



Investment Plan FUND LINEUP CHANGES...

What You Need to Know:

- Effective July 1, 2014, the Investment Plan fund lineup is changing, and some current funds are closing.
- If you have money in a fund that is closing, your balance will automatically be transferred to a new fund as of July 1, 2014.
- If you have money in a Balanced Fund, your balance will automatically be transferred to a Retirement Date Fund as of July 1, 2014.
- Call 1-866-446-9377, Option 2 (TRS 711) if you have questions.

Summary of Changes:

Effective July 1, 2014, the Investment Plan fund lineup is changing. These changes, which have been approved by the State Board of Administration's Investment Advisory Council and Trustees (Governor, Chief Financial Officer, and Attorney General), are being made to simplify the existing fund lineup and offer you the opportunity to grow retirement assets over the long term. Some of the current funds are being combined to create new funds, and a slate of Retirement Date Funds is replacing the FRS Select Balanced Funds. The changes are summarized in the table to the right.

Please continue reading for more information about these changes and the new funds.

Affected Funds Prior to July 1, 2014	New Funds as of July 1, 2014
Inflation-Protected Security Fund <ul style="list-style-type: none"> • FRS Select U.S. Treasury Inflation-Protected Securities Index Fund (T10) 	Real Assets Fund <ul style="list-style-type: none"> • FRS Real Assets Fund (300)
Bond Funds <ul style="list-style-type: none"> • FRS Select High Yield Fund (B50) • PIMCO Total Return Fund (B20) 	<ul style="list-style-type: none"> • FRS Core Plus Fixed Income Fund (310)
U.S. Stock Funds <ul style="list-style-type: none"> • FRS Select U.S. Large Value Stock Active Fund (\$25) • FRS Select U.S. Large Growth Stock Active Fund (\$30) • Fidelity Growth Company Fund (\$80) 	<ul style="list-style-type: none"> • FRS U.S. Large Cap Equity Fund (320)
<ul style="list-style-type: none"> • Prudential Mid-Cap Quantitative Core Equity Fund (\$40) • American Beacon Small-Cap Value Fund (\$99) • T. Rowe Price Small-Cap Stock Fund (\$97) • Fidelity Low-Priced Stock Fund (\$90) (closed and assets transferred) 	<ul style="list-style-type: none"> • FRS U.S. Small/Mid Cap Equity Fund (330)
Balanced Funds	Retirement Date Funds
Transferred based on date closest to normal retirement age	
<ul style="list-style-type: none"> • FRS Select Conservative Balanced Fund (A10) • FRS Select Moderate Balanced Fund (A20) • FRS Select Aggressive Balanced Fund (A30) 	<ul style="list-style-type: none"> • FRS Retirement Income Fund (2000) • FRS 2015 Retirement Date Fund (2015) • FRS 2020 Retirement Date Fund (2020) • FRS 2025 Retirement Date Fund (2025) • FRS 2030 Retirement Date Fund (2030) • FRS 2035 Retirement Date Fund (2035) • FRS 2040 Retirement Date Fund (2040) • FRS 2045 Retirement Date Fund (2045) • FRS 2050 Retirement Date Fund (2050) • FRS 2055 Retirement Date Fund (2055)

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Summary of Changes, *continued*

Fidelity Low-Priced Stock Fund Closing

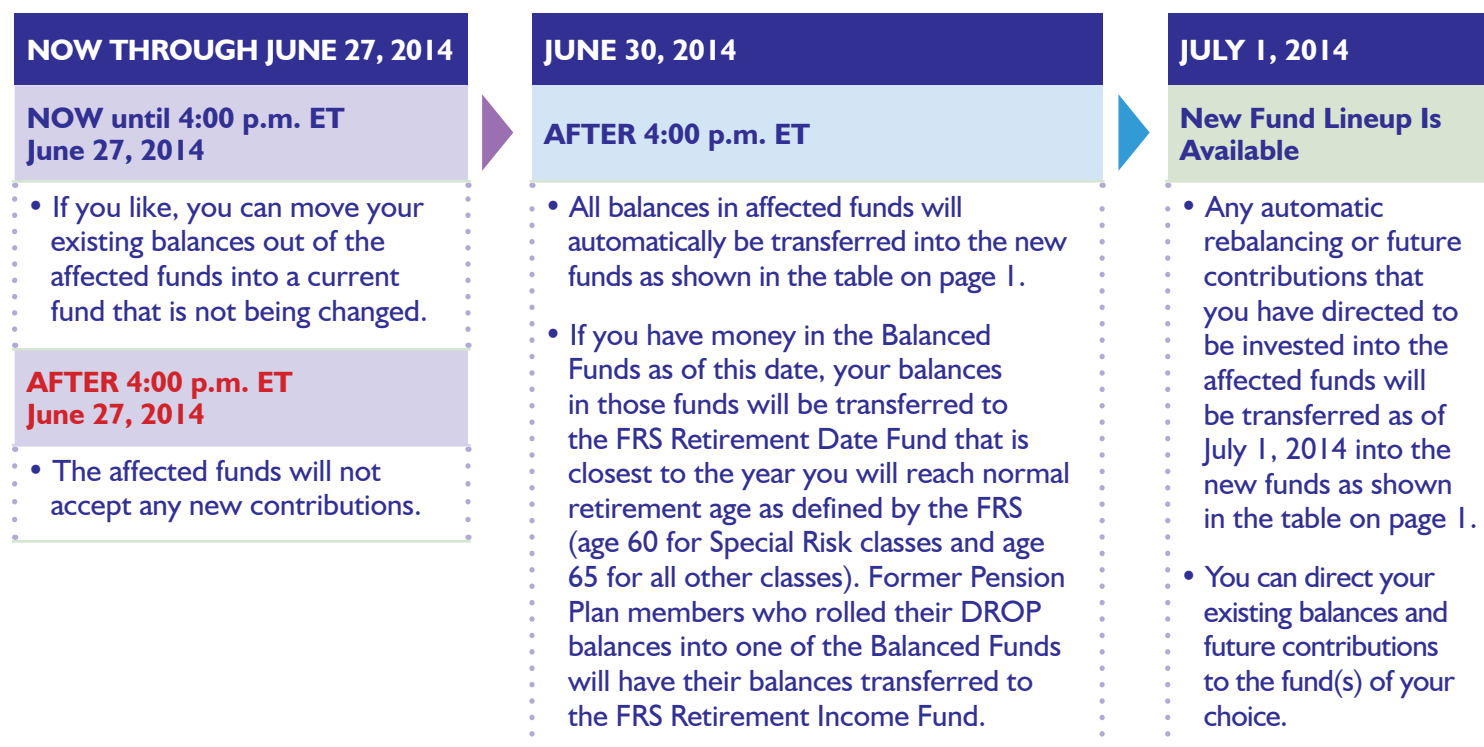
The Fidelity Low-Priced Stock Fund (S90) is being removed as an investment fund within the Investment Plan. This fund has been closed to new contributions since July 2004 and holds less than 0.03% of the total assets in the Investment Plan. If you have a balance in this fund as of June 30, 2014, your balance will automatically be transferred to the new FRS U.S. Small/Mid Cap Equity Fund.

Other Fund Lineup Changes

Except for the fund name changes and fund ID changes shown below, no other changes are being made to the Self-Directed Brokerage Account or to the following funds:

- FRS Money Market Fund (60) *(formerly FRS Select Yield Plus Money Market Active Fund M10)*
- FRS U.S. Bond Enhanced Index Fund (80) *(formerly FRS Select U.S. Bond Enhanced Index Fund B15)*
- Pyramis Intermediate Duration Pool Fund (90) *(formerly B35)*
- FRS Foreign Stock Index Fund (200) *(formerly FRS Select Foreign Stock Index Fund F10)*
- American Funds EuroPacific Growth Fund (220) *(formerly F20)*
- American Funds New Perspective Fund (210) *(formerly F40)*
- FRS U.S. Stock Market Index Fund (120) *(formerly FRS Select U.S. Stock Market Index Fund S10)*

What Happens When



What Are “Current,” “Affected,” and “Closed” Funds?

Current funds are the funds that are now available as investment options. Some of these funds will continue to be available after June 30, 2014. Others will close or be combined with other funds (multi-manager funds) to create new funds.

Affected funds are the current funds that are being closed or combined with other funds to create new funds as shown in the table on page 1.

Closed funds are current funds that will be closed and no longer available as an investment option.

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Going Forward

The Funds Available to You Effective July 1, 2014

The FRS Investment Plan offers you two categories of investment funds to choose from: Diversified Funds and Core Funds (a Self-Directed Brokerage Account is also available).

Investment Plan Fund Types

Diversified Funds

Choose one fund and be diversified.

Retirement Date Funds

Mix of funds is based on the amount of time you have before retirement; the mix changes as your retirement gets nearer.

Core Funds

Choose multiple funds and create your own diversified portfolio.

Actively Managed

- Fixed Income Funds
- Stock Funds

Passively Managed

- Fixed Income Funds
- Stock Funds

Diversified Funds = Retirement Date Funds

The Diversified Funds are Retirement Date Funds (also known as target date funds). These funds make investing for your retirement simple. All you have to do is choose the fund that targets the year you expect to retire from the FRS Investment Plan. Diversification, asset allocation, and account rebalancing are all done for you.

Each Retirement Date Fund is a diversified portfolio of other FRS Investment Plan funds and uses the asset allocation concept called “target date funds.” The mix of funds in each “target date fund” is based on the amount of time you have before retirement, and the mix gradually changes as your retirement gets nearer. This gradual change follows a careful investment strategy called a “glide path.” Each Retirement Date Fund’s glide path was developed for the FRS by investment experts.

Core Funds

Core Funds allow you to choose the funds you feel will be the best mix for your situation. Investing in a mix of funds, or diversifying, helps to control your risk. This is the common-sense notion of “not putting all of your eggs in one basket.” The MyFRS Financial Guidance Program can help you identify the right mix of investments for your personal situation and minimize unnecessary cost and risk.

Choose the Fund Type That Is Right for You

If you would prefer to have your Investment Plan asset allocation professionally managed for you, a Retirement Date Fund might be right for you. If you would like to take a hands-on approach and manage your own investments, Core Funds might be right for you.

Please continue reading for more information about the funds.

Investment Plan FUND LINEUP CHANGES...

Retirement Date Fund Lineup

There are 10 Retirement Date Funds replacing the three FRS Select Balanced Funds. If you have money in a Balanced Fund, it will be transferred to the appropriate Retirement Date Fund, based on your current age and your normal retirement age (age 60 for Special Risk/Special Risk Administrative Support Class and age 65 for all other classes). Former Pension Plan members who rolled their DROP accounts into one of the Balanced Funds will have their balances transferred to the FRS Retirement Income Fund.

Regular, Elected Officers', and Senior Management Service Classes	Special Risk and Special Risk Administrative Support Classes	Your FRS Select Balanced Fund Balances Will Be Transferred To
Current Age	Current Age	
> 66	> 61	FRS Retirement Income Fund
62–66	57–61	FRS 2015 Retirement Date Fund
57–61	52–56	FRS 2020 Retirement Date Fund
52–56	47–51	FRS 2025 Retirement Date Fund
47–51	42–46	FRS 2030 Retirement Date Fund
42–46	37–41	FRS 2035 Retirement Date Fund
37–41	32–36	FRS 2040 Retirement Date Fund
32–36	27–31	FRS 2045 Retirement Date Fund
27–31	22–26	FRS 2050 Retirement Date Fund
< 27	< 22	FRS 2055 Retirement Date Fund

For more information on Retirement Date Funds, visit the “Investment Funds” section on *MyFRS.com* or call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).

More Information

Webcast

A webcast will be held in June to go over the Investment Plan fund lineup changes. We will notify you of the date in a letter that will be mailed to you in mid-May.



Online

Information on the new investment funds will be available beginning in mid-May in the “Investment Funds” section on *MyFRS.com*.



Call

Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711) and speak with an experienced, unbiased financial planner about any questions you may have concerning these fund changes.



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Core Fund Lineup

New funds have been added to the Core Fund lineup. Some of these funds are made up of prior funds. The following table shows the new Core Fund lineup.

		Management Type
Types of Investment Funds	Fixed Income Funds	<p>Actively Managed</p> <p>These funds try to predict securities price movements in order to beat a market index. The higher fees associated with actively managed funds are used to support the research needed to predict market changes.</p> <p>▼</p> <p>Money Market: FRS Money Market Fund</p> <p>Intermediate Bond: Pyramis Intermediate Duration Pool Fund</p> <p>New! Broad Bond: FRS Core Plus Fixed Income Fund</p> <p>New! Real Assets: FRS Real Assets Fund</p>
	Stock Funds	<p>Passively Managed</p> <p>These funds (sometimes called index funds) follow a strategy to produce the same level and pattern of investment returns generated in a market index (such as the S&P 500® index) by buying and holding the same securities as the index itself. Index funds carry a very low fee.</p> <p>▼</p> <p>Broad Bond: FRS U.S. Bond Enhanced Index Fund</p> <p>All-Cap Broad: FRS U.S. Stock Market Index Fund</p> <p>Foreign Equity: FRS Foreign Stock Index Fund</p>

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Four Core Funds Are Being Added

Four new multi-manager funds are being added to the Core Fund lineup, as follows:

❶ **FRS Core Plus Fixed Income Fund.** This is an actively managed broad bond fund that attempts to exceed the total return of the FRS Custom Core Plus Fixed Income Index. The fund seeks high current income and long-term capital growth.

- This fund will consist of the following current funds as multi-managers:
 - 35% – FRS High Yield Fund
 - 65% – PIMCO Total Return Fund

If you have any money in these current funds after 4:00 p.m. ET on June 30, 2014, it will automatically be transferred to the FRS Core Plus Fixed Income Fund.

❷ **FRS Real Assets Fund.** This is an actively managed fund that seeks long-term real (net of inflation) returns to preserve the future purchasing power of accumulated assets and attempts to exceed the total return of the FRS Custom Real Assets Index. The fund will invest in a diversified array of assets that may act as a hedge against inflationary pressures.

- This fund will consist of a current fund and a new fund as multi-managers:
 - 20% – FRS Select U.S. Treasury Inflation-Protected Securities Index (a current fund)
 - 80% – PIMCO Inflation Response Multi-Asset Strategy Fund (a new fund)

If you have any money in the FRS Select U.S. Treasury Inflation-Protected Securities Index after 4:00 p.m. ET on June 30, 2014, it will automatically be transferred to the FRS Real Assets Fund.

❸ **FRS U.S. Large Cap Equity Fund.** This is an actively managed U.S. stock fund that focuses on large-capitalization stocks and attempts to exceed the total return of the Russell 1000 Index. The fund seeks long-term capital appreciation and current income primarily through large-cap common stocks (from the 1,000 largest U.S. companies).

- This fund will consist of the following current funds as multi-managers:
 - 10% – BlackRock 1000 Value Index Fund (currently the passive manager for the FRS Large Value Stock Active Fund)
 - 35% – QMA Value Equity (currently the active manager for the FRS Select U.S. Large Value Stock Active Fund)
 - 10% – Jennison Growth Equity (currently the active manager for the FRS Select U.S. Large Growth Stock Active Fund)
 - 45% – Fidelity Growth Company (a current fund)

If you have any money in the FRS Select U.S. Large Value Stock Active Fund, the FRS Select U.S. Large Growth Stock Active Fund, or the Fidelity Growth Company Fund after 4:00 p.m. ET on June 30, 2014, it will automatically be transferred to the FRS U.S. Large Cap Equity Fund.

❹ **FRS U.S. Small/Mid Cap Equity Fund.** This is an actively managed U.S. stock fund that focuses on mid- and small-capitalization stocks and attempts to exceed the total return of the FRS Custom Small/Mid Cap Index.

- This fund will consist of the following current funds as multi-managers:
 - 45% – Prudential Mid-Cap Quantitative Core Equity Fund
 - 25% – American Beacon Small-Cap Value Fund
 - 30% – T. Rowe Price Small-Cap Stock Fund

If you have any money in the Prudential Mid-Cap Quantitative Core Equity Fund, the American Beacon Small-Cap Value Fund, or the T. Rowe Price Small-Cap Stock Fund after 4:00 p.m. ET on June 30, 2014, it will automatically be transferred to the FRS U.S. Small/Mid Cap Equity Fund.

