



•  
•  
•

# New Employee

# FRS ENROLLMENT KIT

• • •  
*Your money Your choice*



Florida Retirement System





## FREE RETIREMENT PLANNING For All Active FRS Members

**CALL** the toll-free **MyFRS Financial Guidance Line:**  
**1-866-446-9377** (TRS 711)

9 a.m. to 8 p.m. ET, Monday - Friday (except holidays)

- Speak with an unbiased Ernst & Young financial planner for help in choosing your FRS retirement plan, using MyFRS.com, and personal financial planning
- Get detailed information about the Pension Plan, Investment Plan, enrolling, your Personal Identification Number (PIN), and more



### MyFRS Resources

#### LOG ON to MyFRS.com

- Manage your FRS retirement benefits, learn about risks, compare the two FRS retirement plans, and forecast your retirement income (including Social Security)
- Use your PIN the first time you access your account and create a personal User ID and Password
- Get a PIN or Password reminder from MyFRS.com or the MyFRS Financial Guidance Line

#### ATTEND Free Retirement, Investing, and Estate Planning Workshops

- Check the schedule at [MyFRS.com](http://MyFRS.com), or ask your employer

©2012 MyFRS Financial Guidance Program — all rights reserved.



## FREE RETIREMENT PLANNING For All Active FRS Members

**CALL** the toll-free **MyFRS Financial Guidance Line:**  
**1-866-446-9377** (TRS 711)

9 a.m. to 8 p.m. ET, Monday - Friday (except holidays)

- Speak with an unbiased Ernst & Young financial planner for help in choosing your FRS retirement plan, using MyFRS.com, and personal financial planning
- Get detailed information about the Pension Plan, Investment Plan, enrolling, your Personal Identification Number (PIN), and more



### MyFRS Resources

#### LOG ON to MyFRS.com

- Manage your FRS retirement benefits, learn about risks, compare the two FRS retirement plans, and forecast your retirement income (including Social Security)
- Use your PIN the first time you access your account and create a personal User ID and Password
- Get a PIN or Password reminder from MyFRS.com or the MyFRS Financial Guidance Line

#### ATTEND Free Retirement, Investing, and Estate Planning Workshops

- Check the schedule at [MyFRS.com](http://MyFRS.com), or ask your employer

©2012 MyFRS Financial Guidance Program — all rights reserved.

# WELCOME CD ENCLOSED

Play this CD  
to view an  
entertaining  
video that  
explains your  
FRS options.





# New Employee FRS Enrollment Kit

Welcome to the Florida Retirement System (FRS). As a new employee of an FRS-covered employer, you must choose between the two available retirement plans before your deadline (listed on the cover letter).

This enrollment kit provides information about the two FRS retirement plans. It will help you understand your choices and point you in the direction of free, unbiased, expert resources that can help you decide which plan is best for you.

## A Tale of Two Retirement Plans

The FRS offers a choice between two very different retirement plans: the FRS Investment Plan and the FRS Pension Plan. The good news is that they are both excellent plans to which you and your employer contribute.

### Contributions to Your Account

While your employer contributes the majority of your retirement savings, 3% of your pay is automatically deducted from your paycheck on a pretax basis and deposited into your retirement plan, regardless of the plan you choose. The actual amount your employer contributes is based on your employment class (e.g., Regular Class, Special Risk Class, etc.).

### Tools to Help You Choose

The FRS provides comprehensive resources through the MyFRS Financial Guidance Program. Please use these resources to help you choose a plan.

- ✓ Your New Employee FRS Benefit Comparison Statement (in this kit)
- ✓ The toll-free MyFRS Financial Guidance Line
- ✓ The Retirement Choice Video CD (in this kit)
- ✓ The New Hire Roadmap, CHOICE SERVICE, and other educational information located on the *MyFRS.com* website

## Contents

Comparing Your FRS Plans ..... 2

Advantages and Disadvantages ..... 3

How Do I Decide? ..... 5

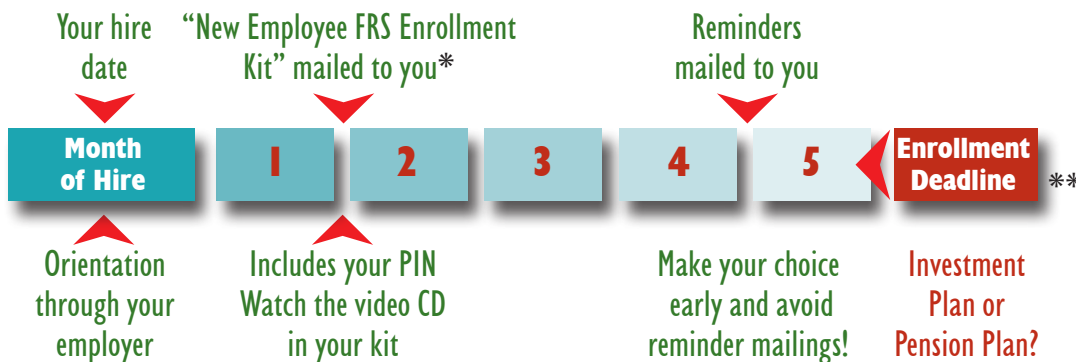
Time to Enroll ..... 7

I'm Enrolled! ..... 7

Important Program Policies ..... 8

## YOUR Money, YOUR Choice

You have 5 months to decide which plan is best for you



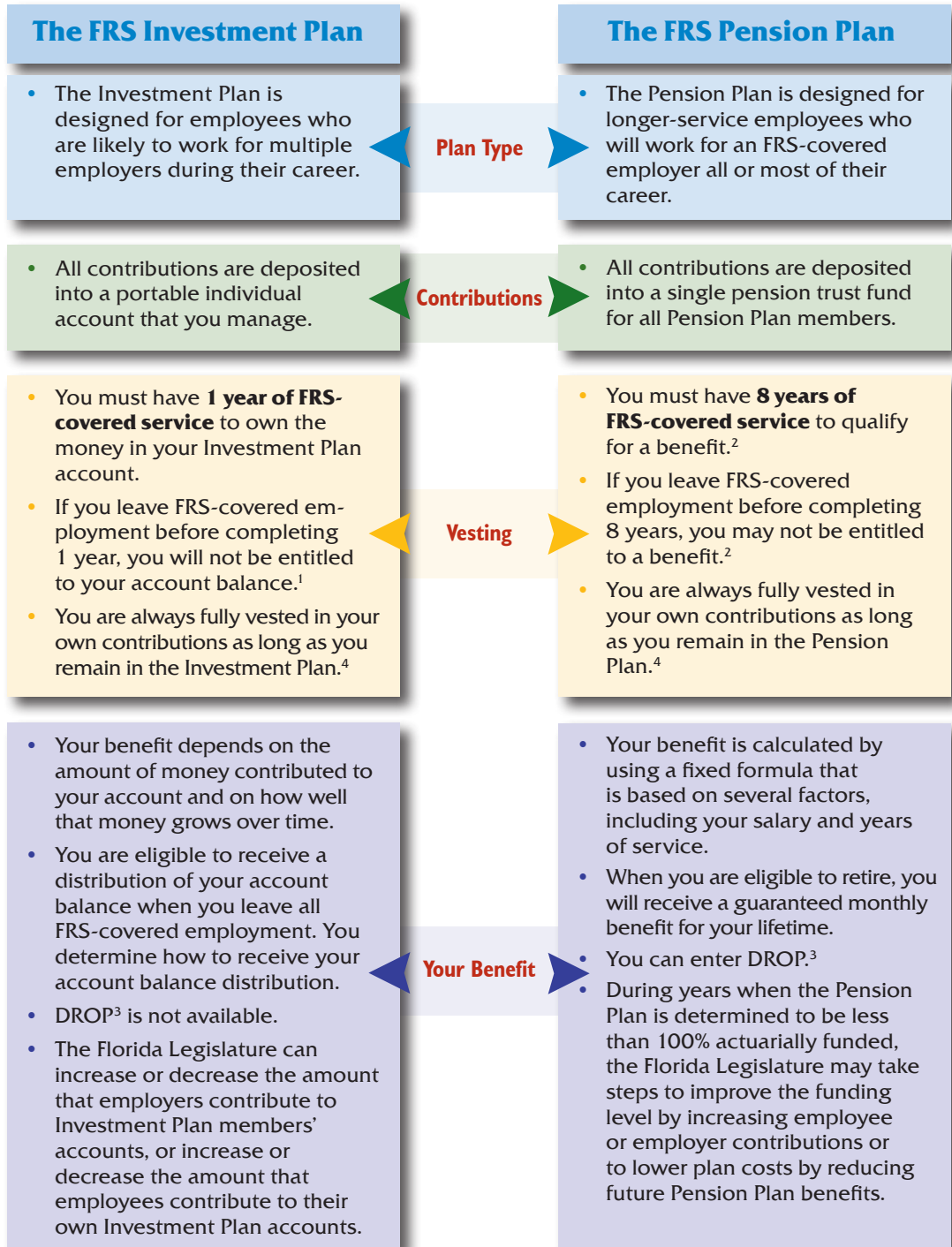
\* To avoid delays, make sure your employer has your correct mailing address.

\*\* 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month after your month of hire.



## Comparing Your FRS Plans

So, what's the difference between the two plans? Use the comparison chart below for an overview of the plans. For more detailed information, visit [MyFRS.com](http://MyFRS.com) and choose *FRS Programs > Comparing the Plans*.



<sup>1</sup> Members who have any Pension Plan service prior to July 1, 2011 are subject to 6-year vesting. Members who join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service are subject to 8-year vesting.

<sup>2</sup> If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS-covered service.

<sup>3</sup> The Deferred Retirement Option Program (DROP) is available to Pension Plan participants once they become vested and reach their normal retirement date and age. For more information, visit [MyFRS.com](http://MyFRS.com).

<sup>4</sup> How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2<sup>nd</sup> Election to switch plans in the future. Please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

# Choose Your Retirement Plan

## Advantages and Disadvantages

The plan that's best for you will depend on your personal situation. Following are some pros and cons to consider for each plan.

### The FRS Investment Plan

Advantages	Disadvantages
<ul style="list-style-type: none"><li>• You are vested<sup>1</sup> after 1 year of service, rather than the 8 years<sup>2</sup> it takes to vest in the Pension Plan.</li><li>• If you're a younger employee, your account balance has more time to grow.</li><li>• Your account could grow significantly if the underlying investments do well.</li><li>• You have a diversified choice of investment funds, including retirement date funds, stock funds, bond funds, a money market fund, and a Self-Directed Brokerage Account.</li><li>• If you leave your job, you can keep your money in the Plan or you can roll it over to another qualified retirement plan.</li><li>• Flexible distribution options are available.</li><li>• If you have a retirement plan benefit from a former employer, you may be able to roll it over to the Investment Plan.</li><li>• If you meet Health Insurance Subsidy (HIS) requirements, you may be eligible for the HIS.</li><li>• You may be eligible for disability benefits.</li><li>• You have access to the free, unbiased MyFRS Financial Guidance Program resources.</li><li>• You can name anyone as your beneficiary.</li></ul>	<ul style="list-style-type: none"><li>• There is investment risk involved. Your benefit may decrease in value if the investments in your account don't perform well.</li><li>• A long-term approach to investing will be required for your benefit to reach its maximum potential.</li><li>• You need to actively monitor your investments.</li><li>• Consider your age. If you're an older employee, you may not have enough time to accumulate a large account balance before you retire.</li><li>• You could outlive your benefit if you don't plan carefully or buy an annuity that provides a guaranteed monthly payment option for life.</li><li>• You're not eligible for DROP.<sup>3</sup></li><li>• If you decide to use your 2<sup>nd</sup> Election to transfer to the Pension Plan, and your Investment Plan account balance is lower than the amount needed to fully fund your Pension Plan account, it will be your responsibility to make up the difference using your personal resources. This "buy-in" cost could make transferring to the Pension Plan unaffordable.</li><li>• Pension Plan underfunding or future cost increases to fund the FRS may make it necessary for the Florida Legislature to lower the amount that employers contribute to Investment Plan members' accounts or to increase the amount that employees contribute to their own Investment Plan accounts.</li></ul>

<sup>1</sup> You are always fully vested in your own contributions as long as you remain in the Investment Plan.

<sup>2</sup> If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS-covered service.

<sup>3</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

Continues on page 4



Continued from page 3

## Advantages and Disadvantages

### The FRS Pension Plan

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>You may earn a substantial benefit if you spend your entire career as a Pension Plan member or start your FRS-covered service later in life.</li> <li>You don't have to worry about investing with this Plan; the SBA is responsible for managing the Pension Trust Fund's investments.</li> <li>You will receive a benefit even if you retire early, provided you are vested.</li> <li>You cannot outlive your benefit.</li> <li>You can participate in DROP<sup>1</sup> if you're eligible.</li> <li>You may be eligible for the Health Insurance Subsidy (HIS).</li> <li>You may be eligible for disability and in-line-of-duty survivor benefits.</li> <li>A cost-of-living adjustment will be applied to the portion of your benefit that is based on service earned prior to July 1, 2011, if any.</li> <li>You have access to the free, unbiased MyFRS Financial Guidance Program resources.</li> </ul>	<ul style="list-style-type: none"> <li>This Plan rewards longer service.</li> <li>If you leave FRS-covered employment before you are vested, you will have no benefit (you are not vested in the Pension Plan until you have completed 8 years<sup>2,3</sup> of service).</li> <li>You have no say in how the money is invested.</li> <li>All your distribution options are monthly payments; there are no lump sums (except under DROP<sup>1</sup>).</li> <li>Your benefit is reduced if you choose early retirement.</li> <li>If you decide to use your 2<sup>nd</sup> Election to transfer to the Investment Plan, the money transferred from the Pension Plan to the Investment Plan will not be vested until you have 8 years<sup>2,3</sup> of service credit under the FRS. If you terminate employment with fewer than 8 years<sup>2,3</sup> of service credit, the amount transferred from the Pension Plan may be forfeited.</li> <li>During years when the Pension Plan is determined to be less than 100% actuarially funded, the Florida Legislature may take steps to improve the funding level by increasing employee or employer contributions or to lower plan costs by reducing future Pension Plan benefits.</li> <li>Beneficiary designation is limited.</li> </ul>

<sup>1</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

<sup>2</sup> If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS-covered service.

<sup>3</sup> You are always fully vested in your own contributions as long as you remain enrolled in the plan you chose as a new employee. How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2<sup>nd</sup> Election to switch plans in the future.

# Choose Your Retirement Plan

## How Do I Decide?

The FRS provides free resources designed to help you make your retirement plan choice.

### Call the MyFRS Financial Guidance Line

The MyFRS Financial Guidance Line can help you with financial and retirement planning decisions. It is staffed by a dedicated team of unbiased financial planners who can:

- Help you decide which retirement plan is most appropriate for you.
- Work with you to develop long-term personal retirement and financial planning strategies.
- Provide unbiased guidance with no sales pressure. The MyFRS Financial Guidance Line team does not sell any investment or insurance products.
- Walk you through the MyFRS website and explain the online services available to you.
- Answer any questions you may have about your financial future.

### Explore MyFRS.com

The MyFRS website has a wealth of information about the two FRS retirement plan choices. Using the Personal Identification Number (PIN) provided to you in this enrollment kit, you can navigate the entire website. You'll discover useful information, including:

- Decision-making considerations
- The online CHOICE SERVICE
- The New Hire Roadmap – a tour of all the information a new employee needs, including the New Hire Video
- Summary Plan Descriptions for both retirement plans
- A list of resources you can access online, by phone, or in person

Continues on page 6

### Hit the Mark!

Be careful not to overestimate or underestimate your anticipated length of service as an FRS-covered employee.

*The average employee works for an FRS-covered employer for 5 to 10 years.*

Source: FRS

## Expert Resources

**Call: MyFRS Financial Guidance Line, 9:00 a.m. to 8:00 p.m. ET**

**1-866-446-9377, Option 2**

(or Telecommunications Relay Service [TRS] 711)

**Visit: [MyFRS.com](http://MyFRS.com)**



Continued from page 5

## ADVISOR<sup>®</sup> SERVICE

After you enroll in an FRS retirement plan, the MyFRS website gives you access to the online Financial Engines ADVISOR SERVICE that helps you create a comprehensive personal retirement strategy.

Remember, if you want personal assistance with either service, call the MyFRS Financial Guidance Line for unbiased help.

## How Do I Decide?

### Use the Financial Engines<sup>®</sup> Services

#### CHOICE SERVICE

The Financial Engines CHOICE SERVICE is an online tool on *MyFRS.com* that lets you estimate the potential benefits of both plans. You can model your benefit using different assumptions to help you choose the right plan. Use the service as often as you wish before your enrollment deadline.

#### Watch the Retirement Choice Video

The video CD enclosed in the front pocket of this kit provides an overview of both plans and compares them feature by feature. You can also access the video by going to *MyFRS.com* and clicking *New Hires*.

### Review the “Quick Guide to Investment Funds”

This kit includes a “Quick Guide” that describes the investment funds you can choose if you elect the Investment Plan. You can research the funds you are interested in on *MyFRS.com*. Click on *Investment Funds*. Or, you can call the MyFRS Financial Guidance Line for help in understanding your choices. Before you select any investment funds or make an election, you should also review the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the “Investment Funds” section on *MyFRS.com*.

### Attend a Workshop

To find out if there’s a New Employee Retirement Plan Choice Workshop in your area, contact your employer or go to *MyFRS.com* and click on *Workshop* in the top toolbar.

## Second Chance!

Regardless of which FRS retirement plan you select now, you’ll have a one-time opportunity to transfer into the other FRS retirement plan during your active FRS career. This is called your 2<sup>nd</sup> Election.

You must be actively employed and earning salary and service credit when your 2<sup>nd</sup> Election 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 2<sup>nd</sup> Election.

### Caution

#### Using your 2<sup>nd</sup> Election to transfer from ...

*The Investment Plan to the Pension Plan?* Please be aware that the cost to buy in to the Pension Plan may be unaffordable. If your Investment Plan account balance is lower than the amount needed to make the Pension Plan whole, *it is your responsibility to make up the difference* using your personal resources in order for the Pension Plan account to be fully funded.

*The Pension Plan to the Investment Plan?* Please be aware that the money transferred from the Pension Plan to the Investment Plan will not be vested until you have 8 years<sup>1,2</sup> of service credit under the FRS. If you terminate employment with fewer than 8 years<sup>1,2</sup> of service credit, the amount transferred from the Pension Plan may be forfeited.

For details, contact the MyFRS Financial Guidance Line.

<sup>1</sup> If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS-covered service.

<sup>2</sup> You are always fully vested in your own contributions as long as you remain enrolled in the plan you chose as a new employee. How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2<sup>nd</sup> Election to switch plans in the future.



# Choose Your Retirement Plan

## Time to Enroll

Choosing a retirement plan is one of the most important decisions you will make as a new employee. Be sure to review your options carefully before you make your decision.

Your enrollment deadline is the last business day of the 5<sup>th</sup> month after your month of hire. For example, if you start work in July, your deadline will be 4:00 p.m. ET on the last business day in December. You can confirm your deadline date by reviewing the enclosed Benefit Comparison Statement or by calling the MyFRS Financial Guidance Line and selecting Option 4. If you do not make an active election, you will automatically default into the Pension Plan. **This decision is too important to allow someone else to make the choice for you. Be sure to make an active election by your deadline.**

## Easy Enrollment

Once you've made your retirement plan decision, you can enroll in any of three easy ways.

If your membership class is Regular or Special Risk:

1. Use your preassigned PIN\* on the enclosed personalized Benefit Comparison Statement when you log in to *MyFRS.com* for the first time. You will be required to create a User ID and Password for *MyFRS.com* and enroll online,
2. Call the MyFRS Financial Guidance Line toll-free and select Option 4, or
3. Complete and submit the FRS EZ Retirement Plan Enrollment Form included in this kit. (A General Enrollment Form is available through the MyFRS website if you wish to select specific investment funds.)

If you are in a different membership class, you must complete and submit a paper enrollment form specific to your class. Forms are available on *MyFRS.com* under the *Forms* link, from your employer, or by calling the MyFRS Financial Guidance Line.

\* You will need your PIN the first time you log in to *MyFRS.com*.

## Time Is Money!

If you think the FRS Investment Plan is the best plan for you, enroll right away. Depending on your membership class, you may begin receiving higher contributions to your Investment Plan account the month after your enrollment election is received\* if the current contribution rate is higher than the uniform blended rate.

The earlier higher contributions begin, the quicker your account balance will grow. Don't miss out on months of potentially higher contributions by waiting until your enrollment deadline.

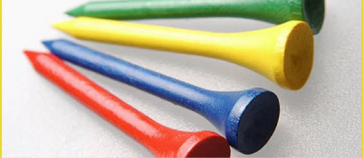
*For details, contact the MyFRS Financial Guidance Line.*

\* As soon as administratively possible.

## I'm Enrolled!

Once you're enrolled, you can access your information on *MyFRS.com*. If this is your first time logging in, click *New Hires > First Time Login* and create a User ID and Password. On subsequent visits, simply enter your User ID and Password into the fields on the top right-hand side of the home page. In addition, you can call the MyFRS Financial Guidance Line at any time.





## Important Program Policies

*The MyFRS Financial Guidance Program is the official education program of the Florida Retirement System (FRS), helping employees prepare for retirement and get the most out of the two FRS retirement plans: FRS Investment Plan and FRS Pension Plan. The FRS and its related educational services are administered and provided by both public- and private-sector organizations. In this summary document, the term “FRS” is used to collectively refer to these organizations and authorized services. Chapter 19-13, Florida Administrative Code, describes the roles and responsibilities of the administering public agencies (i.e., State Board of Administration of Florida and the Division of Retirement within the Department of Management Services), FRS-covered employers and third-party contractors for the purposes of implementing s. 121.4501, Florida Statutes. Florida Statutes and Administrative Code will control with respect to any summary information provided below.*

### MyFRS.com Privacy Policy

The State Board of Administration of Florida (SBA) has established privacy policies and procedures for the MyFRS website. The safeguards outlined here are designed to protect the privacy of FRS members, retirees, and benefit recipients who make inquiries about their personal account information on *MyFRS.com*.

The SBA believes the privacy and security of your data are essential. Your data will be used by the FRS to administer your benefits, provide authorized services, communicate with you about the FRS, or process complaints you may have. For example, if you share your email address with FRS-administering public agencies or third-party contractors, it will become part of an FRS email database administered by the SBA to communicate with you. The SBA and third-party contractors to the FRS will not sell, trade, or otherwise reveal any of your personal information to unauthorized parties outside the FRS except in the following limited circumstances:

- ✓ The FRS has your permission to share the information.
- ✓ The FRS may provide your email address to companies that perform mailing services. These companies do not have any right to use the personally identifiable information provided to them by the FRS beyond what is necessary to perform authorized duties.

- ✓ The FRS is required or authorized by law to disclose your information (for example, to comply with a subpoena, administrative proceeding or regulatory requirement, or to protect against fraud or illegal activity, or for the safety of FRS members and their property).

### Financial Guidance and Advice Policy

When you use either the online CHOICE SERVICE or the ADVISOR<sup>®</sup> SERVICE from Financial Engines Advisors LLC, you will have the opportunity to review recommendations for the allocation of investment funds. Financial Engines is authorized to provide these services to Florida Retirement System 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 participants and their beneficiaries and 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.

# Choose Your Retirement Plan

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, but 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.

In particular, 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. Chapter 19-13, Florida Administrative Code, defines the difference between guidance and advice for the purposes of implementing s. 121.4501, Florida Statutes.

## Complaint Policy

The SBA administers a complaint procedure for FRS members requesting intervention in disputes with FRS Investment Plan providers, including unresolved customer service complaints involving services or transactions, allegations of misconduct, or misrepresentation. To file a complaint, you may complete a Request for Intervention form, available on *MyFRS.com*, and send it to the SBA. A description of your rights and responsibilities under the FRS can be found in the respective Summary Plan Descriptions (i.e., FRS Investment Plan and FRS Pension Plan), Florida Statutes and Administrative Rules, available through the MyFRS Financial Guidance Line (1-866-446-9377; TRS 711) or on *MyFRS.com*.

## 404(c) Compliance Section

Sections 121.4501(8)(b)2 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account (including the Self-Directed Brokerage Account), pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

Your Investment Plan account balance may decrease in value if your investments don't perform well. Although you can choose from a variety of investment options and have access to free planning resources, the FRS makes no guarantees and assumes no responsibility for investment performance. You bear the investment risk. You can, however, help manage some of that risk by choosing a diverse selection of funds.

## FRS Investment Plan Excessive Fund Trading Policy

November 2003 (revised July 2014)

- 1. 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 a member transfers \$5,000 into one of the funds listed below on November 4, the member will not be able to transfer the \$5,000 out of that fund until November 12, except for distributions out of the plan. Foreign and global funds include:
  - a. FRS Foreign Stock Index Fund (200)
  - b. American Funds EuroPacific Growth Fund (220)
  - c. American Funds New Perspective Fund (210)

Continues on page 10



Continued from page 9

2. **All investment funds** (except for money market funds and funds within the Self-Directed Brokerage Account<sup>1</sup>) are subject to the following controls in order to mitigate excessive fund trading:
  - a. Members that engage in one or more Market Timing Trades (as defined in the Definitions section 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.
  - b. 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 (i.e. UPS, FedEx, etc.). The SBA may require non-automated trade instructions for at least one full calendar month following the date of the direction letter for all trades involving the Investment Plan primary funds. Subsequent violations may require members to conduct trades via paper trading forms mailed certified/return-receipt to the SBA for all trades involving the Investment Plan primary funds. Automated trade instructions include the Internet. Automated trading will be allowed in, out or within the SDBA.
  - c. Automatic account rebalancing will be canceled for any member who receives a warning or direction letter. The member will be allowed to choose to have their account automatically rebalanced once they have no trading restrictions.
3. **Definitions:**
  - a. **Member** — is a person who has an account established in the FRS Investment Plan as a result of:
    - i. Current or previous employment with an FRS-covered employer;
    - ii. Being designated as an alternate payee due to a qualified domestic relations order (“QDRO”); or
    - iii. Being a designated beneficiary when a member is deceased.
  - b. **Exempt transaction** — any transaction that is initiated for purposes of depositing employer or employee payroll contributions; processing a distribution or any administrator initiated transaction (e.g., processing a QDRO, mapping assets from terminated funds, etc.). Exempt transactions are not included in any calculations for the purposes of this policy.
  - c. **Market Timing Trade** — is a member-directed series of trades that meet both of the following two criteria:
    - i. The series of transactions are Roundtrip Trades.
    - ii. 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).
  - d. **Roundtrip Trade** — 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**<sup>2</sup>, regardless of any multiple transfers from or to other different investment funds during the Roundtrip Trade. A roundtrip trade includes a trade from an Investment Plan primary fund to the SDBA and a trade from the SDBA to an Investment Plan primary fund.
  - e. **Excessive Fund Trading** — involves two or more occurrences of Market Timing Trades by a member over time.
  - f. **Investment Plan primary funds** — investment funds offered under the Investment Plan. Does not include additional investment opportunities available under the SDBA.
  - g. **Self-Directed Brokerage Account (SDBA)** — account that allows a member access to additional investment opportunities that are not available in Investment Plan primary funds.

<sup>1</sup> The funds within the SDBA may have excessive trading rules that are applicable however these are separate and apart from the Investment Plan’s excessive trading policy.

<sup>2</sup> 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 16 through June 14.

# Choose Your Retirement Plan

**4. Examples are listed below. This list is not intended to be comprehensive and other transactions may meet the definition 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 specified in subsection 3.c.ii (on page 10), 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. Member A cannot transfer the \$50,000 out of the foreign stock fund until October 9.
- 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, as described in subsection 3.b on page 10.
- 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. 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.

Continues on page 12

Continued from page 11

- h. If Member A transfers \$50,000 out of Fund A and into the SDBA on January 2, and then transfers \$35,000 from the SDBA into Fund A on January 25, the transaction is a Roundtrip Trade and 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.
  - i. If Member A transfers \$40,000 out of Fund B and into the SDBA on February 15, and then transfers \$55,000 from Fund C into Fund B on March 3, the transaction is a Roundtrip Trade and a Market Timing Trade because the aggregate amount of all trades into and out of Fund B exceeded \$75,000 within a 30 day period.
- 5. **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 is permitting all open-end mutual funds either to impose trading restrictions or levy monetary penalties on members' conducting market timing transactions. The FRS Investment Plan has been granted exemptions from the mutual fund companies within the FRS Investment Plan.
- 6. **Recordkeeping:** Information from the Administrator's member recordkeeping database shall be used to identify Market Timing Trades, specific fund trading restrictions, and track the mandatory 7-calendar day holding period requirements for certain funds.



**CALL the FRS toll-free: 1-866-446-9377**  
**SELECT OPTION 1 to talk with an unbiased financial planner.**

**Visit [MyFRS.com](http://MyFRS.com)**  
**REVIEW the New Hire Roadmap.**

This publication is a summary of the retirement options available to new 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.

