



# WELCOME to the Florida Retirement System

for State University System SUSORP-Eligible Employees

**YOUR Money YOUR Choice**

• July 2016 •

## You Have an Important Choice to Make!

As a new employee, you must choose one of three retirement plans available to eligible State University System employees:

- State University System Optional Retirement Program (SUSORP)
- FRS Investment Plan
- FRS Pension Plan

All three plans are funded by you and your employer and offer important benefits. You need to choose the one that's best for you.

## Some Key Differences Between the Plans

	SUSORP	FRS Investment Plan	FRS Pension Plan
<b>Who Is Eligible?</b>	Faculty, Administrative and Professional (A&P), and University President and Executive Service employees.	Faculty, Administrative and Professional (A&P), University President and Executive Service, and support employees (USPS).	Faculty, Administrative and Professional (A&P), University President and Executive Service, and support employees (USPS).
<b>Plan Type</b>	A retirement plan designed for a more mobile workforce (qualified under IRC Section 403[b]).	A retirement plan designed for a more mobile workforce.	A traditional retirement plan designed for longer-service employees.
<b>Vesting</b>	You qualify for a benefit immediately upon signing a contract.	You qualify for a benefit after 1 year of service. <sup>2</sup>	You qualify for a benefit after 8 years <sup>1,2</sup> of service.
<b>Contributions</b>	Your employer contributes 5.14% of your gross salary and you contribute a mandatory 3% pretax contribution (deducted from your paycheck) for a total contribution of 8.14%. You have the option to make additional pretax contributions of up to 5.14% of your gross salary. The employee and employer rates are subject to change by the Florida Legislature.	Your employer contributes 3.3% of your gross salary and you contribute a mandatory 3% pretax contribution (deducted from your paycheck) for a total contribution of 6.3% (for Regular Class employees; employer rates vary by membership class). You cannot make additional pretax contributions above the 3% mandatory contribution. The employee and employer rates are subject to change by the Florida Legislature.	Your employer contributes a fixed percentage of your gross salary as determined by the Florida Legislature and you contribute a mandatory 3% pretax contribution (deducted from your paycheck). Pension Plan benefits are not based on total contributions but rather on a formula based on your service and salary.
<b>Your Benefit</b>	In both plans, your benefit depends on the amount of money contributed to your account and its growth over time. You decide how to allocate the money in your account among the available investment funds.		Pays a guaranteed lifetime monthly benefit using a formula based on your service and salary while you are working for an FRS-covered employer.

The following pages provide more detailed plan comparisons, including the advantages and disadvantages of each plan. The "New Employee FRS Enrollment Kit," which will be mailed to you approximately 60 days after your date of hire, provides further details about the Investment Plan and the Pension Plan, along with a Benefit Comparison Statement and your Personal Identification Number (PIN). In the meantime, you can learn more about the two FRS Plans by calling the MyFRS Financial Guidance Line for free personalized assistance or by visiting [MyFRS.com](http://MyFRS.com). You can learn more about the SUSORP by contacting your University's Human Resources office or SUSORP investment providers for SUSORP contract and investment product information.

<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 FRS 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.



## Consider Your Length of Service

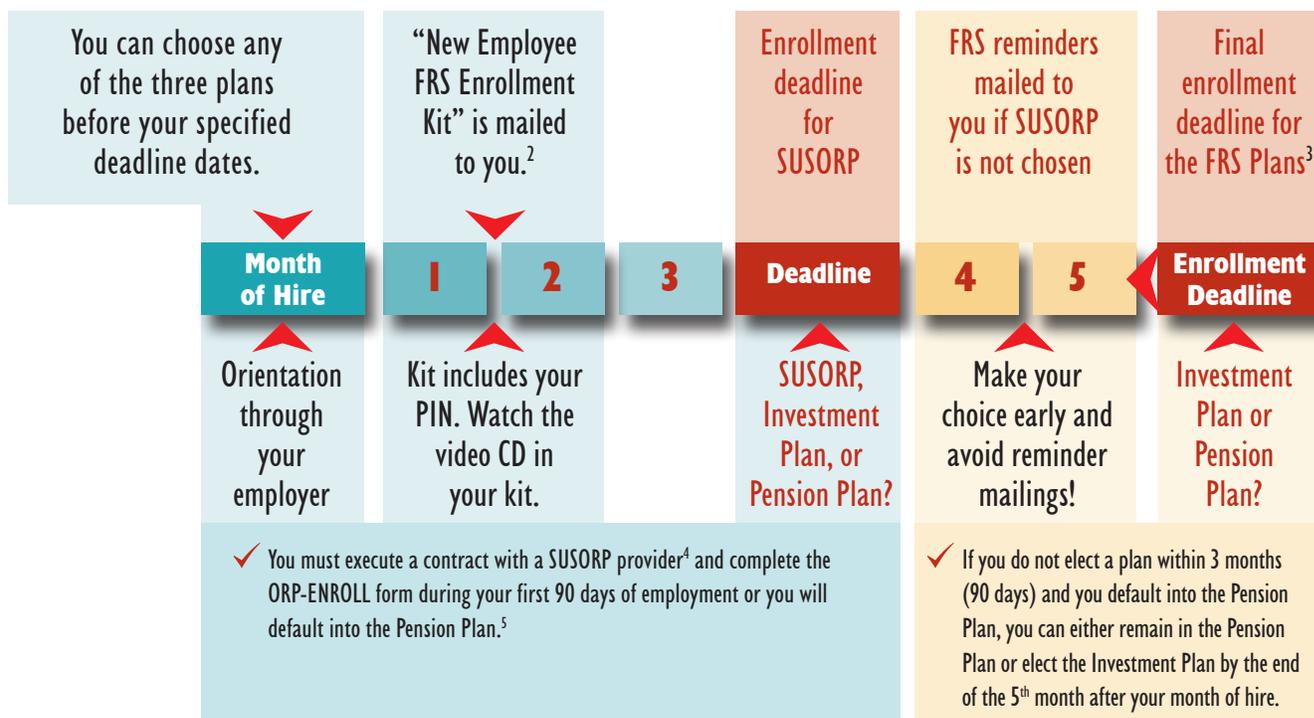
If you stay with an FRS-participating employer for:	The best retirement plan for you:
Less than 1 year	Is likely to be the SUSORP (you would not be eligible for employer-funded benefits under the FRS Plans).
1 to 8 years <sup>1</sup>	Is likely to be the Investment Plan or the SUSORP (you would not be eligible for employer-funded benefits under the Pension Plan).
9 or more years <sup>1</sup>	Depends on a number of factors. Call the toll-free MyFRS Financial Guidance Line to learn more.

<sup>1</sup> 1 to 6 years, or 7 or more years if you have Pension Plan service before July 1, 2011.

### HotTip

According to FRS data, the average employee works for the FRS for 5 to 10 years. Try not to overestimate or underestimate the number of years you'll work for an FRS-participating employer.

## You Have a Limited Time to Decide: SUSORP, Investment Plan, or Pension Plan?



<sup>2</sup> To avoid delays, make sure your employer has your correct mailing address.

<sup>3</sup> 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month after your month of hire.

<sup>4</sup> SUSORP contract and investment product information (available from your University's Human Resources office or SUSORP investment providers).

<sup>5</sup> Your decision to choose the SUSORP is a one-time irrevocable decision. If you elect the SUSORP, you will remain in this plan for as long as you remain at this employer in a SUSORP-eligible position. If you enroll in the Investment Plan or the Pension Plan, you will have a one-time second opportunity (known as your 2<sup>nd</sup> Election) during your FRS career to switch to the other FRS retirement plan. (The SUSORP is not available as a 2<sup>nd</sup> Election.)

**Note:** An employee in a faculty position at a college with a faculty practice plan is a mandatory SUSORP participant and **cannot** elect to participate in the FRS Plans.

See page 3 for enrollment tips.



# Florida Retirement System

## SUS Optional Retirement Program

### Free Personalized Help Is Available to You

#### SUSORP

Contact your University's HR office or SUSORP investment providers for SUSORP contract and investment product information.

#### FRS Plans

Visit [MyFRS.com](http://MyFRS.com) and review the "New Hire" section on the website.

Call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TRS 711).

- ✓ Select Option 1 to speak with an unbiased EY financial planner who can answer questions about the Investment Plan and Pension Plan.

#### Enrollment Tips

- To enroll in the **SUSORP**, you *must* use the SUSORP enrollment form (Form ORP-ENROLL) and execute a contract with a SUSORP investment provider<sup>1</sup> within the first 90 days of your election window. You **cannot** enroll in the SUSORP using the MyFRS Financial Guidance Line or [MyFRS.com](http://MyFRS.com).
- If you do not enroll in the SUSORP, you can enroll in an **FRS retirement plan** by your enrollment deadline using the enrollment form (ELE-I-EZ or ELE-I), the MyFRS Financial Guidance Line, or [MyFRS.com](http://MyFRS.com).
- If you do not make an election by the last business day of the 5<sup>th</sup> month following your month of hire, you will automatically default into the **FRS Pension Plan**.

### Plan Overview

	SUSORP	FRS Investment Plan	FRS Pension Plan
<b>Who contributes and how much?</b>	Your employer contributes 5.14% of your gross salary and you contribute a mandatory 3% pretax contribution (deducted from your paycheck) for a total contribution of 8.14%. You have the option to make additional pretax contributions of up to 5.14% of your gross salary. The employee and employer rates are subject to change by the Florida Legislature.	Your employer contributes 3.3% of your gross salary and you contribute a mandatory 3% pretax contribution (deducted from your paycheck) for a total contribution of 6.3% (for Regular Class employees; employer rates vary by membership class). You cannot make additional pretax contributions above the 3% mandatory contribution. The employee and employer rates are subject to change by the Florida Legislature.	Your employer contributes a fixed percentage of your gross salary as determined by the Florida Legislature and you contribute a mandatory 3% pretax contribution (deducted from your paycheck). Pension Plan benefits are not based on total contributions but rather on a formula based on your service and salary.
<b>Where are the monthly contributions deposited?</b>	Into an account(s) that is established in your name by the SUSORP investment provider(s) you choose.	Into an account that is established in your name by the FRS.	Into a single Pension Plan trust fund for all FRS Pension Plan members.
<b>Who invests the money?</b>	You decide how to invest contributions among the investment funds offered by the SUSORP investment provider(s) you choose. <sup>1</sup>	You decide how to invest your and your employer's contributions among the funds available. You are responsible for managing your account, and you can change your investments at any time.	The State Board of Administration of Florida invests the assets of the Pension Plan trust fund for all FRS-covered employees.
<b>When am I vested in my benefit?</b>	You are vested immediately.	You are vested after 1 year of FRS-covered service. You are always fully vested in your own contributions as long as you remain in the Investment Plan. <sup>3</sup>	You are vested after 8 years <sup>2</sup> of FRS-covered service. You are always fully vested in your own contributions as long as you remain in the Pension Plan. <sup>3</sup>

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## Plan Overview

	SUSORP	FRS Investment Plan	FRS Pension Plan
<b>What if I change jobs after vesting?</b>	<p>As long as you work for a State University System (SUS) institution in a SUSORP-eligible position, you'll remain enrolled in the SUSORP.</p> <p>If you leave SUS employment, you have the option of:</p> <ul style="list-style-type: none"> <li>Leaving your money in the SUSORP.</li> <li>Taking a distribution/rollover (in which case you will be considered retired).<sup>5,8</sup></li> </ul> <p>Your distribution options are based on those offered by your investment provider(s). (See "How is my benefit paid to me at retirement?")</p> <p>Talk to your tax advisor and investment provider(s) before taking a distribution.</p>	<p>If you work for another FRS-participating employer, you will remain enrolled in the Investment Plan, and contributions will continue to be made to your account.</p> <p>If you terminate from FRS-covered employment, you have the option of:</p> <ul style="list-style-type: none"> <li>Leaving your money in the Plan.<sup>†</sup></li> <li>Taking a distribution/rollover (in which case you will be considered retired).<sup>5</sup></li> </ul> <p><sup>†</sup> Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.</p> <p>Call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TRS 711) before taking a distribution. The MyFRS Financial Guidance Line is staffed with knowledgeable, unbiased EY financial planners who can offer you personalized assistance.</p>	<p>If you work for another FRS-participating employer, your Pension Plan benefit will continue to grow. If you go to work for a non-FRS-participating employer, your Pension Plan benefit will be frozen until you either return to FRS-covered employment or begin receiving your monthly retirement benefits.</p>
<b>Can I switch plans after I make my initial election?</b>	<p>No. If you elect the SUSORP, you will remain in this plan for as long as you remain at this employer in a SUSORP-eligible position.</p>	<p>You have a one-time 2<sup>nd</sup> Election that you can use during your FRS career to switch to the other FRS retirement plan, provided you are actively employed by an FRS-participating employer at the time your 2<sup>nd</sup> Election is received.<sup>4</sup></p>	
<b>How does my benefit/account grow?</b>	<p>Your SUSORP benefit should accumulate steadily over your career, despite short-term market ups and downs. Ultimately, your benefit depends on the investment returns earned on contributions. In the early years of your SUS career, most of your benefit comes from the contributions paid into your account.</p>	<p>Your Investment Plan benefit should accumulate steadily over your career, despite short-term market ups and downs. Ultimately, your benefit depends on how well you invest your account, and the investment returns earned. In the early years of your FRS career, most of your benefit comes from the contributions paid into your account.</p>	<p>Your Pension Plan benefit grows over your career. It is based on a formula that uses the average of your highest years of pay and your total years of creditable service, and it takes a steep climb as you near retirement age.</p>

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## Plan Overview

	SUSORP	Investment Plan	Pension Plan
<b>How is my retirement benefit calculated?</b>	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> <li>• Employer and employee contributions.</li> <li>• Plus your voluntary employee contributions, if any.</li> <li>• Plus or minus investment returns (gains and losses).</li> <li>• Minus expenses and fees.</li> </ul>	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> <li>• Employer and employee contributions.</li> <li>• Plus or minus investment returns (gains and losses).</li> <li>• Minus expenses and fees.</li> </ul>	<p>Your retirement benefit is a guaranteed benefit based on a formula that includes your:</p> <ul style="list-style-type: none"> <li>• Age.</li> <li>• FRS membership class (e.g., Regular Class, Special Risk Class).</li> <li>• Years of FRS-covered service.</li> <li>• An average of your 8 highest years<sup>6</sup> of salary.</li> </ul>
<b>How is my benefit paid to me at retirement?<sup>8</sup></b>	<p>Depending on the options offered by your investment provider(s), SUSORP distribution options<sup>5</sup> available are:</p> <ul style="list-style-type: none"> <li>• A lump-sum distribution.</li> <li>• A lump-sum direct rollover of your accrued benefits, including interest and investment earnings, into another qualified plan.</li> <li>• Periodic distributions.</li> <li>• A partial lump-sum payment in which you are paid a portion of the accrued benefit and you direct your remaining account balance to be rolled into another qualified retirement plan.</li> <li>• Other distribution options as allowed by your optional retirement program contract.</li> </ul>	<p>Flexible distribution options are available. As long as your balance is more than \$1,000, you can:</p> <ul style="list-style-type: none"> <li>• Leave your money in the plan until age 70½, when federally mandated distributions must begin.</li> <li>• Use all or part of your account balance to purchase one of a variety of annuity options that provide guaranteed monthly payments for life.</li> <li>• Receive periodic distributions.<sup>5</sup></li> <li>• Elect a lump sum when you retire or at any future date.<sup>5</sup></li> </ul>	<p>Your benefit will be a guaranteed monthly check for life. A cost-of-living adjustment will apply to the portion of your benefit based on service earned prior to July 1, 2011.</p> <p>You can also choose payout options that provide continued monthly payments to your surviving beneficiary/joint annuitant.</p>
<b>Does the plan provide other benefits?</b>	<p>No. You are responsible for your own health and disability coverage in retirement.</p>	<p>Yes, including disability benefits, in-line-of-duty survivor benefits if employed in a Special Risk Class position, and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>Yes, including DROP,<sup>7</sup> disability benefits, in-line-of-duty survivor benefits, and retiree Health Insurance Subsidy (HIS) payments.</p>

<sup>1</sup> SUSORP contract and investment product information (available from your University's Human Resources office or SUSORP investment providers).

<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> 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. For information, please call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2 (TRS 711).

<sup>4</sup> If you are enrolled in the Investment Plan and move to a SUSORP-eligible position, you must use your 2<sup>nd</sup> Election (if available) to buy back into the Pension Plan in order to enroll in the SUSORP. You are not permitted to make a direct transfer from the Investment Plan to the SUSORP (unless in a mandatory SUSORP position).

<sup>5</sup> Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.

<sup>6</sup> If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, your retirement benefit will be calculated based on your 5 highest years of pay, averaged.

<sup>7</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

<sup>8</sup> You cannot receive a distribution from any plan unless you have terminated all employment from all SUS or FRS-covered employment.



## Each Plan Has 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.

	Advantages	Disadvantages
<b>SUSORP</b>	<ul style="list-style-type: none"> <li>You vest in your benefit immediately upon signing a contract.</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 currently have five investment providers and more than 60 investment funds to choose from.</li> <li>You can choose to make voluntary pretax contributions to your account.<sup>1</sup></li> <li>You have access to your investment provider representative for financial guidance.</li> </ul>	<ul style="list-style-type: none"> <li>Any prior non-vested FRS Pension Plan service will not be vested until you return to FRS-covered employment and complete the vesting requirements.</li> <li>Your benefit may decrease in value if the investments you've chosen don't perform well.</li> <li>You must have enough discipline to take a long-term approach to investing.</li> <li>Disability insurance and Health Insurance Subsidy (HIS) benefits are not provided as part of the plan.</li> <li>You are not eligible for DROP.<sup>2</sup></li> <li>Your decision to choose the SUSORP is irrevocable as long as you continue employment with your current employer and are filling a position that is SUSORP-eligible.</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 SUSORP members' accounts or to increase the amount that employees contribute to their own SUSORP accounts.</li> </ul>

<sup>1</sup> SUSORP contract and investment product information (available from your University's Human Resources office or SUSORP investment providers).

<sup>2</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.



	Advantages	Disadvantages
<b>Investment Plan</b>	<ul style="list-style-type: none"> <li>You are vested<sup>1</sup> after 1 year of service.</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 a Self-Directed Brokerage Account.</li> <li>If you leave your job, you can keep your benefit growing by leaving it in the FRS or rolling 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 and in-line-of-duty survivor benefits if employed in a Special Risk Class position.</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>Your benefit may decrease in value if the investments you've chosen don't perform well.</li> <li>You must have enough discipline to take a long-term approach to investing.</li> <li>You need to actively monitor your investments.</li> <li>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>2</sup>.</li> <li>If you decide to use your 2<sup>nd</sup> Election to change to the Pension Plan, your Investment Plan account balance may not be sufficient to fully fund your Pension Plan account. You will be responsible for making up the difference using your personal resources.</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> <li>You cannot transfer from the Investment Plan directly into the SUSORP. You must use the 2<sup>nd</sup> Election (if available) to transfer to the Pension Plan before being enrolled in the SUSORP.</li> </ul>

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

<sup>2</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

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## Your Decision Counts

As you can see, there are many factors to consider when choosing a plan. Please take the time to learn as much as you can about your options, and make your decision carefully. Call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2 (TRS 711) or visit [MyFRS.com](http://MyFRS.com) for information about the FRS Investment Plan and Pension Plan, and ask your University's Human Resources office or SUSORP investment providers for SUSORP contract and investment product information.

### Pension Plan

#### Advantages

- You earn a guaranteed benefit if you spend your full career as a Pension Plan member.
- The SBA is responsible for investing the Pension Plan trust fund's investments.
- You will receive a benefit even if you retire early (benefit may be reduced).
- You cannot outlive your benefit.
- You can participate in DROP<sup>3</sup> if you're eligible.
- You are eligible for the Health Insurance Subsidy (HIS).
- You may be eligible for disability and in-line-of-duty survivor benefits.
- A cost-of-living adjustment will be applied to the portion of your benefit that is based on any service earned prior to July 1, 2011.
- You have access to the free, unbiased MyFRS Financial Guidance Program resources.

#### Disadvantages

- If you're a younger employee, it may take many years of service to build a large benefit.
- If you leave FRS-covered employment before you are vested with 8 years of service,<sup>1,2</sup> you will have no benefit.
- You have no say in how the money is invested.
- Benefits are paid monthly. There are no lump sums (except under DROP<sup>3</sup>).
- Your benefit is reduced if you choose early retirement.
- 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>1,2</sup> of FRS service credit. 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.
- 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.
- Beneficiary designation is limited.

<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 FRS 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.

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

This publication is a summary of the retirement plan options available to SUSORP-eligible State University System employees. It is not intended to include every program detail. Complete details can be found in Chapter 121, Florida Statutes, Title 60S and 60U, Florida Administrative Code, 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.