



## THINK TWICE BEFORE ROLLING OUT OF THE INVESTMENT PLAN

If you are thinking about rolling your Investment Plan account over to another retirement plan, think twice. Or maybe three times. You might be making a costly mistake and giving up valuable benefits available to you only in the Investment Plan. Many financial companies, banks, credit unions, and insurance companies would love for you to roll over your Investment Plan account to them. Before making such an important decision, you should know exactly what benefits you may be giving up if you close your Investment Plan account.

- Investment Plan Fees are Low** – Before you decide to roll your Investment Plan account to another plan, you should carefully compare fees to ensure that you are not paying excessive amounts for the same services and investments you can receive for less in the FRS Investment Plan. The investment management fees for the Investment Plan’s balanced funds average 0.05% and the index funds average a little over 0.02%, some of the lowest fees available anywhere. Why should you care what fees are charged? Because it's your money that pays these expenses, not your employer's or anyone else's. The fees and expenses come straight out of your investment income. As a general rule, over a 30-year period, an investment fund's 1% annual fee could eat up about 25% of the fund's value. The following chart compares the investment and administrative fees you would pay for comparable investment funds in the Investment Plan versus the fees charged at other popular investment companies:

Fee Comparison									
Investment Plan Funds versus Other Comparable Company's Funds									
	Conservative Balanced Fund	Moderate Balanced Fund	Aggressive Balanced Fund	Money Market	TIPS	Bond Index	US Stock Index	Foreign Index	Annual Maintenance Fee
FRS Investment Plan	.04%	.06%	.04%	.06%	.02%	.05%	.02%	.02%	\$24
Company A	.57%	.81%	.91%	NA	NA	.18%	.05%	.64%	\$0
Company B	.24%	.23%	.23%	.25%	.25%	.22%	.18%	.32%	\$30
Company C	.65%	.78%	.89%	.44%	.45%	.38%	.10%	.20%	\$0
Company D	.78%	.86%	.95%	.60%	.50%	.30%	.40%	.50%	\$30

Data obtained from company websites on April 23, 2010.

- Other Fees to Consider** – As an inactive Investment Plan member, you will pay annual investment management fees ranging from 0.02% to 0.93% and a \$6 quarterly administrative fee. We have reviewed some products Investment Plan members have rolled their funds into and found some of them to be expensive. For example, one product annually charges investment fees ranging from 0.52% to 1.33%, a mortality and expense charge equal to 1.50% of the account, an administrative expense charge equal to 0.15% of the account, an annual contract administrative charge of \$30, and a withdrawal charge ranging from 8.0% to 0.0%, depending on the number of years since the purchase was made. Although this product lies on the extreme as far as fees are concerned, you are cautioned to be aware of all fees you will incur prior to making any final rollover decisions.
- 10% Penalty** – If you retire during or after the year you reach age 55 you will not be subject to a 10% excise tax on any withdrawals from the Investment Plan. However, if you roll your Investment Plan account to other qualified plans (e.g., 401(k), 403(b), IRAs, etc.), the 10% tax exception will not transfer to

those plans. You will be subject to the 10% tax on any withdrawals from these plans unless you wait until you are at least age 59½.

- **Protection from Creditors** – Your Investment Plan account is not subject to assignment, execution, attachment, or any legal process<sup>1</sup>. If you roll your Investment Plan account to other qualified plans, you may have limited protection.
- **Unbiased Financial Planners** – Keeping your balance in the Investment Plan enables you to continue having free access to the unbiased financial planners at the MyFRS Financial Guidance Line for help in managing your account. Unlike some other plans, you will not be pressured to buy other products or services.
- **Multiple Distribution Options Available** – Other plans may offer fewer payout options than you have available through the FRS Investment Plan. In the Investment Plan you can receive your distribution as periodic payments, a lump sum payment, rollover, low cost fixed or variable guaranteed annuities, or any combination of these payout options.
- **You Own Your Vested Investment Plan Account, Not the State** – Once you are vested in your account, you are entitled to your Investment Plan account upon termination. The State of Florida cannot take these funds from you and use them for other purposes<sup>2</sup>. Some employees have expressed concern that if they leave their account balance in the Investment Plan after they terminate, there is a possibility that the State of Florida could later confiscate these funds or use them to balance the budget, etc. This is incorrect. Such action by the State would violate both state and federal laws, and would subject the FRS to losing its qualified plan status.
- **Roll Eligible Funds Into the Investment Plan** – If your reason for rolling your money out of the Investment Plan is because you cannot make ongoing contributions to your Investment Plan account, you may want to consider leaving your Investment Plan account invested and make ongoing contributions to an outside account (e.g., IRA). At a later date, you can roll these funds into the Investment Plan. You can also roll eligible funds from other qualified retirement plans back into the FRS Investment Plan.

### **Get Free Help Before You Decide!**

Even if you've already made plans for your money, please review your options with an unbiased financial planner. That conversation could save you money. Before deciding what to do with your Investment Plan account balance:

CALL the MyFRS Financial Guidance Line toll-free at  
1-866-446-9377, Option 2  
or Telecommunications Relay Service (TRS) 711  
and VISIT MyFRS.com

<sup>1</sup> Exceptions exist for a Qualified Domestic Relations Order (QDRO), income deduction orders as provided in s. 61.1301, Florida Statutes, and federal income tax levies.

<sup>2</sup> The only way you can lose your vested retirement benefits is if, prior to retirement, you commit a crime specified by Florida Statutes as requiring forfeiture of benefits.