employed as law enforcement officers, firefighters (including fire prevention and firefighting training positions, and aerial surveillance pilots for the Department of Agriculture and Consumer Services), correctional officers or community-based correctional probation officers, paramedics or emergency medical technicians, certain professional health care workers employed by the Department of Corrections and Department of Children and Family Services, in positions within correctional and forensic facilities, youth custody officers, or certain forensic employees employed by the Florida Department of Law Enforcement, Division of State Fire Marshall, local government law enforcement agency, or Medical Examiner's office.

Special Risk Administrative Support Class — This class consists of special risk employees who are transferred or reassigned to a non-special risk law enforcement, firefighting, correctional, or emergency medical care administrative support position within an FRS special risk employing agency and meet the criteria set forth in the Florida Statutes.

Elected Officers' Class (EOC) — This class consists of employees filling the office of Governor, Lieutenant Governor, Cabinet Officer, Legislator, Supreme Court Justice, district court of appeal judge, circuit judge, county court judge, state attorney, or public defender. Elected county officials in the following offices may also belong to this class: sheriff, tax collector, property appraiser, supervisor of elections, school board member, school board superintendent, clerk of circuit court, and county commissioner. Additionally, cities and special districts have had two opportunities to place their elected officials in the EOC.

Senior Management Service Class (SMSC) — This class consists of employees of the Senior Management Service of state government, community college presidents, appointed school board superintendents, county and city managers, selected managerial staff of the Legislature, the Auditor General and selected managerial staff in the Office of the Auditor General, the Executive Director of the Ethics Commission, the State University System Executive Service and university presidents, selected managerial staff of the State Board of Administration of Florida, assistant state attorneys, assistant public defenders, assistant statewide prosecutors, assistant attorneys general, judges of compensation claims, capital collateral regional counsels and assistant capital collateral regional counsels, county health department directors and county health department administrators of the Department of Health, and selected managerial staff with the Judicial Branch, as well as elected officials who chose to join the SMSC in lieu of the EOC. Local government agencies may designate additional non-elective managerial positions for SMSC membership.

Reference: Section 121.021(12), F.S.
Section 19-11.006(4), F.A.C.

How are contributions made to my account in the FRS Investment Plan?

Employers are required to submit retirement contributions to the Division of Retirement no later than the fifth business day of each month following the month wages are earned. Note that Florida law neither requires nor permits you to make contributions to your FRS Investment Plan account from your own funds. The amount contributed by your employer on your behalf is equal to a percentage of your gross monthly salary, based on your employment class.

<u>Employment Class</u>	<u>Rate</u>
Regular	9.00%
Special Risk.....	20.00%
Special Risk Administrative Support.....	11.35%
Elected Officers	
Legislators.....	13.40%
Governor, Lt. Governor, Cabinet Officers	13.40%
State Attorney, Public Defenders.....	13.40%
Justices, Judges	18.90%
County Elected Officers	16.20%
Senior Management Service	10.95%

Upon receipt of the contributions, the Division balances the payroll and transfers the data and contributions to the Investment Plan Administrator for Investment Plan members. Payroll information is electronically transmitted to the Investment Plan Administrator daily. The Investment Plan Administrator posts contributions to members' accounts within two business days of receipt of the information. If the contributions are delayed from posting as a result of circumstances beyond our reasonable control, such as Acts of God or other force majeure events, no investment gains will be payable as a result of the delay.

The Internal Revenue Service imposes limits on the amount of your salary that may be used for contribution purposes, and the amount of contributions that may be made on your behalf. For the calendar year 2009, the contribution limit is the lesser of \$49,000 or 100% of the salary actually paid to you. This limit includes employer contributions, employee salary reductions, and employee contributions, in aggregate, to 401(a) retirement plans. Because these limits are high, very few members will be affected. Your employer will be notified if you approach these limits.

In addition to those contributions paid by your employer to fund your retirement benefit, your employer contributes additional amounts to fund your Health Insurance Subsidy benefit (1.11%), disability benefits (will vary depending on employment class), and FRS Investment Plan administration costs and educational program costs for all FRS members (.05%).

Reference: Sections 121.052(7)(c), 121.055(3)(c), 121.4501(1) and (13), 121.72, 121.73, 121.74, and 121.76, F.S.
Sections 19-12.001, 12.003, and 13.003, F.A.C.

How will the present value of my Pension Plan retirement benefit be determined?

If you have Pension Plan service and elect to join the Investment Plan, a present value calculation will be done to determine your Accumulated Benefit Obligation (ABO), as follows.

First, the Division of Retirement will calculate your present value using a formula developed by the Pension Plan's actuary, in accordance with Florida law. The FRS actuary annually evaluates whether the Pension Plan is adequately funded. The formula to compute your current benefit is:

$$\begin{array}{rclcl} \text{Years of} & & \text{Percentage Value (depends} & & \text{Average Final Compensation} & = & \text{Yearly Benefit} \\ \text{Creditable} & \text{X} & \text{on class of FRS} & \text{X} & \text{(average of highest 5 years} & & \text{at Normal} \\ \text{Service} & & \text{membership: 1.6\% for} & & \text{of salary)} & & \text{Retirement} \\ & & \text{Regular Class)} & & & & \text{Date} \end{array}$$

Then the Division projects the total yearly benefits collected during retirement over your expected lifetime (including a 3% annual increase in benefits). This stream of increasing annual payments is converted to a single lump sum – a "present value" (value in today's dollars) using an actuarial conversion factor. The conversion factor reflects a 7.75 percent interest rate and mortality tables specified by Florida Statutes. Please note that the conversion factor will increase monthly until you reach your normal retirement date and will decrease for each month after the normal retirement date.

Example: Let's say an employee is age 31 and has 12 years of Regular Class FRS service. The employee's normal retirement age will be 49 for his/her class of membership (the point when 30 years of service would be reached).

The employee's earnings for the highest five fiscal years are \$31,263, \$32,826, \$34,467, \$36,190, and \$38,000. So the employee's Average Final Compensation is the average of these numbers, or \$34,549.

$$\begin{array}{rclcl} 12 & & 1.6\% & \text{X} & \$34,549 & = & \$6,633 \\ \text{Years of} & \text{X} & \text{Percentage} & & \text{Average Final} & & \text{Yearly Benefit at Normal Retirement} \\ \text{Creditable Service} & & \text{Value} & & \text{Compensation} & & \text{Date} \end{array}$$

$$\begin{array}{rclcl} \$6,633 & & 4.0413 & & = & \$26,806^2 \\ \text{Yearly Benefit} & \text{X} & \text{Conversion Factor} & & \text{Present Value of Current Pension Benefit} & & \\ & & \text{(determined by actuary)} & & \text{(Transfer Amount)} & & \end{array}$$

Reference: Sections 121.4501(3)(c) and (4)(e), F.S.
Sections 19-11.006(2)(a) and 11.007(2)(e), F.A.C.

² Dollar amounts are rounded to the nearest whole dollar.

What investment options are available in the FRS Investment Plan?

The FRS Investment Plan offers a diversified mix of investment funds that span the risk-return spectrum³. On the FRS Internet site, MyFRS.com, you can review the Fund Thumbnails, Fund Profiles, Fund Details, Fund Scorecards, and the Investment Fund Summary by clicking on “Investment Funds” in the top tool bar. These documents contain descriptions of the available investment funds (including investment objective, fund management, investment risk and fund expenses, etc.) to help you make informed investment decisions (additional detailed information on each of the investment funds is available upon request). You can also visit this site to access the Financial Engines Personal Online Advisor[®] service, which can provide specific investment guidance. If you do not have access to the Internet, you can call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TTY: 1-888-429-2160), Option 2, and have a professional financial planner explain the available options or walk you through the online services.

Reference: Sections 121.4501(9) and (15)(c), F.S.
Sections 19-13.004(8)-(11), F.A.C.

How can I change my investment options in the FRS Investment Plan?

You can generally change your investment allocation at any time either online or by telephoning ING, the FRS Investment Plan Administrator. Generally, these changes can be made at no cost. However, some funds restrict your ability to move your money under certain circumstances under an excessive fund trading policy (see below). If you do not have access to the Internet website at MyFRS.com, you can call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TTY: 1-888-429-2160), Option 4, and request an ING representative help in making the changes, and to obtain a copy of the Excessive Fund Trading Policy (also available on MyFRS.com by clicking on “Investment Funds” in the top tool bar).

Changes to the investment of your existing account balance will generally take effect at the close of business on the day your request was made, provided that the request was completed by 4 p.m. Eastern time. If your request is completed after 4 p.m. Eastern time or on a non-business day, your change will generally take effect on the next business day that the financial markets are open.

Changes to the investment of future contributions to your account generally take effect with the next monthly payroll.

Reference: Section 121.4501(9), F.S.
Section 19-11.004, F.A.C.

What is the Excessive Fund Trading Policy?

The SBA has developed a policy to help protect all Investment Plan members by preventing any short-term excessive fund trading within the FRS Investment Plan. Excessive fund trading, in which members move money in and out of funds on a frequent basis to try to capture short-term gains, can

³ Note that there can be risk in holding a large portion of your account balance in a single fund (unless that fund is a reasonably diversified fund, such as a balanced fund). For further information on diversifying your account, please call the MyFRS Financial Guidance Line at 1-866-446-9377 (TTY: 1-888-429-2160), Option 2, or visit MyFRS.com. Additional information on investing and diversification can be found on the U.S. Department of Labor’s website at www.dol.gov/ebsa/investing.html.

have a negative impact on the funds involved. It can drive up a fund's trading costs which increase costs to all fund shareholders. It can also complicate a fund's portfolio management and reduce the fund's investment returns.

Anyone with an account in the FRS Investment Plan is subject to the Policy, including current employees, previous employees, members who have rolled over DROP funds into the Investment Plan, surviving beneficiaries, and other alternate payees. The Policy applies to transfers of monies between funds and does not affect any transaction that is initiated for purposes of depositing employer payroll contributions, processing a distribution, or any Administrator-initiated transaction (e.g., processing a QDRO, mapping assets from terminated funds, etc.). The latter three activities are termed "exempt transactions."

Foreign and global investment funds are subject to a minimum holding period of 7-calendar days following any non-exempt transfers into such funds. For example, if you transfer \$5,000 into one of the foreign or global funds on November 4, you will not be able to transfer any amount out of that fund until November 12, except for a distribution out of the plan.

All investment funds (except money market funds) are subject to the following controls in order to mitigate excessive fund trading:

- Members engaging in one or more Market Timing Trades (as defined below) in authorized funds will receive a warning letter sent by U.S. mail. The warning letter will notify the member that Market Timing trades have been identified in his/her account and any additional violations will result in a direction letter.
- Members engaging in one or more Market Timing Trades and who have previously received a warning letter will be sent a direction letter by courier. The SBA may require non-automated trade instructions for at least one full calendar month following the date of the direction letter. Subsequent violations may require members to conduct trades via paper trading forms mailed certified/return-receipt to the SBA. Automated trade instructions include the Internet.

The following definitions apply:

Market Timing Trade - is a member-directed series of trades that meet both of the following two criteria:

- The series of transactions are Roundtrip Trades.
- The series of transactions are, in aggregate, \$75,000 or more within 30 calendar days (e.g., a purchase of fund shares for \$50,000 and a sale of \$35,000 of the same fund's shares the next day would be an aggregate trade amount of \$85,000).

Roundtrip Trade – is one or more transfers into an investment fund and one or more transfers out of the same investment fund in either order (i.e., in/out or out/in) within a 30 calendar day period⁴, regardless of any multiple transfers from or to other different investment funds during the Roundtrip Trade.

The specific funds subject to the foreign and global restrictions are listed in Chart A. You can get your questions answered by calling the toll-free MyFRS Financial Guidance Line and connecting to a financial planner.

⁴ Roundtrip and Market Timing Trades are calculated using a rolling 30-calendar day time period. For example, if a trade occurs on May 15, the 30-calendar day period extends from May 15 through June 13.

Examples: The following are examples only. They are not an exhaustive list of all possible transactions. Members avoiding these examples will not necessarily avoid the impact of the excessive fund trading policy since other transactions may meet the definitions of Market Timing Trades or Excessive Trading.

- a. If Member A transfers \$50,000 out of Fund A and into Fund B on Monday and then transfers \$20,000 out of Fund B on Tuesday, the transaction is a Roundtrip Trade but is not a Market Timing Trade because the aggregate amount of \$75,000 has not been met.
- b. If Member A transfers \$50,000 out of Fund A and into Fund B on Monday and then transfers \$55,000 out of Fund B on the following Monday, the transaction is a Roundtrip Trade and a Market Timing Trade because the aggregate amount of all trades in and out of Fund B has exceeded \$75,000 ($\$50,000 + \$55,000 = \$105,000$) within a 30 day period.
- c. If Member A transfers \$5,000 out of Fund A and into Fund B on November 1 and then transfers \$25,000 out of Fund A and into Fund B on November 3 and then transfers \$10,000 out of Fund A and into Fund B on November 5 and then transfers \$40,000 out of Fund B and into Fund A on November 15, the entire series of transactions constitutes a Roundtrip Trade and is a Market Timing Trade because the aggregate amount of all trades into and out of Funds A and B each exceeded \$75,000 within a 30 day period.
- d. If Member A transfers \$5,000 out of Fund A and puts \$2,500 into Fund B and \$2,500 into Fund C on December 1 and then transfers \$25,000 out of Fund A and puts \$20,000 into Fund B and \$5,000 into Fund C on December 5, and then transfers \$10,000 out of Fund A and puts \$10,000 into Fund C on December 6 and then transfers \$23,000 out of Fund B into Fund A and \$20,000 out of Fund C into Fund A on December 16, the entire series of transactions constitutes a Roundtrip Trade and is a Market Timing Trade because the aggregate amount of all trades into and out of Fund A exceeded \$75,000 within a 30 day period. It is irrelevant that money has come out of one fund and been transferred into two funds because the money has been returned to the original fund.
- e. Member A transfers \$50,000 out of Fund A and into a foreign stock fund, which already contains \$100,000, on October 1, so that on October 1, the foreign stock fund contains \$150,000. The Member must wait until October 9 to transfer any or all of the \$150,000 in funds out of the foreign stock fund.
- f. A member has \$250,000 in his FRS Investment Plan account and is the subject of a QDRO with the result that the member's spouse becomes entitled to half of the member's FRS Investment Plan account. A total of \$125,000 is transferred from the member's account to a newly-established account for the member's spouse and the funds are put into a foreign stock fund on December 1. On December 5, the member's spouse rolls over the entire \$125,000 into an IRA. This is neither a Roundtrip Trade nor a Market Timing Trade because the transfer is an exempt transaction.
- g. A member transfers \$32,000 into Fund A on August 5 and then transfers \$32,000 out of Fund A on August 11 and then transfers \$31,000 into Fund A on August 17 and finally transfers \$31,000 out of Fund A on August 18. The entire series of trades are Roundtrip trades and the trades are also a Market Timing Trade because the aggregate amount of all trades exceeded \$75,000 within a 30 day period.
- h. A member transfers \$32,000 into Fund A on September 10 and then transfers \$32,000 out of Fund A on September 15 and then transfers \$31,000 into Fund A on September 27. The entire series of trades are Roundtrip Trades and is a Market Timing Trade because the aggregate amount of all trades exceeded \$75,000 within a 30 day period.

Trading Restrictions of Specific Funds

Effective October 16, 2007, the Securities and Exchange Commission (SEC) under Rule 22c-2 of the *Investment Company Act of 1940* began permitting all open-end mutual funds either to impose trading restrictions or levy monetary penalties on members' conducting market timing transactions. As a result, Investment Plan members with assets in the three specified mutual funds (listed in Chart B below) on or after October 16, 2007 may be impacted.

If requested, the FRS Investment Plan Administrator will be required to provide the mutual fund companies listed in Chart B access to information on Investment Plan members' trading activity to enforce their trading restrictions. Any monetary penalties imposed by the fund will be withdrawn from the member's Investment Plan account. The penalty will be deducted first from any balance in the affected fund, and secondly in a pro-rata share from the balances in any other funds in the member's Investment Plan account.

In an attempt to prevent Investment Plan members from having to pay any monetary penalties or being blocked from making additional purchases, the Investment Plan trading system will use "best efforts" to block restricted trades in the three affected mutual funds. If a restricted trade is not blocked, the member will be responsible for paying any monetary penalties and/or be subject to trading restrictions. It is the responsibility of the member to comply with the trading restrictions in Chart B.

The trading restrictions in Chart B do not apply to Investment Plan funds that are classified as institutional funds or to mutual funds for which the FRS has received exemptions from the fund companies. The FRS Investment Plan has been granted exemptions for the following mutual funds:

- American Beacon Small-Cap Value Fund (S99)
- Pioneer Fund (S20)
- American Funds EuroPacific Growth Fund (F20)
- American Funds New Perspective Fund (F40)

The restrictions in Chart B are in addition to all the other trading restrictions outlined in this section, as noted in Chart A.

Please review these policies carefully before making any Investment Plan transactions. You can review a copy of the current FRS Investment Plan Excessive Fund Trading Policy online at MyFRS.com.

CHART A • FRS INVESTMENT PLAN EXCESSIVE FUND TRADING POLICY – EFFECTIVE NOVEMBER 2003		
Fund Name	Restriction	Penalty
FRS Select Foreign Stock Index (F10) American Funds EuroPacific Growth (F20) American Funds New Perspective (F40)	Prohibits selling out of the fund within 7-calendar days of purchasing into the fund.	NA – The Investment Plan trading system automatically blocks these trades from occurring.
All Investment Plan funds except the FRS Select Yield Plus Money Market Active Fund (M10)]	Prohibits multiple round-trips* in and out of any investment fund totaling \$75,000 or more within a 30-day period.	Restrictions may be imposed on a member's ability to make future fund transfers.

*The FRS Investment Plan defines a roundtrip trade as one or more transfers into an investment fund and one or more transfers out of the same investment fund in either order (i.e., in/out or out/in) within a 30 calendar day period.

CHART B • SPECIFIC FUND TRADING RESTRICTIONS – EFFECTIVE OCTOBER 16, 2007

Fund Name	Restriction	Penalty
PIMCO High Yield (B55)	Prohibits selling out of the fund within 30 days of purchasing into the fund.	2% redemption fee of the Net Asset Value of fund shares sold or exchanged.
Fidelity Growth Company (S80)	<ul style="list-style-type: none"> Limits two roundtrip transactions* within a rolling 90-day period. Limits four roundtrip transactions within a rolling 12-month period. 	Blocked from making additional purchases for 85 days.
T. Rowe Price Small-Cap Stock (S97)	Prohibits selling out of the fund within 90 days of purchasing into the fund.**	Blocked from making additional purchases for 90 days.

* Fidelity defines a roundtrip transaction as occurring when a member buys and then sells shares of a fund within 30 days.

** T. Rowe Price defines a roundtrip transaction as one purchase and one sale or one sale and one purchase of the same fund.

Reference: Section 121.4501(9), F.S.
Section 19-11.004, F.A.C.

What is my creditable service?

A member receives one month of service credit for each month in which any salary is paid for work performed. Members may not purchase service credit (e.g., for past service, prior service, certain military service, leaves-of-absence, etc.) to increase their FRS Investment Plan retirement benefit. This includes the upgrade of previous service to another membership class (e.g., Senior Management Service Class, Special Risk Class, or Elected Officers' Class). If an FRS covered employee has additional service credit he/she wishes to use towards his/her retirement, he/she must purchase or upgrade such service under the FRS Pension Plan before he/she becomes a member in the FRS Investment Plan.

There are certain types of service such as military, workers' compensation, and suspension and reinstatement that are paid for by the employer and may be creditable for FRS Investment Plan members if certain requirements are met for that type of service. The military service must be as a leave of absence and must be eligible for purchase under the *Uniformed Services Employment and Reemployment Act* (Chapter 43 of Title 38 of the United States Code).

The FRS Investment Plan complies with the provisions of the *Heroes Earnings Assistance and Relief Tax (HEART) Act of 2008*, which helps protect the rights of military personnel on active duty. Because FRS records do not indicate whether a member serves in the military, it is the responsibility of the member and/or the beneficiary to notify us and provide sufficient documentation to claim any benefits under this Act.

Reference: Sections 121.021(17), 121.4501(3) and (22), F.S.
Section 19-13.002, F.A.C.

What are the various types of employment status?

- You are considered a *rehired* employee if: 1) you were formerly employed by an FRS employer in a regularly established position that was covered for FRS purposes, 2) you terminated employment without taking any distribution of benefits, and 3) you later returned to FRS

covered employment. Your FRS Investment Plan account balance must have remained in the FRS Investment Plan.

If you return to FRS covered employment, you will return to the FRS Investment Plan, unless you decide to use your one-time second election option (the Second Election; see below) to change to the FRS Pension Plan.

- You are considered a *retired* employee from the FRS Investment Plan if you terminate FRS covered employment and take a distribution of any kind (lump sum, rollover, annuity, etc.). If you return to FRS covered employment, you are considered a “reemployed retiree” or “renewed member” and subject to the laws and rules governing such employees. These laws and rules are enacted by the Florida legislature and implemented by the appropriate agency. They are subject to change.

As a reemployed retiree, you are considered a new employee and are entitled to choose within 5 months following your month of hire which retirement plan you wish to participate in: the FRS Pension Plan or the FRS Investment Plan. However, *as a reemployed retiree, you are not entitled* to participate in the Special Risk Class, the FRS Pension Plan DROP program, nor are you entitled to receive disability benefits from either plan. If these benefits are important to you, you should consider not taking a distribution upon termination from FRS covered employment, unless you are actually retiring and do not plan to return to FRS employment in the future.

Note: Renewed membership in the FRS is **not** available for reemployed retirees who are initially reemployed on or after July 1, 2010.

- You are considered a *newly hired* employee if you have never been employed by an FRS covered employer in a regularly established position. As a new employee you will have until the end of the fifth month after your month of hire to choose the Investment Plan, if you decide to do so. In the mean time you will be a member of the Pension Plan.

Reference: Sections 121.122, 121.4501(2)(f) and (2)(j), and 121.591, F.S.
Section 19-11.003, F.A.C.

Can I return to employment after I retire?

An Investment Plan member who terminates FRS-covered employment and receives any distribution from his or her Investment Plan account (including a rollover) is considered a retiree. Retirees may be reemployed by a private employer or by any non-FRS public employer without affecting their retirement benefits. Retirees may not be reemployed with an FRS-participating employer in any capacity (FRS-covered or non-covered, including temporary, part-time, OPS and regularly established positions) for the first 12 months after taking a distribution without suspending their retirement benefits, except under limited circumstances as described below. Suspension of benefits, in this case, refers to the retiree’s inability to take additional distributions from their Investment Plan account balance until certain requirements have been met. If an FRS Investment Plan member is reemployed with an FRS employer prior to taking a distribution of his/her benefits, he or she will not be considered to have retired.

If an FRS Investment Plan member is reemployed by an FRS participating employer within the 6 calendar month period after taking a distribution (retiring), his or her retirement will be voided. The member and employer will be required to repay any benefits received; the member’s FRS membership

will then be reinstated. An alternative to repaying these benefits is for the member to terminate employment for an additional period to satisfy the 6 month termination requirement.

The provisions of the reemployment law vary, depending on whether the member retired and is initially reemployed by an FRS employer before or after July 1, 2010, as follows:

Retirement and Reemployment Prior to July 1, 2010

Returning to Work in an Excepted Position

An Investment Plan retiree may return to work in certain excepted positions as described below during and through the 12th month after retirement without impacting the receipt of additional Investment Plan distributions. Such retiree may return to this limited employment after being off all FRS-covered payrolls for at least 6 calendar months following the month in which the distribution was taken.

Returning to Work in a Non-Excepted Position

An Investment Plan retiree may return to work in a non-excepted position as described below during and through the 12th month after retirement; however, no additional Investment Plan distributions are permitted until the member terminates employment or completes 12 calendar months of retirement. Such retiree may return to this limited employment after being off all FRS-covered payrolls for at least 6 calendar months following the month in which the distribution was taken.

After 1 Year

Once 1 year has passed since retirement, the retiree can receive further Investment Plan distributions even if reemployed by an FRS employer.

Renewed Membership

Renewed membership in the FRS is available if the member retires and is initially reemployed by an FRS employer in an FRS-covered position prior to July 1, 2010.

Exceptions to the Reemployment Law (apply only if retired and initially employed prior to July 1, 2010)
If you retire from the Investment Plan and are initially reemployed prior to July 1, 2010 in any of the following positions during your first year of retirement, you may be exempt from the reemployment limitations, or you may be otherwise eligible for a limited exception, as follows:

- **A retiree who is elected or appointed** to an elective office is exempt from reemployment limitations.
- **A retired justice or judge** on temporary assignment to active judicial service pursuant to Article V of the State Constitution is exempt from the reemployment limitations.
- **Florida District Schools Boards** - After meeting the above termination requirements, Investment Plan retirees may be reemployed as classroom teachers on an annual contractual basis. Additionally, noncontractual employment is allowed without further limitation for Investment Plan retirees who are hired as substitute or hourly teachers, education paraprofessionals, transportation assistants, bus drivers, or food service workers.
- **Florida School for the Deaf and the Blind** - After meeting the above termination requirements, Investment Plan retirees may be reemployed as substitute teachers, substitute residential instructors, or substitute nurses on a noncontractual basis.
- **Charter Schools** – After meeting the above termination requirements, Investment Plan retirees may be reemployed as classroom teachers on an annual contractual basis, or as substitute or hourly teachers on a noncontractual basis.
- **Developmental Research Schools** – After meeting the above termination requirements, Investment Plan retirees may be reemployed on an annual contractual basis as classroom teachers, or as substitute or hourly teachers or educational paraprofessionals on a noncontractual basis.
- **Community Colleges** – After meeting the above termination requirements, Investment Plan retirees may be reemployed as adjunct instructors or phased retirement program participants for up to 780 hours during the first year of retirement as described above.
- **Universities** – After meeting the above termination requirements, Investment Plan retirees may be reemployed as adjunct faculty or phased retirement program participants with the State University System for up to 780 hours during the first year of retirement as described above.

Any affected reemployed retiree who is not eligible for an exception or who exceeds the 780-hour limitation should notify the Investment Plan Administrator at 1-866-446-9377, Option 4.

Retirement and Reemployment On or After July 1, 2010

You may not return to employment with an FRS-covered employer until you have been retired for 6 calendar months (i.e., 6 calendar months following the month in which a distribution was taken). If you've been retired for 6 calendar months, and you return to employment with an FRS-covered employer during the next 6 months after retirement, no additional Investment Plan distributions are permitted until you either terminate employment or complete a total of 12 months of retirement. There are no reemployment exceptions.

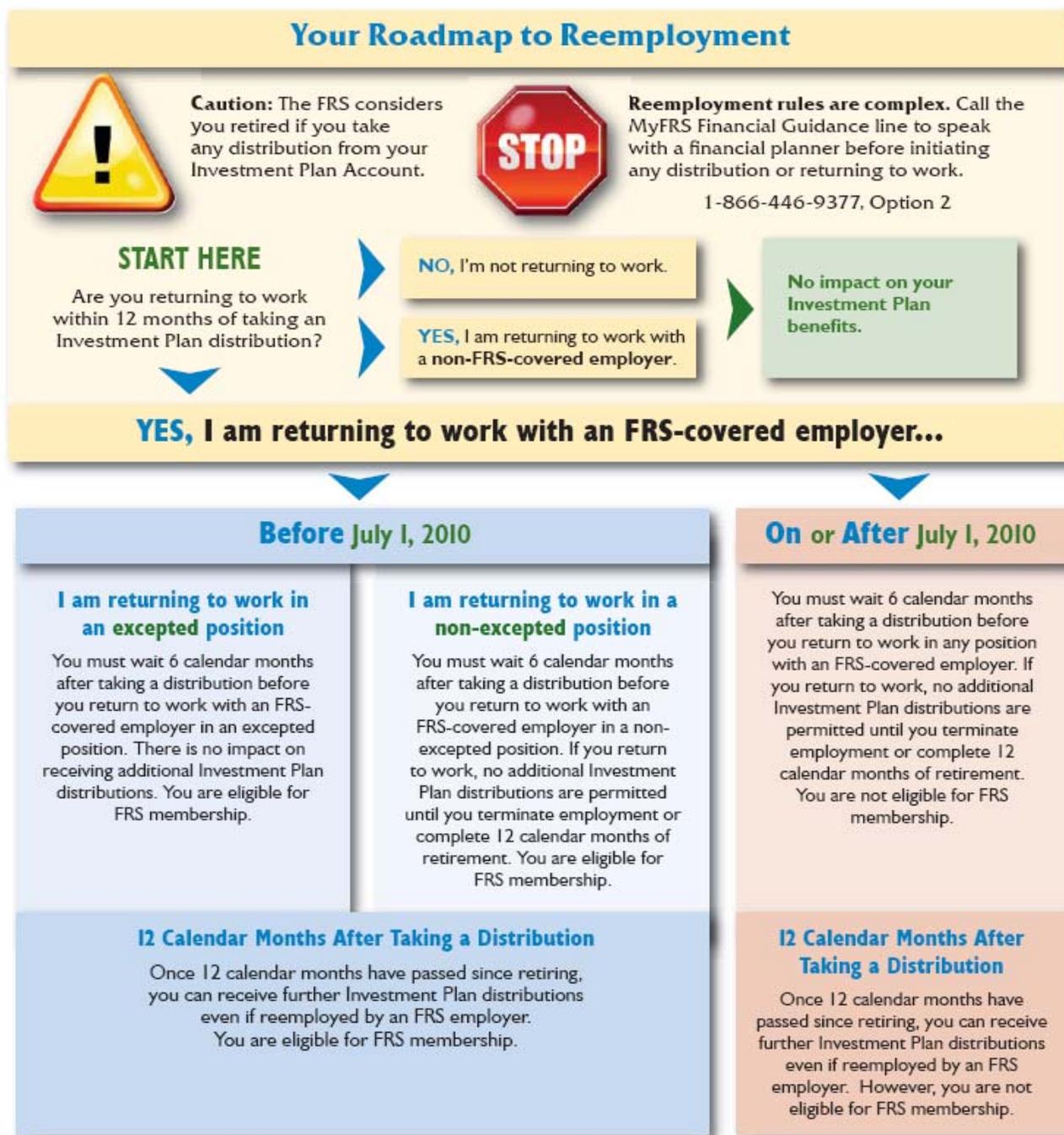
After 1 Year

Once 1 year has passed since retirement, you can receive further Investment Plan distributions, even if you are reemployed by an FRS employer.

Renewed Membership

Renewed membership in the FRS is not available for retired members who are initially reemployed on or after July 1, 2010.

The following “Roadmap to Reemployment” provides information on when you may return to FRS-covered employment after retiring from the Investment Plan:



Reference: Sections 121.021(39), 121.091(9), 121.122, 121.4501(2)(f) and (2)(j), F.S. Section 19-11.003, F.A.C.

How can I make a beneficiary designation?

As a member of the FRS Investment Plan, your spouse is automatically your primary beneficiary unless you designate someone else after your most recent marriage. You may name as beneficiary any person, organization, trust, or your estate. You may state that beneficiaries share jointly or sequentially, or that any benefits due to your beneficiary be paid through a trust. If you do not name a beneficiary or if your beneficiary has died, any benefits will be paid according to Florida law (Section 121.4501(20), Florida Statutes).

You may change your beneficiary at any time. If your designated beneficiary dies or your marital status changes, it is important for you to submit a new beneficiary designation to be sure your account is distributed as you wish in case of your death.

You may designate a beneficiary at the time of enrollment or later by completing a beneficiary designation form (Form IPBEN-1) to name your beneficiaries. To obtain the form, you can call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TTY: 1-888-429-2160), Option 4, and request that it be mailed to you. You can also find the form online at MyFRS.com. The form must be sent to the Investment Plan Administrator.

Florida law requires that if you do not name your spouse as your primary beneficiary, he/she must sign the beneficiary designation form. See Section 121.4501(20), Florida Statutes. The beneficiary designation form (Form IPBEN-1) requires that your spouse sign acknowledging that he or she is not named as your beneficiary.

Your FRS Quarterly Investment Plan Statement, which is mailed to your home address each quarter, lists your current Investment Plan account beneficiary(ies). Please be sure to review these beneficiary(ies) to ensure they are current.

A beneficiary is eligible to designate a beneficiary. Any account balance or benefit payments payable to the beneficiary of the beneficiary will be paid out immediately upon receipt of the appropriate forms.

Reference: Section 121.4501(20), F.S.
Sections 19-11.002 and 11.003, F.A.C.

What are my rights to a benefit?

If you are an FRS Investment Plan member, you will be vested in employer contributions and earnings on those contributions when you complete one year of service with a participating FRS employer. If you terminate FRS-covered employment before completing one year of service, you will not be eligible to receive a benefit from the FRS Investment Plan. Instead, the balance in your account will be placed in a suspense account for up to five years. If you return to FRS-covered employment within this 5-year period, the balance in the suspense account, plus accrued earnings, will be returned to your account. If you do not return to FRS-covered employment within the 5-year period, you forfeit the balance.

If you have transferred a present value amount from the FRS Pension Plan to your FRS Investment Plan account, you will vest in this transferred amount, plus interest and earnings thereon, when you have completed six years of service. If you terminate employment with an FRS-covered employer before completing six years of service, such transferred amount will be placed in a suspense account for up to five years. If you return to FRS-covered employment as an eligible employee within this 5-year period, the amount placed in the suspense account, plus the accrued earnings, will be returned to

your account. If you do not return to FRS-covered employment as an eligible employee within the 5-year period, you will forfeit the amount(s) taken out of your account and placed in suspense.

If you have transferred a present value amount from the FRS Pension Plan to your FRS Investment Plan account and have at least one year of total service credit from the combined FRS Pension Plan and FRS Investment Plan service, but less than 6 years of total service, you are entitled to receive the FRS Investment Plan contributions and earnings in your account after your termination of FRS-covered employment. However, if you take a distribution of your FRS Investment Plan account balance you will forfeit the present value amount transferred from the FRS Pension Plan. If you take a distribution of any amount from the FRS Investment Plan, you are considered retired and will not be eligible for certain FRS benefits should you return to FRS-covered employment in the future.

Additionally, if you have transferred a present value amount from the FRS Pension Plan to your FRS Investment Plan account, the service may include the purchase of additional service under the FRS Pension Plan (e.g., out-of-state-service) that does not count toward the FRS Pension Plan 6-year vesting requirements. In this case you must complete a total of 6 years of FRS service to be eligible for your Pension Plan transferred balance.

If you elected the Hybrid Option when you selected your FRS retirement plan, you are considered a member of the FRS Investment Plan. After you have completed sufficient service to vest in both the Pension Plan and Investment Plan, and have met any other requirements for receipt of benefits from the plans, you may begin receiving your benefits from either plan without affecting your ability to receive benefits from the other. If, however, you transfer to the FRS Pension Plan from the Investment Plan and leave a surplus in your Investment Plan account, you are considered a member of the Pension Plan and cannot access your surplus Investment Plan funds until you begin receiving your Pension Plan benefits.

Reference: Sections 121.4501(2)(m) and (6), F.S.
Section 19-11.006, F.A.C.

How do I update my mailing address or change my name in my FRS records?

If you are an active FRS employee, your member specific demographic information is provided to the Division of Retirement by your FRS employer each month through a monthly payroll file. This file includes the name and mailing address for all active FRS members. To change your name or address you should report the new name or address to your FRS employer and ask them to change it on the next payroll.

Once you terminate your FRS-covered employment you will continue to receive information from the Investment Plan as long as you have money in your Investment Plan account. To change your name or mailing address after terminating employment you should contact the Investment Plan Administrator to request an Address/Name Change Form. If you are requesting a name change, a copy of the court order, divorce decree, or marriage certificate evidencing the legal name change must be provided. The Investment Plan Administrator can also accept a letter which provides the previous address/name and new address/name, your Social Security number and, if a name change, a copy of the court order, divorce decree, or marriage certificate evidencing the legal name change. If the form/letter is in good order, the Investment Plan Administrator will update the information on the recordkeeping system. For address changes only, you can make the address change online by logging into MyFRS.com. For your security, a confirmation statement will be mailed within two business days to both your current address on file and the new address provided.

Reference: Section 19-13.002, F.A.C.

DISTRIBUTIONS FROM THE FRS INVESTMENT PLAN

How can I take distributions from the FRS Investment Plan?

Since the FRS Investment Plan is a retirement plan, you will not be permitted to make withdrawals from the Plan while you are still employed by an FRS employer, or knowingly expect to return to employment with an FRS employer in the near term. After you have terminated all FRS-covered employment for **three calendar months** (following your month of termination), you can request a distribution of your account. If you have reached the normal retirement requirements of the FRS Pension Plan for your class of membership (i.e., age 62 with 6 years of service or 30 years of service for all classes but Special Risk), you may take a one-time distribution of up to 10% of your account balance after being terminated for one calendar month. This normal retirement requirement also pertains to FRS members who have previously retired from the FRS, and returned to FRS-covered employment in another career earning a second retirement benefit from the FRS. To receive the 10% distribution from your “second-career” service you must meet the normal retirement requirements of the Pension Plan using only the service earned during your “second-career”.

If you leave FRS employment, you can leave your account invested in the FRS Investment Plan until you decide to take a distribution from the Plan. Your benefit under the FRS Investment Plan consists of the value of your account. If you are vested in your account, your benefit is payable to you, or to your designated beneficiary or your estate upon your death. To begin receiving benefits, you must be terminated from all employment with FRS-covered employers for **three calendar months** (following your month of termination), unless you meet the normal retirement requirements of the FRS Pension Plan, in which case you may receive a one-time distribution of up to 10% of your account balance after one calendar month and the remainder after three months.

If you start receiving distributions (except for a rollover) from your account, taxes will be required to be paid. Consult your tax advisor or call the MyFRS Financial Guidance Line and speak to one of the financial planners before you make a decision about taking a distribution. See “What taxes are payable on distributions?” for further information on this subject.

You are not required to begin receiving your benefits at termination of employment but can defer receiving them until a later date. You must start withdrawing at least a minimum amount, known as a Required Minimum Distribution (RMD), from your FRS Investment Plan account no later than December 31 of the calendar year during which you reach age 70½ or terminate employment. The RMD for any year after the year you turn 70½ must be made by December 31 of that later year. For example, you reach age 70½ on August 20, 2010. For 2010, you must receive the RMD from your retirement account by December 31, 2010, unless you defer this payment to April 1 of the following year.

The RMD, which changes yearly, is calculated based on your current age and your account balance at the end of the previous year. Any distributions you receive for the year must equal or exceed the RMD. An additional benefit payment will be sent to you in December of any year in which your total payments for that year do not equal or exceed your RMD.

If you are paid a federally mandated RMD from the FRS Investment Plan, you will not be considered a retiree nor will you lose any unvested service credit. If you receive an RMD and return to FRS covered

employment in the future, you will be placed back in the FRS Investment Plan and earn additional service credit.

Note: The *Worker, Retiree, and Employer Recovery Act of 2008* suspended the payout of RMD's for calendar year 2009.

You may receive payment as:

- Partial or full lump-sum distribution.
- Partial or full lump-sum direct rollover distribution to an IRA, Roth IRA, 401(k), 403(b), 457, or other qualified retirement plan that accepts rollover contributions. A rollover is a tax-free transfer from one eligible retirement plan to another.
- A split distribution—part direct rollover and part payable to you.
- Periodic distributions from your account balance.

Or you can use some or all of your account to buy monthly lifetime annuity payments guaranteed by an insurance firm (currently The Hartford Life Insurance Company) contracted with the SBA. Using this annuity option, you can provide for joint benefits or survivor benefits. These payments may include survivor benefit options and a 3% annual benefit increase option similar to those found in the FRS Pension Plan.

You must call the Investment Plan Administrator or log in to MyFRS.com to request a distribution and to designate the type of distribution you wish to take. In addition, you must call the Investment Plan Administrator or log in to MyFRS.com to request a roll over of your account balance to another eligible retirement plan. To get guidance to properly carry out your wishes, contact the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TTY: 1-888-429-2160). Before a distribution is made to you, further information regarding plan distributions will be provided to you. Since tax consequences may be severe if you make certain distribution choices, you may want to consult a professional tax adviser before making your distribution election if you do not plan to call the Investment Plan Administrator.

Distributions will be based on your account balance at the close of business on the day the request is made, provided the request is completed by 4 p.m. Eastern time. If the distribution is requested after 4 p.m. Eastern time or on a non-business day, the distribution amount will be based on your account balance at the close of business the next business day the financial markets are open.

If your account balance at termination is a de minimis amount as determined by the SBA, it could be subject to an automatic distribution. **A de minimis amount has been set for accounts with vested balances of \$1,000 or less.** No distribution will be made, however, until you have been terminated from all employment with FRS-covered employers for at least six calendar months. A de minimis distribution will be either a complete lump-sum liquidation of your account, subject to the provisions of the Internal Revenue Code, or if you provide affirmative instructions, a lump-sum direct rollover distribution paid directly to the custodian of an eligible retirement plan on your behalf. If you return to FRS-covered employment after receiving a de minimis distribution, you are not considered a reemployed retiree and will not be subject to the limitations applicable to such employees.

Once you have taken a distribution from your Investment Plan account, the check for the amount of the distribution is payable for 180 days. If the check is not cashed or deposited within 180 days it becomes a stale-dated check and is canceled and placed in a suspense account. The Investment Plan Administrator will endeavor to find the payee for up to 10 years using various methods. If the payee is not found during the 10-year period, the amount of the check is forfeited and used to pay plan expenses of the Investment Plan. Once the check is distributed, no interest earnings will be credited

to the member or payee. All interest earnings on stale dated checks are deposited in the Investment Plan and used to pay administrative expenses of the plan.

Caution: Your eligibility to continue your current health insurance coverage with your employer may be affected if you take a distribution from your Investment Plan account. Before taking any distribution from your Investment Plan account, be sure to contact your employer's personnel office to verify your eligibility to continue this very important coverage.

Reference: Sections 110.123(g), 112.0801(2), 121.4501(2)(j) and (7), and 121.591, F.S.
Sections 19-11.003, 12.006, and 13.004(12), F.A.C.

What taxes are payable on distributions?

If you choose to receive payment of your distribution as a single lump sum, the taxable portion will be subject to federal taxes in the year the distribution is made.

If you elect to roll over all or part of your distribution, the portion rolled over will not be taxed until you take it out of the eligible plan. Any amounts eligible for rollover but paid directly to you will have a mandatory 20 percent federal income tax withheld from the distribution (exceptions apply). Any amount directly rolled over to another employer's plan or to an IRA will not be subject to the mandatory 20 percent federal income tax withholding.

If you are under age 59½ when you receive a distribution there will be an additional 10 percent federal tax penalty on the taxable portion of your distribution. The 10 percent tax penalty may not apply if you meet one of the exceptions permitted under the Internal Revenue Code such as death, total and permanent disability, separation from service in the year you turn age 55 or older, or distribution according to a Qualified Domestic Relations Order (QDRO). The penalty also does not apply to distributions made as part of a series of substantially equal, periodic payments (at least annual) throughout your life or life expectancy or the joint lives or joint life expectancies of you and your beneficiary if the payment begins after your separation from service.

Reference: Sections 121.4501(7) and 121.591, F.S.
Section 19-12.006, F.A.C.

What charges are assessed on accounts in the FRS Investment Plan?

If you are an active employee of an FRS-covered employer, you will pay investment management fees on your FRS Investment Plan account as imposed by the investment managers of the funds you have chosen to invest in. Florida law also allows the imposition of fees for administration and education services, but these are not presently charged to active-employee members.

If you have terminated or retired from FRS employment (including former DROP participants who have rolled funds into the Investment Plan) but have retained your account in the FRS Investment Plan, you will continue to pay the investment management fees on your FRS Investment Plan funds. Additionally, there is an administrative maintenance fee of \$6 per quarter for all account balances over \$1,000. This amount will be automatically deducted from your account each quarter.

If you are a divorced spouse of an FRS Investment Plan member and you have your own account because of a court-ordered qualified domestic relations order, you will pay the same investment

management fees (and any administrative fee) as terminated or retired members. Surviving beneficiaries are also subject to these fees.

Note that the procedures regarding determining whether a domestic relations order is a qualified domestic relations order are available at no charge by calling the MyFRS Financial Guidance Line at 1-866-446-9377 (TTY: 1-888-429-2160), Option 4.

Charges and fees assessed against Investment Plan accounts may change at any time without prior notice to members or FRS employers. Fees and expenses are only one of several factors that you should consider when making investment decisions.

Reference: Sections 121.4501(6)(a) and (11), 121.74, and 121.77, F.S.
Sections 19-11.006(4)(c)5.e. and 19-11.007(4)(d)5.b., F.A.C.

THE SECOND ELECTION

FRS members have a one-time option, called “second election”, to change their retirement plan while actively employed by an FRS-covered employer. This Second Election is codified in Section 121.4501(4)(e), Florida Statutes. It is available to new employees after their initial retirement plan Enrollment Period ends or during the month of their retirement plan effective date if they make an active election sooner. To use your second election you must be actively employed earning salary and service credit when your 2nd Election Retirement Plan Enrollment Form is received by the FRS Plan Choice Administrator. If you are on an unpaid leave of absence, or have terminated your FRS-covered employment, you are not eligible to use your second election. If you are leaving FRS-covered employment, this form must be received prior to your termination date. If it is subsequently determined that you were not eligible to make a plan choice, your election will be considered invalid and will be reversed.

If you work for an educational institution (school board, community college, university, etc.) on a work contract which is fewer than 12 months, you may not make a valid second election to transfer from the Pension Plan to the Investment Plan (or vice versa) if you are not employed in specific months during the summer.

If you were an existing employee during the initial implementation of the Investment Plan and chose to remain in the FRS Pension Plan or if you are a newly hired employee who chose to remain in the FRS Pension Plan, you have a one-time option to change to the FRS Investment Plan. If you are changing from the Pension Plan to the Investment Plan you can make your second election online by logging into MyFRS.com.

If you elected to participate in the FRS Investment Plan during your initial retirement plan choice period, you will have a one-time opportunity to change to the FRS Pension Plan at any point while working for an FRS employer.

Investment Plan to Pension Plan

If you decide to change to the FRS Pension Plan, you must “buy” into the FRS Pension Plan with the money in your FRS Investment Plan account. If you don’t have sufficient funds in your FRS Investment Plan account, you can still get back into the FRS Pension Plan, but you must make up the difference from your other financial resources. You may be able to rollover funds from another eligible retirement plan to pay the difference (call the MyFRS Financial Guidance Line for further information).

If you have a surplus remaining in your FRS Investment Plan account after the “buy-in”, you will continue to have access to the account to manage the assets. This account will be available for distribution once you retire and begin receiving your FRS Pension Plan benefit.

CAUTION: Please be aware that the out-of-pocket cost to “buy-in” to the Pension Plan may be a significant amount and you may not have sufficient funds in your FRS Investment Plan account to cover the total cost. If you are a new hire and elect the Investment Plan initially with the strategy of using your second election at a later date to switch to the Pension Plan, either once you attain 6 years of FRS service or upon realizing that you want to work a full career with the FRS, understand that you may not be able to afford to make this election. That is why it is so important that you select the right retirement plan initially when using your first election.

The FRS will calculate your buy-in cost, based on whether you had previous FRS Pension Plan service before joining the Investment Plan, as follows:

- **If you had previous FRS Pension Plan service** and you changed from the FRS Pension Plan to the FRS Investment Plan during your initial enrollment period, you can switch back to the FRS Pension Plan by paying the buy-in amount. This amount, which is called a Return Accumulated Benefit Obligation (ABO), is a present value calculation that assumes that all of your FRS creditable service up to that point has been earned in the FRS Pension Plan. If you elect this option and your FRS Investment Plan account balance is greater than the required buy-in amount, you will keep the difference in your FRS Investment Plan account. If your FRS Investment Plan account balance is less than the required buy-in amount, you will have to make up the difference from your other financial resources.
- **If you had no previous FRS Pension Plan service and joined the FRS Investment Plan as a new employee**, you can switch to the FRS Pension Plan by paying the Actuarial Accrued Liability (AAL) or total cost of the accumulated FRS Pension Plan benefit. If you elect this option and your FRS Investment Plan account is greater than the required AAL, you will retain the difference in your FRS Investment Plan account, but will be a member of the FRS Pension Plan. If your FRS Investment Plan account is less than the required AAL, you must make up the difference from your other financial resources.

If you had previous FRS Pension Plan service, the Second Choice Service on MyFRS.com can help you estimate your buy-in amount. Or, you can call the MyFRS Financial Guidance Line at 1-866-446-9377 (TTY: 1-888-429-2160). The Division of Retirement will calculate the estimated buy-in amount you may owe, which you may request before making the election to join the Pension Plan. This amount changes (i.e., typically increases) at the beginning of each month to reflect your new age and service. Once you have the buy-in amount calculated by the Division of Retirement, you must submit a *2nd Election Retirement Plan Enrollment Form* to lock in the buy-in amount as of the month calculated by the Division of Retirement. If you do not submit the *2nd Election Retirement Plan Enrollment Form* prior to the end of that month, a new buy-in amount must be calculated by the Division of Retirement based on the new buy-in month. You may obtain the form by calling the MyFRS Financial Guidance Line at 1-866-446-9377 (TTY: 1-888-429-2160), or you can obtain the form online at MyFRS.com. After you make your election, the Division of Retirement will calculate the final buy-in cost once all employer payrolls for periods prior to your transfer date have posted. This may necessitate an increase or decrease in the estimated amount you owe for the buy-in. If you owe less, you will receive a credit to your Investment Plan account. If you owe more, you will receive an invoice from the Division. If you do not remit the buy-in payment within 60 days of the date of the invoice, your second election will be voided. You will retain your second election option. The amount of Investment Plan assets that were liquidated will be returned to your Investment Plan account and

reinvested at current market value. The FRS is not responsible for market gains or losses to your account during the liquidation process.

Note that you have the ability to move your FRS Investment Plan account balance into conservative investment options within the FRS Investment Plan in order to potentially reduce the volatility of your account balance prior to liquidation and movement to the FRS Pension Plan.

Pension Plan to Investment Plan

If you join the FRS Pension Plan and wish to change to the FRS Investment Plan at a later date, there will be no cost for the change. Your Accumulated Benefit Obligation (ABO) in the FRS Pension Plan will be transferred to the Investment Plan as your opening account balance.

Vesting Caution: The ABO transferred from the FRS Pension Plan to the FRS Investment Plan requires 6 years of service for vesting.

If you wish to use your Second Election, note that the plan change is effective the first day of the month following the receipt and processing of your *2nd Election Retirement Plan Enrollment Form* by the FRS Plan Choice Administrator. You must be actively employed earning salary and service credit when your *2nd Election Retirement Plan Enrollment Form* is received by the FRS Plan Choice Administrator. If you are on an unpaid leave of absence, or have terminated your FRS-covered employment, you are not eligible to use your Second Election. Your *2nd Election Retirement Plan Enrollment Form* must be received by the Plan Choice Administrator prior to your termination. If received after your termination it will be considered late and your plan change will be rejected. For example, if you submit your *2nd Election Retirement Plan Enrollment Form* in December and it is received and processed by the Plan Choice Administrator on December 15, your plan change will be effective on January 1. You may terminate employment any time after December 15. However, if you terminate employment on December 5 prior to the receipt and processing of the Enrollment Form, it will be rejected or reversed and you will remain in your original retirement plan.

NOTE: Lump sum leave payments made after you terminate your employment do not meet the employment requirements. For example, if your *2nd Election Retirement Plan Enrollment Form* is received and processed by the Plan Choice Administrator on December 15, you cannot terminate employment December 5, and utilize lump sum leave payments made to you in December or January to meet the requirements described above. Additionally, if you are on an unpaid leave of absence, you are not eligible to make a second election. For example, if you are on an unpaid leave of absence on May 15 and you submit your *2nd Election Retirement Plan Enrollment Form*, your election will be rejected, since you are not considered an active employee. You must return to active employment earning salary and retirement service credit before being eligible to use your second election.

Note: Under certain circumstances, you may be able to cancel a retirement plan election. See “Can I cancel a retirement plan election once it has been made?” for further information.

Reference: Section 121.4501(4)(e), F.S.
Sections 19-11.007 and 13.002, F.A.C.

If I want to use my second election to change from to the FRS Investment Plan to the FRS Pension Plan, how will the buy-in amount be determined?

As indicated above, the calculation used to determine the buy-in amount differs depending on whether or not you had previous FRS Pension Plan service at the time you changed from the FRS Pension

Plan to the FRS Investment Plan during your initial enrollment period. In the following example, we are assuming you had previous FRS Pension Plan service.

The Division of Retirement will calculate a Return Accumulated Benefit Obligation (ABO), using a formula developed by the Pension Plan's actuary, in accordance with Florida law. The ABO is a present value calculation that assumes that all of your FRS creditable service up to that point has been earned in the FRS Pension Plan. The formula to compute the ABO is:

$$\begin{array}{l} \text{Years of} \\ \text{Creditable} \\ \text{Service} \end{array} \times \begin{array}{l} \text{Percentage Value (depends} \\ \text{on class of FRS} \\ \text{membership: 1.6\% for} \\ \text{Regular Class)} \end{array} \times \begin{array}{l} \text{Average Final Compensation} \\ \text{(average of highest 5 years} \\ \text{of salary)} \end{array} = \begin{array}{l} \text{Yearly Benefit} \\ \text{at Normal} \\ \text{Retirement} \\ \text{Date} \end{array}$$

The total yearly benefits collected during retirement are projected over your expected lifetime (including a 3% annual increase in benefits). This stream of increasing annual payments is converted to a single lump sum – a "present value" (value in today's dollars) using an actuarial conversion factor. The conversion factor reflects a 7.75 percent interest rate and mortality tables specified by Florida Statutes. Please note that the conversion factor will increase monthly until you reach your normal retirement date and will decrease for each month after the normal retirement date.

Example: Let's say an employee is age 53 and has 9.33 years of Regular Class FRS service (3.50 years in the FRS Pension Plan and 5.83 years in the FRS Investment Plan). The employee's normal retirement age will be 62 for his/her class of membership.

The employee's earnings for the highest five fiscal years are \$24,932, \$25,338, \$27,195, \$27,950, and \$28,246. So the employee's Average Final Compensation is the average of these numbers, or \$26,732.

$$\begin{array}{l} 9.33 \\ \text{Years of} \\ \text{Creditable Service} \end{array} \times \begin{array}{l} 1.6\% \\ \text{Percentage} \\ \text{Value} \end{array} \times \begin{array}{l} \$26,732 \\ \text{Average Final} \\ \text{Compensation} \end{array} = \begin{array}{l} \$3,991 \\ \text{Yearly Benefit at Normal Retirement} \\ \text{Date} \end{array}$$

$$\begin{array}{l} \$3,991 \\ \text{Yearly Benefit} \end{array} \times \begin{array}{l} 6.5849 \\ \text{Conversion Factor} \\ \text{(determined by actuary)} \end{array} = \begin{array}{l} \$26,281^5 \\ \text{Return Accumulated Benefit Obligation (Buy-} \\ \text{in Amount)} \end{array}$$

Because the buy-in amount of \$26,281 is greater than the employee's current FRS Investment Plan account balance of \$25,386, the employee must pay the \$895 difference from other financial resources in order to get back in the FRS Pension Plan.

Reference: Sections 121.4501(4)(e), F.S.
Sections 19-11.007(4)(a)1. and (h), F.A.C.

⁵ Dollar amounts are rounded to the nearest whole dollar.

BENEFITS

Disability benefits

To qualify for disability retirement benefits, you must be totally and permanently disabled, and your injury or illness must have occurred before you terminated employment. If you are a retiree with renewed membership in the FRS Investment Plan, you are not eligible for disability benefits.

As a member of the FRS Investment Plan, if you become disabled and are approved by the Division of Retirement to receive benefits from the FRS, your FRS Investment Plan account balance will be transferred to the FRS Pension Plan Trust Fund and you will receive disability benefits under the provisions of the FRS Pension Plan. You are not required to use your one-time Second Election to change to the FRS Pension Plan. Disability benefits are not reduced for early retirement. If you should die while receiving disability benefits, your beneficiary may receive a continuing monthly benefit if you selected a retirement option which provides this. If you recover from your disability, you will be transferred back to the FRS Investment Plan along with any remaining account balance, plus earnings, you have not drawn in retirement benefits.

As an alternative to receiving disability benefits from the FRS Pension Plan, you may elect to continue your participation in the FRS Investment Plan and take a distribution of your account balance under any of the methods provided in the Plan.

Two types of disability benefits are payable under the FRS:

- **Regular Disability Benefits** - To qualify for regular disability retirement, you must complete at least 8 years of creditable service. If approved by the Division of Retirement, your option 1 annual benefit will be at least 25 percent of your average final compensation. If your actual earned benefit, based on your years of service, would be higher than the 25 percent minimum disability benefit, the higher amount will be paid.
- **In-Line-of-Duty Disability Benefits** - You are covered for in-line-of-duty disability beginning on your first day of covered FRS employment. Your in-line-of-duty disability must be caused by injury or illness that happens in the actual performance of duties as required by your job. The minimum yearly benefit paid under option 1 for this type of disability is 42 percent (65 percent for Special Risk) of your average final compensation. If your actual earned benefit, based on your years of service, would be higher than the 42 percent (65 percent for Special Risk), the higher benefit amount will be paid.

Certain FRS members may be entitled to a presumption that they were disabled in-the-line-of-duty:

- Firefighters, law enforcement officers and correctional officers disabled due to heart disease, hypertension or tuberculosis.
- Firefighters, paramedics, emergency medical technicians, law enforcement officers and correctional officers disabled due to hepatitis, meningococcal meningitis, or tuberculosis.

Reference: Sections 121.091(4), 121.4501(16), and 121.591(2), F.S.
Section 19-13.002, F.A.C.

Death benefits

If you die at any time after becoming vested but before you've retired and taken a distribution, your beneficiary is entitled to receive the full value of your vested account balance. If your spouse is your beneficiary, your spouse may receive your account balance under any of the options available to you as a member of the Investment Plan. If your beneficiary is not your spouse, your beneficiary must decide within one year how to take a distribution from your account. The account must be paid out within 5 years, unless your beneficiary takes a distribution over their lifetime (lifetime annuity). There are no separate death benefits if you die in the line of duty as provided in the Pension Plan. Any required withholding tax will be remitted to the Internal Revenue Service (IRS) at the time of the distribution to your beneficiary. Your beneficiary may receive a distribution under the same options as provided for members, or defer receipt until some future date as permitted by IRS Rules. If deferring, the beneficiary should call the MyFRS Financial Guidance Line to determine the limits of the deferral.

If you die after you retire (take a distribution), your beneficiary is entitled to benefits based on the distribution option you selected. If you elected a lifetime annuity with a joint and survivor option, then your joint annuitant will continue to receive the specified portion of your benefit for the remainder of his or her lifetime. If you elected a lump sum payout, no additional survivor payments are available. If you elected to take a partial distribution from your account, your beneficiary will be entitled to receive the remaining account balance.

Your beneficiary is entitled to free FRS Survivor Financial Counseling upon your death. This service is designed to provide your beneficiary with access to Ernst & Young financial planning professionals who are sensitive to your beneficiary's circumstances and unique financial concerns.

Reference: Sections 121.4501(20) and 121.591(3), F.S.
Sections 19-11.003(4) and (5), and 12.006, F.A.C.

Health Insurance Subsidy (HIS)

The HIS is a supplementary benefit paid to help pay the cost of your health insurance premiums. The HIS is only available after attaining six years of service. To be eligible to receive the HIS under the FRS Investment Plan, you must meet the normal retirement age or service requirements of the FRS Pension Plan for your class of membership and provide proper documentation certifying that you have health insurance coverage. For example, a Regular Class member must be either age 62 and have 6 years of service or have a total of 30 years of service, and a Special Risk member must be either age 55 with 6 years or have a total of 25 years of service.

If you leave FRS-covered employment and take a benefit distribution prior to meeting the normal retirement requirements, you must wait until you reach normal retirement age to begin receiving your HIS benefit. If you elect the FRS Investment Plan Hybrid Option, you will receive your HIS payment once you begin receiving your FRS Pension Plan benefit.

The HIS subsidy, which is paid monthly, is \$5 for each year of creditable service, with a minimum HIS of \$30 per month and a maximum HIS of \$150 per month.

If you die, your spouse, if any, at the time of death will be entitled to receive your HIS benefit. It is not available to any other beneficiary.

These requirements and amounts are enacted by the Florida Legislature and are subject to change.

Reference: Sections 112.363 and 121.4501(18), F.S.
Section 19-13.002, F.A.C.

Insurance coverage after retirement

After you retire from the FRS Investment Plan, you may continue participating in your employer's group health insurance plan. To be considered retired under the Investment Plan, you must meet one of the following requirements:

- Meet the age and service requirements to qualify for normal retirement⁶ as set forth in s. 121.021(29), Florida Statutes; or
- Attain age 59½ (as specified by s. 72(t)(2)(A)(i) of the Internal Revenue Code) with 6 years of creditable service.

If you do not take a distribution and decide to defer your retirement, you will not be considered retired and may not be entitled to continue your employer-sponsored health insurance coverage. It may be possible for you to enroll in your employer-sponsored health insurance in the future if your employer conducts a special retiree open enrollment period or the health insurance plan allows coverage at deferred retirement.

Each employer must decide how to provide health coverage for retirees within the broad guidelines of the law. This is an employer-by-employer decision. Please check with your employer for further details.

Caution: Your eligibility to continue your current health insurance coverage with your employer may be affected if you take a distribution from your Investment Plan account. Before taking any distribution from your Investment Plan account, be sure to contact your employer's personnel office to verify your eligibility to continue this very important coverage.

Reference: Sections 110.123 and 112.0801, F.S.

Do I forfeit my retirement benefits if I commit a crime?

If, prior to retirement, you commit a crime specified by Florida Statutes as requiring forfeiture of benefits and are found guilty, or enter a plea of guilty or nolo contendere, or your employment was terminated because of an admission to committing, aiding, or abetting a specified crime, retirement rights and benefits are forfeited (except for any portion of your Investment Plan account attributable to a refund of personal retirement contributions or deposits, if any were made to the plan when they were previously allowed). The forfeiture of benefits provision applies if a job-related felony offense as outlined below is committed:

- Committing, aiding or abetting an embezzlement of public funds or any grand theft from the employer;
- Committing bribery in connection with employment;
- Committing any other felony specified in Chapter 838, Florida Statutes, (bribery and misuse of public office), except ss. 838.15 and 838.16, Florida Statutes, (commercial bribes);

⁶ Employees, other than those in the Special Risk Class, attain "normal retirement date" at age 62 with 6 years of creditable service or upon completion of 30 years of creditable service.

- Committing any felony with intent to defraud the public or the employer of the right to receive the faithful performance of duty, or receiving or attempting to receive profit or advantage for the participant or another person through the use of his or her position; or
- Committing an impeachable offense (applies to elected officials only).
- Convicted of committing any felony as defined in s. 800.04, Florida Statutes, against a victim younger than 16, or any felony defined in Chapter 794, Florida Statutes, against a victim younger than 18.

See s. 112.3173, Florida Statutes, and s. 8, Article II of the State Constitution, for additional information. In addition to the crimes stated above, if a court of competent jurisdiction finds that you violated any state law against strikes by public employees, your benefits are forfeited.

If your beneficiary is found to have intentionally killed you or procured your death, he or she forfeits all rights to retirement benefits. Any benefits payable would be paid as if the beneficiary died before the member.

The Clerk of the Court, the Secretary of the Senate or the employer, as appropriate, must notify the Commission on Ethics if you are found guilty of (or otherwise responsible for), impeached, or terminated prior to retirement due to any of the above offenses. The Commission on Ethics will notify the Division of Retirement. Your benefits will be suspended subject to a hearing held by an administrative law judge of the Division of Administrative Hearings. The judge's decision may be appealed to the applicable District Court of Appeal.

Reference: Sections 112.3173 and 121.091(5), F.S.
Section 19-11.008(3), F.A.C.

COMPLAINT PROCEDURES

Section 121.4501(9)(g)3., Florida Statutes, requires the SBA to establish “procedures to receive and resolve participant complaints against a provider or approved provider personnel, and, when appropriate, refer such complaints to the appropriate agency.”

If you have a complaint against a provider such as an administrative, education or investment provider, the complaint procedures establish a sequence of events, which must be followed to allow for a proper understanding of the complaint and to allow for a complete investigation of the complaint. The complaint procedures also include the opportunity for a hearing pursuant to Chapter 120, Florida Statutes, which is Florida’s Administrative Procedure Act. Further, the complaint procedures state the opportunity to appeal the outcome of the hearing.

These complaint procedures must also be used if the SBA or another entity makes a decision, which will reduce, suspend, or terminate your retirement benefits.

These procedures are available at no charge as a separate document. To get a copy, please call the FRS Investment Plan Administrator, toll-free, at 1-866-446-9377 (TTY: 1-888-429-2160), Option 4. The procedures are also available online at MyFRS.com.

Reference: Section 121.4501(9)(g)3., F.S.
Section 19-11.005, F.A.C.

OTHER FRS INVESTMENT PLAN INFORMATION

Can I cancel a retirement plan election once it has been made?

The SBA will consider, on a case-by-case basis whether an election will be voided, subject to the following requirements:

- If you elected the FRS Investment Plan or FRS Hybrid Option - You must notify the SBA, ING, Ernst & Young, or the Division of Retirement by telephone, email, or written correspondence that you want to cancel your election no later than the last business day of the month following the election month. For example, if you make your election on March 13 you must notify one of the above entities that you want to cancel your election prior to the last business day of April.
- If you actively elected the FRS Pension Plan - You must notify one of the above entities no later than the last business day of the month following the election month. Note that if you default into the FRS Pension Plan (i.e., do not make an active election during your election period) you cannot cancel this default election.

If your request to void the election is made timely and the SBA agrees the election will be voided, you will be required to sign a release and return it to the SBA prior to the election being officially voided.

Reference: Sections 19-11.006(6) and 11.007(6), F.A.C.

Situations which may affect your FRS Investment Plan benefits

The FRS Investment Plan is designed to provide you with income for your retirement. However, some situations could affect your benefits:

- If it is determined by the Investment Plan Administrator that you are not eligible to participate in the Investment Plan.
- If you terminated employment before becoming vested in the FRS Investment Plan, you will not receive any benefits from the plan. If you transferred your Accumulated Benefit Obligation from the FRS Pension Plan into the FRS Investment Plan, but you terminated employment before attaining the required six years to vest in the FRS Pension Plan portion of your account in the FRS Investment Plan, you will not be able to obtain a distribution of your FRS Pension Plan benefits. However, you will be able to obtain your contributions and earnings on employer contributions made on your behalf if you have become vested in the FRS Investment Plan by working for one year. If you take a distribution of your FRS Investment Plan account, you will forfeit the non-vested amount you transferred from the FRS Pension Plan, plus earnings on that amount.
- If you do not apply for payments from the FRS Investment Plan before stated deadlines, or if you do not provide the information requested by the FRS Investment Plan Administrator (the SBA or one of its contracted partners), your payments may be delayed; or
- If your mailing address on file with the FRS Investment Plan Administrator is incorrect, payments from the FRS Investment Plan may be delayed. Additionally, you may not receive statements of your FRS Investment Plan account balance or other important notices. See “How do I update my mailing address or change my name in my FRS records” for further information on this subject.
- If you receive an invalid distribution from your FRS Investment Plan account or violate the reemployment after retirement provisions of the Investment Plan, you will be required to repay the amount received to the FRS Investment Plan within 90 days. Failure to do so could lead to your being declared retired from the FRS Investment Plan, or at the option of the Plan Administrator, to administrative or legal action.

Reference: Sections 121.051(9), 121.4501(2)(f), (2)(m), (3), (4), and (6), and 121.591(1)(a)5., F.S. Section 19-11.003, F.A.C.

What is the process for amendments to the plan or for termination of the plan?

The 2000 Session of the Florida Legislature established the FRS Investment Plan with the intent to continue the Plan indefinitely.

However, because future circumstances cannot be anticipated, the Florida Legislature may change all or any part of the FRS Investment Plan. Changes to the FRS Investment Plan may or may not apply to you.

If the FRS Investment Plan should ever be terminated, you would become 100% vested in your employer contributions, including any attributable earnings, and be entitled to the full value of your FRS Investment Plan account as of the Plan’s termination date.

If the Florida Legislature makes any significant legislative changes to the FRS Investment Plan, this document will be updated. However, the SBA has no obligation to update this document before changes in statute or rule are effective, or notify you personally of any changes to statute, rules or this document.

Reference: Sections 121.4501(1), (6), (7) and (13), F.S.

What is the policy regarding errors and incorrect or incomplete data?

Errors may sometimes occur in determining benefits provided by the FRS Investment Plan. This could be due to incorrect or incomplete data or for other reasons. If such an error is discovered, the FRS Investment Plan Administrator and your employer reserve the right to correct it at any time, including after you terminate employment or take a distribution of your account balance. If you receive an overpayment as a result of an error, you will be notified of the amount and will be required to repay it either to the FRS or your employer, as applicable. If you have an underpayment you will receive an additional payment from the FRS Investment Plan Administrator.

Reference: Sections 121.591(1)(a)5. and 121.78(3), F.S.
Section 19-11.001, F.A.C.

What are my rights regarding employment in the FRS Investment Plan?

Participation in the FRS Investment Plan or any contributions to the FRS Investment Plan on your behalf, or any other part of FRS Investment Plan operation or administration does not give you the right to continued employment with any FRS employer.

Reference: Section 121.051(5), F.S.

What are my rights to assign benefits?

The benefits payable to you under the FRS Investment Plan, and any contributions accumulated under the Plan, are not subject to assignment, execution, attachment, or any legal process, except for a Qualified Domestic Relations Order (QDRO) issued by a court of competent jurisdiction, income deduction orders as provided in s. 61.1301, Florida Statutes, and federal income tax levies. Note that federal income tax levies will only be honored if you are eligible for a distribution.

If you divorce or legally separate, the FRS Investment Plan may be required to follow the provisions of a QDRO that assigns part or all of your FRS Investment Plan account to a former spouse or for the support of your dependents.

The FRS Investment Plan Administrator's QDRO Administration determines whether a court order is a QDRO. You can obtain QDRO information from QDRO Administration at 1-904-791-2909. Model language is available to assist in the drafting of a QDRO that meets the requirements of federal law and the Plan's provisions. This language is available on MyFRS.com in the "Forms" and "Publications" sections.

QDRO Administration will send you a notice if the Plan receives a court order that could affect your FRS Investment Plan account.

Reference: Section 121.591(4), F.S.

Investment Plan member records and public records law exemption

The State Board of Administration of Florida (SBA) is responsible for maintaining member records relevant to the FRS Investment Plan. The Division of Retirement within the Florida Department of Management Services is responsible for maintaining agency and member records relevant to the FRS Pension Plan and certain records for the FRS Investment Plan.

All FRS Investment Plan member records are filed according to the member's Social Security number. The SBA collects member Social Security numbers because it is imperative for the SBA to have the ability to identify Investment Plan members properly and definitively.

Section 119.07(1), Florida Statutes, and s. 24(a), Article I of the State Constitution, permit the public to review any public record. Due to the sensitive nature of FRS Investment Plan member data, including account balances, asset allocation, etc., a public records exemption exists. Section 121.4501(19), Florida Statutes, prohibits the disclosure of personal identifying information (e.g., name, Social Security number, address, etc.) of FRS Investment Plan members.

Reference: Section 121.4501(19), F.S.
Section 19-13.001(12), F.A.C.

RETIREMENT PLAN ROLL OVERS TO THE INVESTMENT PLAN

Rollovers from Qualified Retirement Plans

FRS Investment Plan members are permitted to roll over eligible retirement monies from other qualified retirement plans (i.e., 401(k), traditional IRA, 403(b), 457 plans, etc.) into the FRS Investment Plan. After-tax monies rolled over from an eligible plan should be indicated on your distribution statement from the previous plan. The distribution statement should include the distribution date and the eligible rollover amount, including a separate accounting of any after-tax monies included in the rollover amount. If you are uncertain as to whether your former retirement plan is eligible to be rolled over, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4, and one of the customer service representatives will help you make the determination.

Note: Once you roll over eligible retirement monies into the FRS Investment Plan, you cannot receive any distributions of these funds (or your Investment Plan account balance) until you terminate employment for 3 calendar months. You may be eligible to receive a one-time distribution of up to 10% of your Investment Plan account balance one calendar month following the month of your termination if you meet the normal retirement requirements for the FRS Pension Plan.

DROP Rollovers

Current and former DROP participants of the FRS Pension Plan may roll over their DROP accumulation into the FRS Investment Plan as one of the allowed vehicles for distribution. This option allows these FRS members to keep some or all of their DROP account balance in the FRS and take advantage of the investment products and distribution options of the Investment Plan. The minimum rollover amount must be more than \$1,000. Additionally, the DROP participant will pay the investment management fees for the fund(s) in which he chooses to invest, plus an administrative maintenance fee of \$6 per quarter, which will be automatically deducted from the DROP participant's Investment Plan account each quarter. DROP participants who use this option are subject to the benefits and provisions of the Investment Plan as outlined in this summary plan description.

Note: Terminated DROP participants who roll their DROP accumulation into the FRS Investment Plan have immediate distribution access to their DROP proceeds whether they are retired or return to FRS-covered employment.

Rollovers from Former Investment Plan Members

Former FRS Investment Plan members (retirees) who terminated FRS employment and took a complete distribution from their Investment Plan account may roll eligible funds from other qualified retirement plans back into the FRS Investment Plan. The minimum rollover amount must be more than \$1,000. Additionally, the retiree will pay the investment management fees for the fund(s) in which he chooses to invest, plus there is an administrative maintenance fee of \$6 per quarter, which will be automatically deducted from the retiree's account each quarter. Retirees who use this option are subject to the benefits and provisions of the Investment Plan as outlined in this summary plan description. Rolling funds back into the Investment Plan will not subject the retiree to the reemployment after retirement provisions.

Note: Retirees who use this option will have immediate access to their rollover funds regardless of whether they return to FRS-covered employment in the future, subject to any applicable Internal Revenue Codes.

Rollovers Not Permitted for Former Spouses or Beneficiaries

Rollovers are not permitted for the former spouse or former beneficiary of an Investment Plan member who had an account in the Investment Plan (and removed all of the funds from the account), established by terms of a Qualified Domestic Relations Order or by the Investment Plan Beneficiary Designation Form.

Reference: Sections 121.4501(5)(c) and (21), F.S.
Section 19-12.007, F.A.C.

RETIREMENT AND FINANCIAL PLANNING

Retirement and financial planning services are available at no cost to all members of the Florida Retirement System through the MyFRS Financial Guidance Line. The services are provided through a contract with Ernst & Young. The Ernst & Young planners can help you develop a full financial plan using not only your FRS benefits, but any other sources of income, including IRA's, or a 457, 403(b), or a 401(k) plan. These long term planning services are available after you make an FRS retirement plan choice.

Ernst & Young financial planners do not sell any investment or insurance products. They are there to serve as your personal retirement and financial advocate; available to answer any retirement and financial questions you have.

Reference: Section 121.4501(10), F.S.
Sections 19-13.004(3), (4), (5), (6) and (7), F.A.C.

WHERE SHOULD I GO FOR MORE INFORMATION?

- *FRS Internet Site:* The **MyFRS.com** web site is your online source of information for managing your FRS Investment Plan account.
- *MyFRS Financial Guidance Line:* Toll-free 1-866-446-9377 (TTY: 1-888-429-2160)
 - Ernst & Young (Options 1 & 2) and ING representatives (Option 4) are available from 9 a.m. to 8 p.m. Eastern time (8 a.m. to 7 p.m. Central time).
 - Division of Retirement (Option 3) staff is available from 8 a.m. to 5 p.m. Eastern time.
 - Representatives are available Monday through Friday, except holidays.

By calling this number, you can contact the following:

- (1) An Ernst & Young financial planner. These planners are experienced and unbiased and they do not sell any investment or insurance products. They can provide guidance on the plan choice process, help with the CHOICE SERVICE and ADVISOR SERVICE, the one-time Second Election, and retirement and investment planning.
- (2) The Division of Retirement — the administrator of the FRS Pension Plan — can answer detailed questions about the FRS Pension Plan, second election buy back costs, and FRS Pension Plan QDRO's.

- (3) ING⁷, administrator of the FRS Investment Plan. You can call ING to request account statements and fund performance reports, move money between investment options within your account, arrange for benefit payments, file your election forms, request forms and brochures, and for referral to QDRO Administration for answers regarding FRS Investment Plan QDRO's.

In the month following quarter end, you will receive a personalized statement showing the status of your FRS Investment Plan account as of that quarter end.

Reference: Section 121.4501(11), F.S.
Sections 19-13.002 and 13.004, F.A.C.

WHAT IS THE FINANCIAL GUIDANCE AND ADVICE POLICY?

When you use either the online CHOICE SERVICE or the ADVISOR[®] SERVICE from Financial Engines you will have the opportunity to review recommendations for the allocation of investment funds. Financial Engines is authorized to provide these Services to FRS members under contract with the State Board of Administration of Florida (SBA). Financial Engines will discharge each of its duties under the SBA contract and exercise each of its powers with due care, skill, prudence and diligence under the circumstances that a prudent expert, acting in a like capacity and familiar with such matters, would use in the conduct of any enterprise of like character and with like aims. Financial Engines discharges its duties under the SBA contract solely in the interest of FRS members and their beneficiaries, shall not directly or indirectly receive any benefit from recommendations made under the SBA contract, and shall disclose to the SBA any investment or economic interest of Financial Engines that may be enhanced by the recommendations it makes under the SBA contract. With respect to investment advisory services provided to you by Financial Engines, Financial Engines will also be bound by fiduciary duties imposed by federal and state securities laws.

It is important for you to understand that the SERVICES are frameworks to be used in your own retirement planning; they are not a substitute for your own informed judgment or decisions. Moreover, they provide only some of the resources that could possibly assist you in making your decisions and may not reflect all of your individual needs and circumstances. You may accept, reject or modify the recommendations provided by the CHOICE and ADVISOR SERVICES, and you may consult with other advisors or professionals (at your expense) as you see fit regarding your personal circumstances.

Before applying any asset allocation presented to you in the SERVICES, you should consider your other assets, income and investments (including, for example, equity in a home, IRA investments, savings accounts and interest in other retirement plans) as well as your FRS investments and benefits. As provided in Rule 19-13.004(4)(d), Florida Administrative Code, the use of the terms "recommended" or "advice", or forms thereof of these terms, do not constitute the rendering of advice in the absence of a mutual agreement between the member and the plan that the advice will serve as a primary basis for the member's investment decisions with respect to the member's account assets. Such mutual agreement is not offered under the FRS.

Please note that since past performance is not always an accurate predictor of the future, and reliance on historical and current data necessarily involves certain inherent limitations, you must understand

⁷ Effective January 1, 2010, Hewitt Associates will replace ING as the FRS Investment Plan Administrator.

that future performance estimates are only a tool to be used in evaluating your portfolio and not a substitute for your informed judgment.

Reference: Section 19-13.004(4), F.A.C.

GLOSSARY

The following terms are defined as used in connection with the FRS and in this brochure. In an effort to make these provisions easy to understand, nontechnical language has been used as much as possible. Questions of interpretation will be governed by Chapter 121, Florida Statutes, and any applicable rules of the Florida Administrative Code.

Beneficiary: The joint annuitant or any other person, organization, estate, or trust fund you designate to receive a retirement benefit that may be payable when you die.

Benefit: Any payment—lump sum or periodic—to you, a retiree, or a beneficiary, based partially or entirely on employer contributions.

Contributions: The percentage of your gross monthly salary that your employer contributes to the FRS Investment Plan on your behalf.

Creditable service: A member receives one month of service credit for each month in which any salary is paid for work performed.

Date of participation: The date you become a plan member.

Defined contribution plan: A type of retirement plan as defined under Section 401(a) of the Internal Revenue Code, which defines the amount of employer contributions which are made for an employee and that amount is generally related to an employee's salary.

Division: Division of Retirement within the Florida Department of Management Services.

Eligible employee: An officer or employee, who is a member of or is eligible for membership in the Florida Retirement System, including renewed membership; participates in or is eligible to participate in the Senior Management Service Optional Annuity Program or the State Community College Optional Retirement Program; or terminated Deferred Retirement Option Program (DROP) participants, or is eligible to participate in (but does not participate in) the State University System Optional Retirement Program. An eligible employee does not include active DROP participants, mandatory participants in the State University System Optional Retirement Program, participants in the Teachers' Retirement System (TRS), participants in the State and County Officers' and Employees' Retirement System (SCOERS), or a retiree of the FRS Pension Plan, FRS Investment Plan, or any state-administered retirement system who is initially reemployed with an FRS-covered employer on or after July 1, 2010.

Eligible rollovers: A direct plan transfer from an eligible retirement plan to the FRS Investment Plan. Terminated FRS DROP participants can roll over their DROP proceeds into the FRS Investment Plan. Also, former FRS Investment Plan members (retirees) who terminated FRS employment and took a complete distribution from their Investment Plan account may roll eligible funds from other qualified retirement plans back into the FRS Investment Plan. All rollovers can be accessed for distribution by the participant even if the participant has returned to FRS-covered employment.

Employer: Any agency, branch, department, institution, university, institution of higher education, or board of the state, or any county agency, branch, department, district school board, or special district of the state, or any city of the state that participates in the Florida Retirement System for the benefit of

certain of its employees, or a charter school or charter technical career center that participates as provided in s. 121.051(2)(d), F.S.

Fiscal Year: A 12-month period beginning July 1 and ending on June 30.

Health Insurance Subsidy, or HIS: A supplementary benefit paid to help pay the cost of your health insurance premiums. The HIS amount you receive is based on your length of service. The subsidy is \$5 for each year of creditable service (with a minimum HIS of \$30 per month and a maximum HIS of \$150 per month). To be eligible to receive the HIS under the FRS Investment Plan, you must have at least 6 years of FRS service, terminate employment, meet the normal retirement age or service requirements of the FRS Pension Plan for your class of membership, and provide proper documentation certifying that you have health insurance coverage. You must apply for the HIS with the Division of Retirement. If you die, your spouse at the time of death is entitled to the HIS benefit.

Local agency employer: The board of county commissioners or other legislative governing body of a county, including that of a consolidated or metropolitan government; a clerk of the circuit court, sheriff, property appraiser, tax collector, or supervisor of elections, provided such officer is elected or has been appointed to fill a vacancy in an elective office; a community college board of trustees or district school board; or the governing body of any city or special district of the state which participates in the system for the benefit of certain of its employees.

Officer or employee: Any person receiving salary payments for work performed in a regularly established position and, if employed by a city or special district, employed in a covered position.

Plan year: The period of time beginning July 1 and ending on the following June 30, both dates inclusive, for all State-administered retirement systems.

Public Employee Optional Retirement Program (PEORP): Formal name of the FRS Investment Plan. Available beginning in 2002, the PEORP is an optional defined contribution plan alternative to the FRS Pension Plan. If you were actively employed when the PEORP became effective, you had a 90-day education period followed by a 90-day period in which to choose participation in PEORP. If you are first employed on, or you return to covered employment after the applicable June 1, September 1, or December 1, 2002 election dates, you have a 6-month period to elect participation in the PEORP. If you don't make a selection, you will remain in the defined benefit plan (FRS Pension Plan). Current participants in the Deferred Retirement Option Program (DROP); faculty, including clinical faculty, in a college at a state university that has a faculty practice plan who are mandatory members of the State University System Optional Retirement Program; and participants in the Teachers Retirement System or State and County Officers and Employees Retirement System are not eligible to participate in PEORP.

Reemployment: This term means employment after retirement and is generally limited to employment with employers participating in the FRS.

Salary: Regular payment of compensation by an FRS employer to an employee for work performed, including certain overtime payments. Bonus payments and salary supplements made to teachers who have a valid National Board for Professional Standards certificate, pursuant to s. 1012.72, Florida Statutes, are not considered compensation. [By law, certain fees and other amounts are not considered "compensation" under the FRS. See s. 121.021(22), Florida Statutes, or see subsection (15) of Rule 60S-6.001, F.A.C., for details.]

Retiree: Under the FRS Investment Plan, this term means a former member of the FRS Investment Plan who has terminated employment and has taken a distribution of benefits from the plan, except for a mandatory distribution of a de minimis account balance.

Retirement: Under the FRS Investment Plan, this term means the point at which you are vested, have terminated all FRS-covered employment, and have taken a distribution from the Plan.

Special district: An independent special district as defined in s. 189.403(3), Florida Statutes.

State agency: Any agency, branch, department, institution, university, institution of higher education, or board of the state that participates in the Florida Retirement System.

State board, or board, or the SBA: The State Board of Administration of Florida.

Termination: This refers to the termination of employment, which occurs when you end all employment with all FRS employers. To receive a distribution from the FRS Investment Plan, you must terminate all FRS-covered employment for three calendar months (If you have reached the normal retirement requirements of the FRS Pension Plan for your class of membership (i.e., age 62 with 6 years of service or 30 years of service for all classes but Special Risk), you may take a one-time distribution of up to 10% of your account balance after being terminated for one calendar month). Your retirement will be cancelled if you are reemployed by any FRS employer during the first three calendar months (one calendar month if they have met the normal retirement requirements of the FRS Pension Plan) after termination of employment prior to taking a distribution from your Investment Plan account balance. You are also required to be terminated from all employment with an FRS employer for six calendar months following the month you received your distribution. Your retirement will be cancelled if you are reemployed by an FRS employer within six calendar months of the month you receive your distribution. A leave of absence is considered a continuation of the employee-employer relationship, except that a leave of absence without pay due to a disability may constitute termination if you make application for and are approved for disability retirement. Disability retirees will cancel their retirement if any employer gainfully reemploys them at any time following their termination date.

Vest, Vested or Vesting: These terms refer to the guarantee of a benefit under the FRS Investment Plan after you work one year for an FRS employer and earn creditable service in a regularly established position with an FRS employer participating in the FRS Investment Plan. You will be vested in the FRS Investment Plan after you complete one year of service.

Year of service or work year: The period of time you are required to work to receive a full year of creditable service.

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This publication is a summary of the retirement options available to FRS-covered employees written in non-technical terms. It is not intended to include every program detail. Complete details can be found in the respective Summary Plan Descriptions; Chapter 121, Florida Statutes; and the rules of the State Board of Administration of Florida in Title 19, Florida Administrative Code. In case of a conflict between the information in this publication and the statutes and rules, the provisions of the statutes and rules will control.

