



Two FRS Retirement Plans




FRS
Pension
Plan

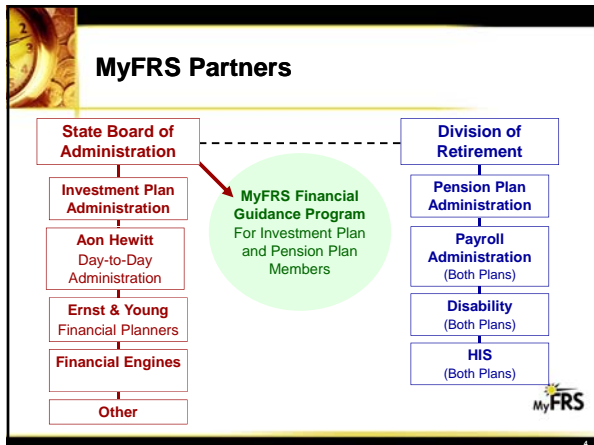
OR




FRS
Investment
Plan


or **Hybrid Option**

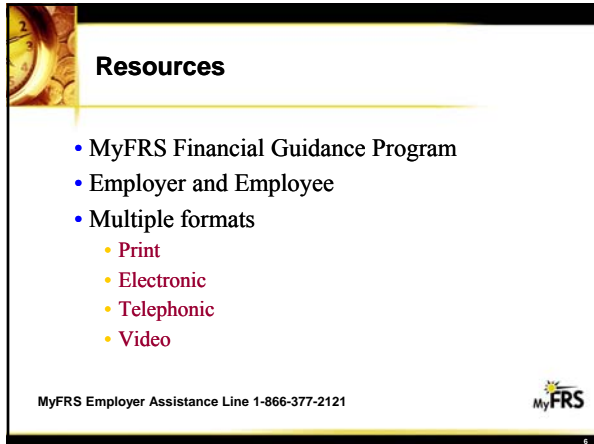
MyFRS Employer Assistance Line 1-866-377-2121 



Resources




MyFRS Financial Guidance Line 1-866-446-9377 



Resources

- MyFRS Financial Guidance Program
- Employer and Employee
- Multiple formats
 - Print
 - Electronic
 - Telephonic
 - Video


MyFRS Employer Assistance Line 1-866-377-2121





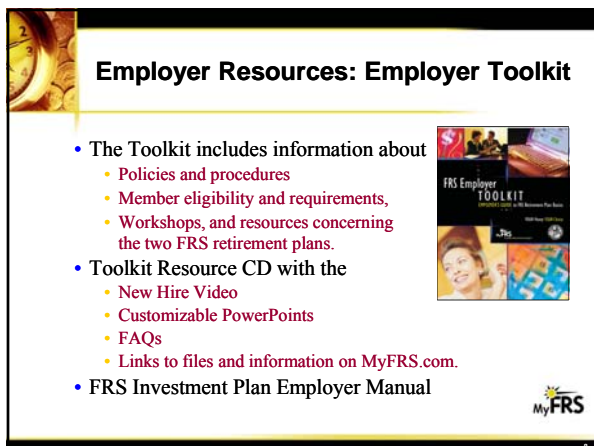
Employer Resources

- MyFRS.com website
 - Online Employer Catalog
- Quarterly Employer Newsletter
 - Electronic and hardcopy
 - walter.kelleher@sbafla.com
- MyFRS Employer Assistance Line
 - Ernst & Young
 - Division of Retirement
 - Aon Hewitt



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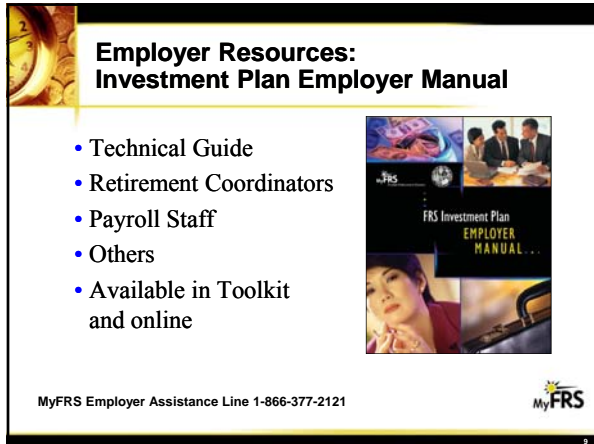
Employer Resources: Employer Toolkit

- The Toolkit includes information about
 - Policies and procedures
 - Member eligibility and requirements,
 - Workshops, and resources concerning the two FRS retirement plans.
- Toolkit Resource CD with the
 - New Hire Video
 - Customizable PowerPoints
 - FAQs
 - Links to files and information on MyFRS.com.
- FRS Investment Plan Employer Manual



MyFRS




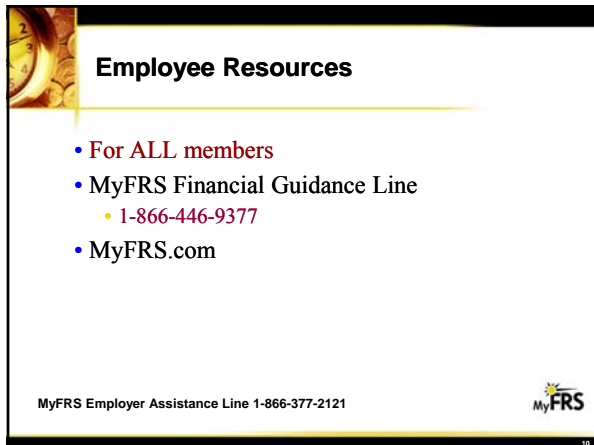


**Employer Resources:
Investment Plan Employer Manual**

- Technical Guide
- Retirement Coordinators
- Payroll Staff
- Others
- Available in Toolkit and online

MyFRS Employer Assistance Line 1-866-377-2121






Employee Resources

- For ALL members
- MyFRS Financial Guidance Line
 - 1-866-446-9377
- MyFRS.com

MyFRS Employer Assistance Line 1-866-377-2121






MyFRS Financial Guidance Line

- Toll-free 1-866-446-9377
 - Monday – Friday, 9 AM – 8 PM ET
- Ernst & Young financial planners
- Division of Retirement
- Aon Hewitt

FOR ALL MEMBERS
(Regardless of the plan they choose)

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Employee Workshops

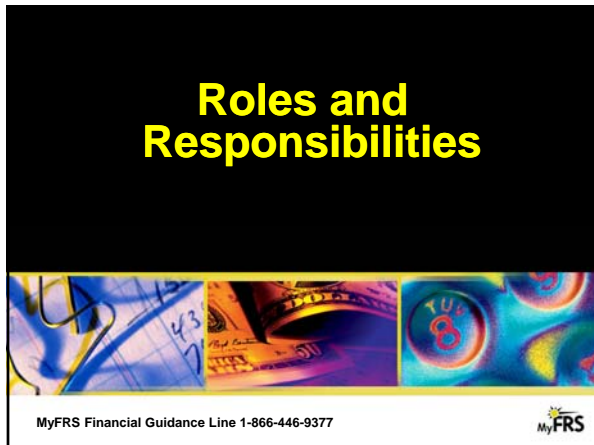
- Ernst & Young Workshops
- Division of Retirement Workshops
- More information at MyFRS.com

FOR ALL MEMBERS
(Regardless of the plan they choose)

Call for info!

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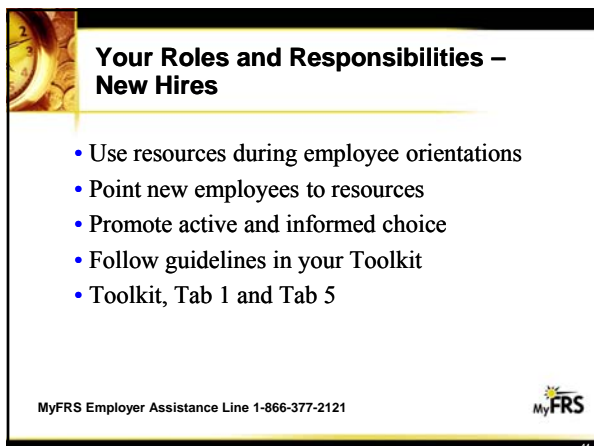
MyFRS



Roles and Responsibilities

MyFRS Financial Guidance Line 1-866-446-9377

MyFRS




Your Roles and Responsibilities – New Hires

- Use resources during employee orientations
- Point new employees to resources
- Promote active and informed choice
- Follow guidelines in your Toolkit
- Toolkit, Tab 1 and Tab 5

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MyFRS



Ongoing Roles and Responsibilities

- Direct employees to correct resources
- Encourage employees to use MyFRS Financial Guidance Line resources
- Answer questions about the 2nd Election

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Plan Administration



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Plan Administration – Deadlines

- Payroll contributions
 - Due date: 5th business day of month
 - 1% delinquent assessment
- Employer also pays
 - Market losses
 - Administrative fee

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Plan Administration – Contribution Rates (2012–2013)

Contributions Paid by FRS Employers					
FRS Membership Class	Blended Rate	UAL	Admin/ Education	HIS	Total ER Rate
Regular	3.55%	0.49%	0.03%	1.11%	5.18%
Special Risk	11.01%	2.75%	0.03%	1.11%	14.90%
Special Risk Admin.	3.94%	0.83%	0.03%	1.11%	5.91%
Elected (Judges)	10.02%	0.77%	0.03%	1.11%	11.93%
Elected (Leg/Cab/ Defender/Attorney)	6.51%	0.88%	0.03%	1.11%	8.53%
Elected (County/Local)	8.36%	0.73%	0.03%	1.11%	10.23%
Senior Management	4.84%	0.32%	0.03%	1.11%	6.30%

Plan Administration – Contribution Rates (2012–2013)

Pension Plan Contribution Components			
FRS Membership Class	Paid by Employer	Paid by Employee	Total Pension Plan Contribution
Regular	5.18%	3.00%	8.18%
Special Risk	14.90%	3.00%	17.90%
Special Risk Admin.	5.91%	3.00%	8.91%
Elected (Judges)	11.93%	3.00%	14.93%
Elected (Leg/Cab/ Defender/Attorney)	8.53%	3.00%	11.53%
Elected (County/Local)	10.23%	3.00%	13.23%
Senior Management	6.30%	3.00%	9.30%

Plan Administration – Contribution Rates (2012–2013)

Investment Plan Contribution Components			
FRS Membership Class	Paid by Employer	Paid by Employee	Total Investment Plan Contribution
Regular	3.30%	3.00%	6.30%
Special Risk	11.00%	3.00%	14.00%
Special Risk Admin.	4.95%	3.00%	7.95%
Elected (Judges)	10.23%	3.00%	13.23%
Elected (Leg/Cab/ Defender/Attorney)	6.38%	3.00%	9.38%
Elected (County/Local)	8.34%	3.00%	11.34%
Senior Management	4.67%	3.00%	7.67%

Plan Administration – Timing for Initial Choice

- Timing – Internal payroll changes
 - Payroll change due the 5th business day of following month
 - Always effective 1st day of next month
 - Example

June Employee makes election → July 1 Election effective → 5th business day of August July Payroll Plan Code Changed

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Plan Administration – Make Election

MyFRS Financial Guidance Line | MyFRS.com (Must change PIN at first login) | Mail Paper Form (only option for SMSC & EOC)

Aon Hewitt

Division of Retirement

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Plan Administration – Election Criteria

My Account | Profile Settings | Message Center | Account Settings | Employee Settings | Reporting | Submit Request | Contribution Summary | Election Info | Fee Election | Basic Action | Connected Plan Assets | Distribution Info | Online Services | Rollover List | SDCP List | My Home | F.A.Q. | Home | Contact Us | Log Out

Refresh only new elections: JUNE 17 - ARKANSAS CO SCHOOL BOARD

Refresh elections by date: JUNE 17 - ARKANSAS CO SCHOOL BOARD

Refresh elections by date: JUNE 17 - ARKANSAS CO SCHOOL BOARD

Refresh elections for EIN: [EIN] [EIN]

Refresh elections with Residual Letter: JUNE 17 - ARKANSAS CO SCHOOL BOARD

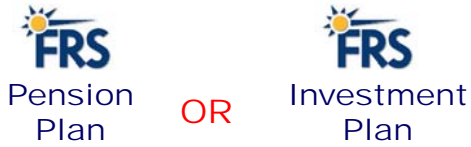
Enrollment Process for New Employees



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Two FRS Retirement Plans



or Hybrid Option

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New Hires – FRS Membership

- **Required** for all full-time/part-time regularly established positions
- **Other annuity or optional programs**
 - **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
 - **State Community College System** faculty and certain administrators (if their college offers an optional retirement program)

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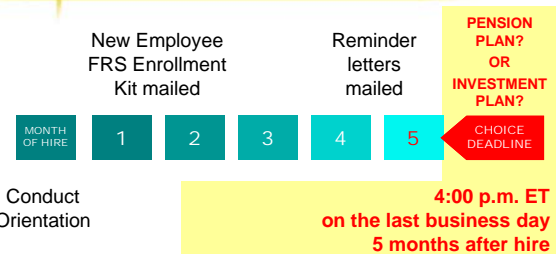


New Hires – Investment Plan Eligibility


- All FRS members except:
 - Deferred Retirement Option Program (DROP)** participants
 - State University System Optional Retirement Program (SUSORP)** members
 - Teachers' Retirement System** members (closed plan)
 - State and County Officers and Employees' Retirement System** members (closed plan)
 - Reemployed Retirees** initially reemployed on or after July 1, 2010

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New Hires – Enrollment Process

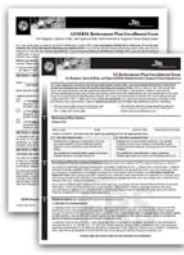



New Employee FRS Enrollment Kit mailed
 Reminder letters mailed
 PENSION PLAN? OR INVESTMENT PLAN?
 CHOICE DEADLINE
 4:00 p.m. ET on the last business day 5 months after hire


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New Hires – Enrollment Process

- Regular or Special Risk Class employee,
 - Online
 - Call the MyFRS Financial Guidance Line
 - Paper form
- Other Membership Class – paper only
- EZ Enrollment Form
 - Investment Plan default fund - FRS Select Moderate Balanced Fund
- General Enrollment Form
 - Investment Plan fund allocation



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New Hires


- Employees who know they want to enroll in the Investment Plan should do so ASAP so dollars are invested timely
- Preserve the 2nd Election

FAST FACTS

- 45,000 new hires/year
- 3,750/month average
- Peak months
 - August = 8,000
 - September = 5,500

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Beneficiary Designation

- Make change online,
- Investment Plan members can change by calling Aon Hewitt, or
- Mail a Beneficiary Designation form any time
 - Pension Plan → BEN-001 → Division of Retirement
 - Investment Plan → IPBEN-1 → Aon Hewitt
 - Download copy of form online
 - Or call to request copy of form
 - Enrollment form default designation
 - Florida Statutes
- Talk to a financial planner

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Choice Resources for New Hires

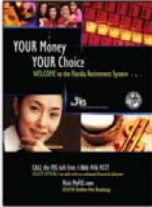
- MyFRS Financial Guidance Line
- MyFRS.com resources
 - New Hire Roadmap, FAQ's, brochures, forms, detailed plan comparisons, Online CHOICE SERVICE, Enrollment
- Printed materials
- New Hire video
- Workshops (if requested by employer)
- Reminder letters

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Orientation Brochure

- High-level overview
- Stresses MyFRS Financial Guidance Line
- Distribute in new employee orientation packages
- Order
 - MyFRS.com and select "Employer" page
 - Employer Assistance Line, Option 3



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FRS Enrollment Kit

- New Employee FRS Enrollment Kit
 - Options for New Employees
 - Benefit Comparison Statement
 - Wallet cards
 - Video
 - Investment Fund Summary
 - EZ Enrollment form
 - Privacy & Services Agreement




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Reminder Letters

- 2 letters
- 1st letter ➔ month 4
- 2nd letter ➔ month 5, 10th day
- EZ form in both
- New hire list on MyFRS.com



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We are currently taking a 10 minute break. The webcast will resume shortly.



MyFRS Financial Guidance Line 1-866-446-9377



2nd Election



MyFRS Financial Guidance Line 1-866-446-9377




2nd Election


- One-time opportunity
- Switch plans any time
 - *2nd Election Retirement Plan Enrollment Form*
 - Mail or fax (1-888-310-5559) to Aon Hewitt
 - Online (Pension Plan to Investment Plan only)
- Must be an active employee = earning salary & service credit
- Educational institution employees

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2nd Election Flyer



- Is a 2nd Election Right For You?
- High-level overview
- Download copy online
- Or order
 - MyFRS.com and select “Employer” page
 - Employer Assistance Line, Option 3

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2nd Election – Pension Plan ⇌ Investment Plan

- Pension Plan present value ⇌ Investment Plan
- Hybrid option
 - Freeze Pension Plan
 - Future contributions ⇌ Investment Plan
 - ≥ 5 years if enrolled prior to July 1, 2011
 - ≥ 8 years if enrolled on or after July 1, 2011
- Vesting caution
 - 6 years if enrolled prior to July 1, 2011
 - 8 years if enrolled on or after July 1, 2011

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2nd Election – Investment Plan ⇌ Pension Plan

- Buy into the Pension Plan with Investment Plan \$\$
 - Present value
 - Accrued liability or total cost
- Make up difference with personal \$\$
- Calculate estimated costs at MyFRS.com
 - With previous Pension Plan Service

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Investment Funds



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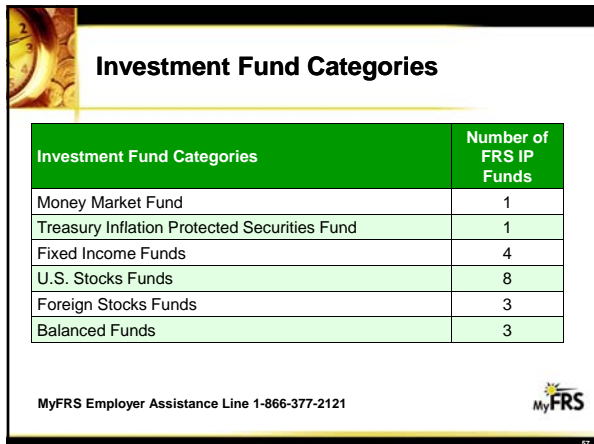
Learning About the Investment Plan Funds



Learning About Funds Investment Fund Summary

- Investment Summary Booklet
- Quick Guide
- Updated quarterly




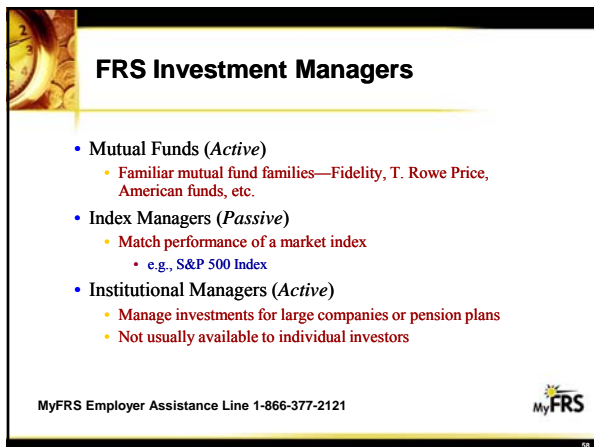


Investment Fund Categories

Investment Fund Categories	Number of FRS IP Funds
Money Market Fund	1
Treasury Inflation Protected Securities Fund	1
Fixed Income Funds	4
U.S. Stocks Funds	8
Foreign Stocks Funds	3
Balanced Funds	3

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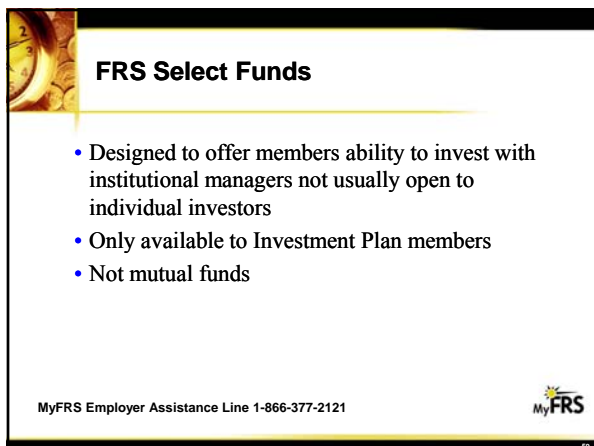


FRS Investment Managers

- **Mutual Funds (*Active*)**
 - Familiar mutual fund families—Fidelity, T. Rowe Price, American funds, etc.
- **Index Managers (*Passive*)**
 - Match performance of a market index
 - e.g., S&P 500 Index
- **Institutional Managers (*Active*)**
 - Manage investments for large companies or pension plans
 - Not usually available to individual investors

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FRS Select Funds

- Designed to offer members ability to invest with institutional managers not usually open to individual investors
- Only available to Investment Plan members
- Not mutual funds


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FRS Balanced Funds

- **Conservative Balanced Fund**
 - Risk similar to 100% bonds
 - 80% in money market, TIPS and fixed income
- **Moderate Balanced Fund**
 - Risk similar to that of average U.S. investor
 - 65% stocks
- **Aggressive Balanced Fund**
 - Risk mid-way between 100% stock portfolio and the Moderate Balanced Fund
 - 90% U.S. and foreign stocks


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Investment Fund Fees

Annual Fees for a \$10,000 Account as of 04-01-12


Investment Fund Categories	Range of FRS IP Fund Fees	Average Mutual Fund Fees
Money Market Fund	\$6	\$43
Treasury Inflation Protected Securities Fund	\$2	\$54
Fixed Income Funds	\$5 - \$60	\$66
U.S. Stocks Funds	\$2 - \$92	\$87- \$136
Foreign Stocks Funds	\$2 - \$53	\$87- \$114
Balanced Funds	\$4 - \$5	\$94

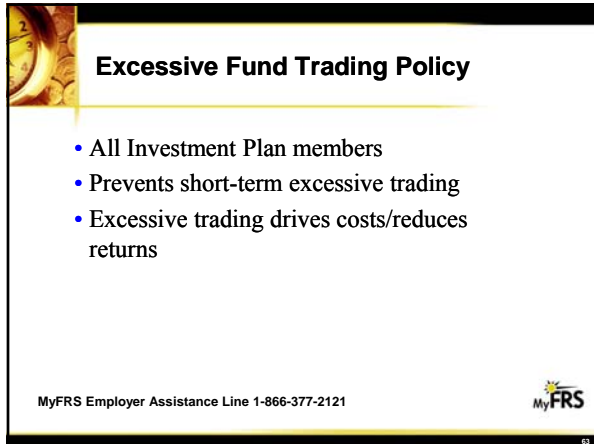
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Fees

- Negotiated to offer very low cost investment options
- Only fees Investment Plan member pay
- Cover investment management costs
- Deducted from assets prior to daily price/unit is calculated
- No revenue sharing with SBA, FRS, or any vendor from investment managers


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Excessive Fund Trading Policy


- All Investment Plan members
- Prevents short-term excessive trading
- Excessive trading drives costs/reduces returns

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ADVISOR SERVICE



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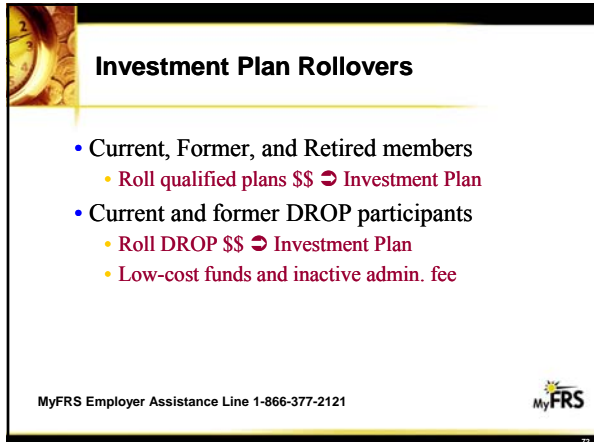


ADVISOR SERVICE

- Powered by Financial Engines for **ALL FRS** members
- MyFRS.com
- Financial Guidance Line
- Advice on one other plan
- Toolkit Tab 5, Resources


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Investment Plan Rollovers

- Current, Former, and Retired members
 - Roll qualified plans \$\$ ⇨ Investment Plan
- Current and former DROP participants
 - Roll DROP \$\$ ⇨ Investment Plan
 - Low-cost funds and inactive admin. fee

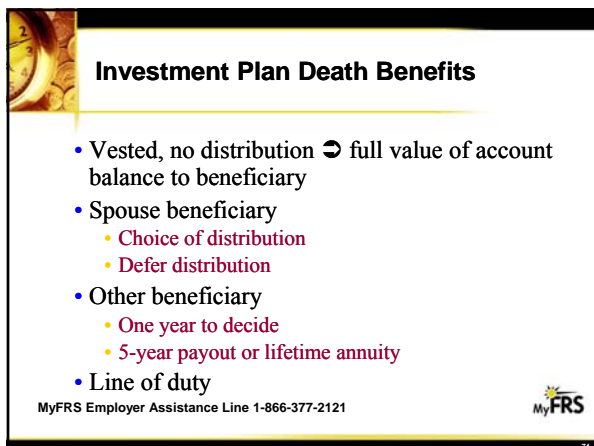
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Investment Plan Disability Benefits


- Must have a total and permanent disability
- Regular Disability
 - 25% minimum, must have 8 years service credit
- ILOD Disability
 - 42% or 65% minimum, eligible from first day
- Division approval
 - Investment Plan \$\$ ⇨ Pension Plan
 - Disability benefits under Pension Plan provisions
- 2nd Election not required
- Recovery ⇨ transfer back to Investment Plan

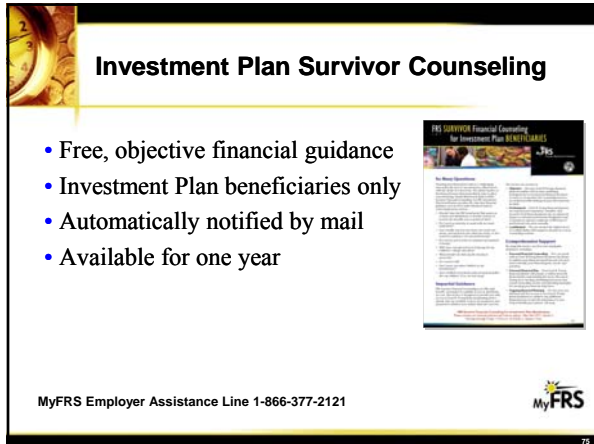
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Investment Plan Death Benefits

- Vested, no distribution ⇨ full value of account balance to beneficiary
- Spouse beneficiary
 - Choice of distribution
 - Defer distribution
- Other beneficiary
 - One year to decide
 - 5-year payout or lifetime annuity
- Line of duty

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Investment Plan Survivor Counseling

- Free, objective financial guidance
- Investment Plan beneficiaries only
- Automatically notified by mail
- Available for one year

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Investment Plan Distributions

- Vested
- Requirements
 - Terminated for 3 calendar months
 - 1 calendar month exception
 - Termination date on file
 - Member requests distribution from Aon Hewitt or online – direct deposit available
- Auto distribution
 - Account balance \$1,000 or less

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Investment Plan Distributions Reporting Termination Date

- Report term date on monthly payroll report
- You can report no salary/contributions
- Exception only
 - Term date not reported timely
 - Employer sign
 - Submit Employment Termination Form to Aon Hewitt
 - Submit termination date online

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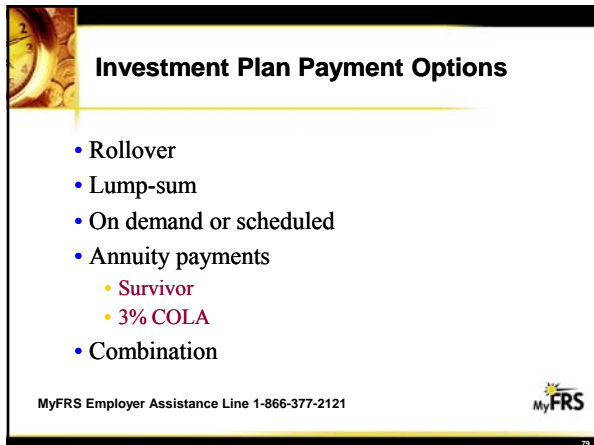


Investment Plan Termination Kit

- Mailed automatically
- Includes:
 - Distribution requirements and payment options
 - De minimis and Required Minimum Distributions
 - Penalties and taxes
 - Health Insurance Subsidy eligibility
 - Reemployment
 - Special Tax Notice

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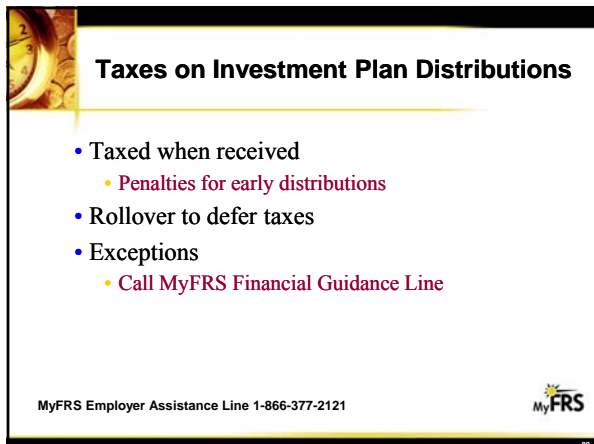


Investment Plan Payment Options

- Rollover
- Lump-sum
- On demand or scheduled
- Annuity payments
 - Survivor
 - 3% COLA
- Combination

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Taxes on Investment Plan Distributions

- Taxed when received
 - Penalties for early distributions
- Rollover to defer taxes
- Exceptions
 - Call MyFRS Financial Guidance Line

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Health Insurance Subsidy (HIS)

- \$5/year of creditable service
 - \$30 minimum/month
 - \$150 maximum/month
- Eligibility
 - 6 years, if enrolled prior to July 1, 2011
 - 8 years if enrolled on or after July 1, 2011
- Early distribution ⇨ Pension Plan normal retirement
 - Special Risk: Age 55 + 6 years or 25 years, enrolled prior to July 1, 2011; Age 60 + 8 years or 30 years, enrolled on or after July 1, 2011
 - All other classes: Age 62 + 6 years or 30 years, enrolled prior to July 1, 2011; Age 65 + 8 years or 33 years, enrolled on or after July 1, 2011
- Hybrid Option ⇨ Pension Plan benefit
- Surviving spouse

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Health Insurance Coverage

- Investment Plan
 - Insured prior to retirement
 - Continue same coverage
 - Employer by employer
- Pension Plan
 - Normal or early retirement


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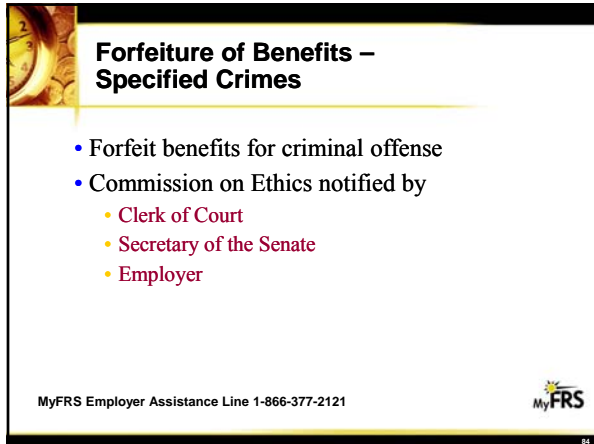
Re-employment Limitations

- Non-FRS employer
 - No effect on benefit
- FRS employer
 - Terminate 6 calendar months
 - 12 month wait
 - Or suspend benefits
 - Exceptions may apply
 - After 7/1/10, no FRS membership




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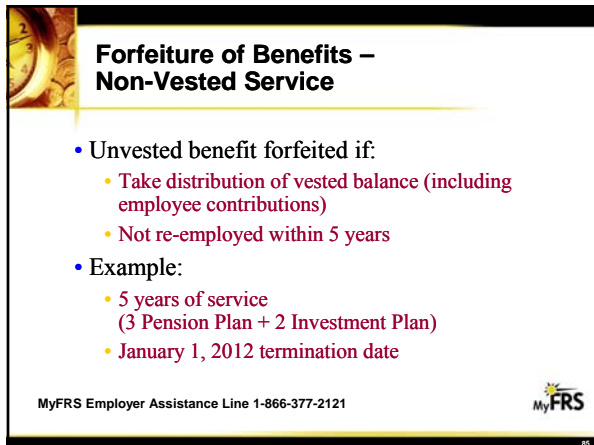




Forfeiture of Benefits – Specified Crimes


- Forfeit benefits for criminal offense
- Commission on Ethics notified by
 - Clerk of Court
 - Secretary of the Senate
 - Employer

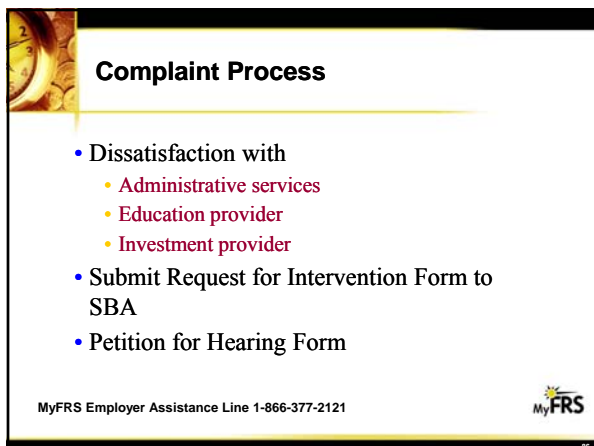
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Forfeiture of Benefits – Non-Vested Service


- Unvested benefit forfeited if:
 - Take distribution of vested balance (including employee contributions)
 - Not re-employed within 5 years
- Example:
 - 5 years of service (3 Pension Plan + 2 Investment Plan)
 - January 1, 2012 termination date

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Complaint Process

- Dissatisfaction with
 - Administrative services
 - Education provider
 - Investment provider
- Submit Request for Intervention Form to SBA
- Petition for Hearing Form

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**Future Investment Plan
Employer Training**

- Upcoming:
 - May 9, September 14, October 10
- Free
- Online schedule
- All Investment Plan workshops webcast


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Questions and Answers



MyFRS Employer Assistance Line 1-866-377-2121



**Employer Training Workshop
FRS Investment Plan**



**YOUR Money
YOUR Choice**
