



WELCOME to the Florida Retirement System

for State University System SUSORP-Eligible Employees

YOUR Money YOUR Choice

• February 2010 •

You Have an Important Choice to Make!

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

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

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

Some Key Differences Between the Plans

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
Who is Eligible?	Faculty, Administrative and Professional (A&P), and support employees (USPS).	Faculty, Administrative and Professional (A&P), and support employees (USPS).	Faculty, and Administrative and Professional (A&P) employees.
Plan Type	A traditional retirement plan designed for longer-service employees.	A retirement plan designed for a more mobile workforce.	A retirement plan designed for a more mobile workforce.
Vesting	You qualify for a benefit after 6 years of service.	You qualify for a benefit after 1 year of service.	You qualify for a benefit immediately.
Contributions	Your employer contributes an amount determined by the state legislature. You cannot make contributions to this plan.	Your employer contributes an amount determined by the state legislature to your account (currently 9% for Regular Class employees). You cannot make contributions to this plan.	Your employer contributes an amount determined by the state legislature to your account (currently 10.42%). You have the option to make additional tax-deferred contributions up to the amount of your employer's contributions.
Your Benefit	Pays a guaranteed lifetime monthly benefit using a formula based on your service and salary while you are working for an FRS employer.	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.	

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 Pension and Investment Plans, along with a benefit comparison statement that includes your personal information. 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 the MyFRS.com website. You can learn more about the SUSORP by contacting your University's Human Resources office or SUSORP contract providers for SUSORP contract and investment product information.



Consider Your Length of Service

If you stay with an FRS employer for...

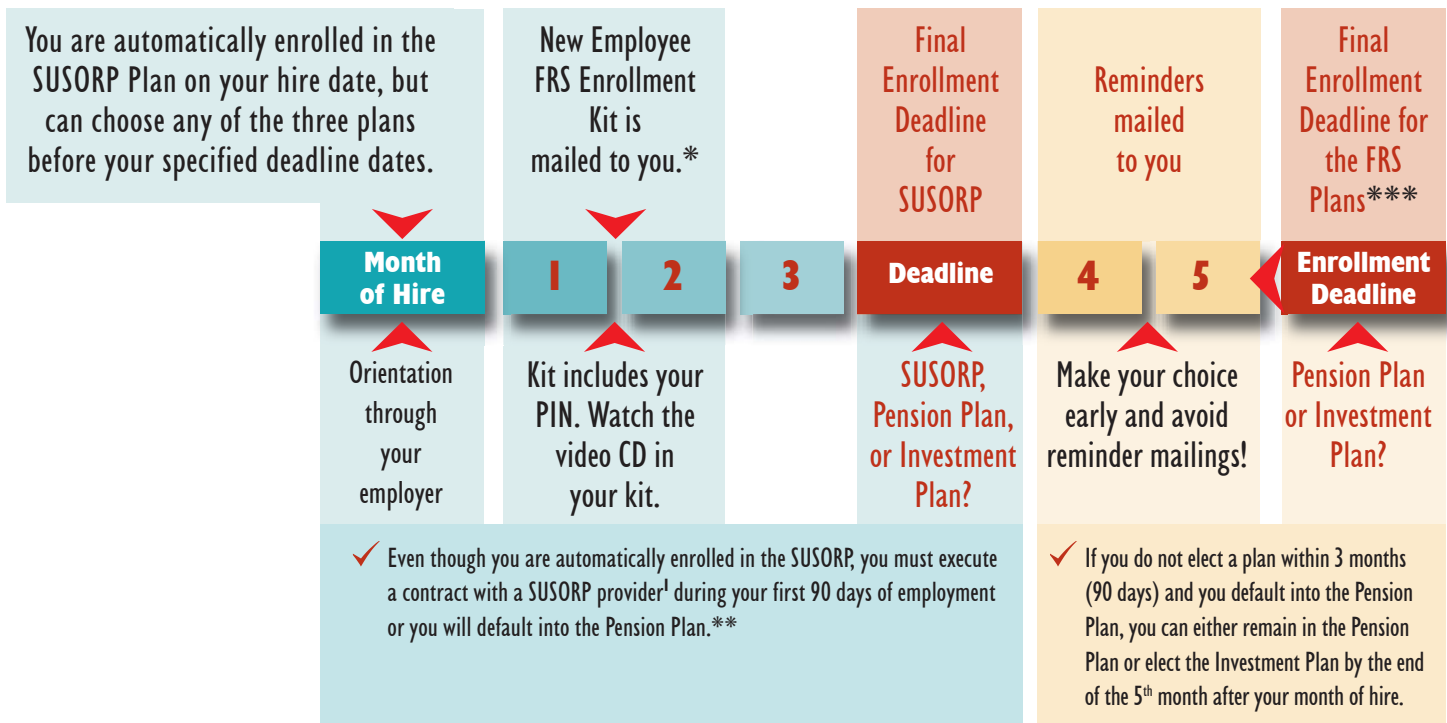
The best retirement plan for you...

Less than 1 year	Is likely to be the SUSORP plan (you would not be eligible for benefits under the FRS plans).
1 to 6 years	Is likely to be the Investment Plan or the SUSORP plan (you would not be eligible for benefits under the Pension Plan).
7 to 20 years	Depends on a number of factors.
More than 20 years	Depends on a number of factors, but is likely to be the Pension Plan.

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-covered employer.

You Have a Short Time in Which to Decide: Pension Plan, Investment Plan, or SUSORP?



* Make sure your employer has your correct mailing address to avoid delays.

** 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 either the Pension Plan or the Investment Plan, you will have a one-time second opportunity (known as your 2nd Election) during your FRS career to switch to the other FRS retirement plan. (The SUSORP is not available as a 2nd Election.)

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

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.

¹ SUSORP Contract and Investment Product Information (available from your University's Human Resources office or SUSORP contract providers).

See page 3 for enrollment tips available to you.



Florida Retirement System SUS Optional Retirement Program

Free Personalized Help is Available to You

FRS Plans

Visit MyFRS.com and review the New Hire Roadmap.

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

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

SUSORP

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

Enrollment Tip

- To enroll in the **SUSORP**, you *must* use the enrollment form (Form ORP-16) and execute a contract with a SUSORP provider¹ within the first 90 days of your election window. You **cannot** enroll in the SUSORP using the Financial Guidance Line or *MyFRS.com*.
- If you do not enroll in the SUSORP, you can enroll in an **FRS retirement plan** by your enrollment deadline using either the enrollment form (Form ORP-16), the Financial Guidance Line, or *MyFRS.com*.
- If you do not make an election by the last business day of the 5th month following your month of hire, you will automatically default into the **FRS Pension Plan**.

Plan Overview

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
Who contributes?	Your employer only.	Your employer only.	Your employer and you. You can choose to make voluntary tax-sheltered contributions to your SUSORP account, up to an amount equal to that contributed by your employer. Your employer might offer other qualified retirement plans to which you may be eligible to contribute.
How much does my employer contribute?	A fixed percentage of your gross monthly salary as determined by the state legislature.	A fixed percentage of your gross monthly salary (currently 9% for Regular Class employees).	A fixed percentage of your gross biweekly salary (currently 10.42%).
Where are the monthly contributions deposited?	Into a single pension trust fund for all FRS Pension Plan members.	Into an account that is established in your name by the FRS.	Into an account(s) that is established in your name by the contract provider(s) you choose.
Who invests the money?	The State Board of Administration of Florida manages the Pension Plan trust fund for all FRS employees. Investment results do not affect your benefit.	You allocate your employer contributions among a variety of investment funds designated by the FRS. Investment results will affect your benefit.	The FRS designates the contract providers. ¹ You decide how to allocate all contributions among the investment funds offered by the contract provider(s) you choose. Investment results will affect your benefit.
When am I vested in my benefit?	After 6 years of FRS service.	After 1 year of FRS service.	Immediately.

¹ SUSORP Contract and Investment Product Information (available from your University's Human Resources office or SUSORP contract providers).

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Plan Overview

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
What if I change jobs after vesting?	<p>If you go to work for another FRS employer, your Pension Plan benefit will continue to grow. If you go to work for a non-FRS employer, your Pension Plan benefit will be frozen until you begin receiving your monthly retirement benefit or you return to FRS-covered employment.</p>	<p>If you go to work for another FRS employer, you will remain enrolled in the Investment Plan and receive contributions from your new employer.</p> <p>If you leave FRS employment, you have the option of:</p> <ul style="list-style-type: none"> • Leaving your money in the Plan.* • Taking a distribution/rollover (in which case you will be considered retired).** <p>* Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.</p> <p>** Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.</p>	<p>If you go to work for another institution in the State University System in a SUSORP-eligible position, you'll remain enrolled in the SUSORP, unless you elect to participate in the FRS Pension Plan or Investment Plan during your first 90 days of employment. You must complete a new enrollment form.</p> <p>If you go to work for an employer that is not part of the State University System or the FRS, you can keep your benefit growing tax-deferred when you leave FRS employment, either by leaving it invested in your SUSORP account or rolling it over into another qualified retirement plan.</p> <p>Your distribution options are based on those offered by your contract provider(s). (See "How is my benefit paid to me at retirement?")</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 comprised of unbiased financial planners from Ernst & Young who can offer you knowledgeable, personalized assistance.</p>		<p>Talk to your tax advisor and contract provider(s) before taking a distribution.</p>
Can I switch plans after I make my initial election?	<p>Yes. You have a one-time 2nd Election that you can use during your FRS career to switch to the other FRS retirement plan, providing you are actively employed by an FRS-covered employer at the time your election is received.</p>		<p>No.</p>
How does my benefit/account grow?	<p>Your Pension Plan benefit grows slowly at first, and then, because the Pension Plan formula is based on the average of your highest years of pay and your total years of creditable service, it takes a steep climb near retirement age. A 30-year employee will earn over 50% of their benefit in the last 10 years of their FRS career.</p>	<p>Your Investment Plan benefit should accumulate steadily over your career, despite short-term ups and downs in the market. Your benefit ultimately depends on the investment returns earned on contributions. In the early years of your FRS career, most of your benefit comes from the contributions paid into your account by your employer. Over time your investment earnings may account for a larger portion of your account balance.</p>	<p>Your SUSORP benefit should accumulate steadily over your career, despite short-term ups and downs in the market. Your benefit ultimately 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 by your employer and you. Over time your investment earnings may account for a larger portion of your account balance.</p>

Plan Overview

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
<p>How is my retirement benefit calculated?</p>	<p>Your retirement benefit is a guaranteed benefit based on a formula that includes your:</p> <ul style="list-style-type: none"> • Age. • FRS membership class (e.g., Regular Class, Special Risk Class, etc.). • Years of FRS service. • An average of your five highest years of salary. 	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> • Employer contributions to your account. • Plus or minus investment returns (gains and losses). • Minus expenses and fees. 	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> • Employer contributions to your account. • Plus your voluntary employee contributions, if any. • Plus or minus investment returns (gains and losses). • Minus expenses and fees.
<p>How is my benefit paid to me at retirement?</p> <p>Note that you cannot receive a distribution from any plan unless you have terminated from all FRS employment.</p>	<p>Guaranteed monthly checks for life, increasing each July due to a 3% cost-of-living adjustment.</p> <p>You can choose payout options that provide continued monthly payments to your surviving beneficiary/joint annuitant.</p>	<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"> • Leave your money in the plan until age 70½, when mandatory distributions must begin. • Purchase an annuity that provides guaranteed monthly payments for life using all or part of your account balance. Surviving beneficiary and cost-of-living adjustment options are available. • Receive periodic distributions.* • Elect a lump sum when you retire or at any future date.* <p>* Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.</p>	<p>Depends on the options offered by your contract provider(s). SUSORP distribution options* are as follows:</p> <ol style="list-style-type: none"> 1. A lump-sum distribution. 2. A lump-sum direct rollover of your accrued benefits, including interest and investment earnings into another qualified plan. 3. Periodic distributions. 4. 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. 5. Other distribution options as allowed by your optional retirement program contract. <p>* Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.</p>
<p>Does the plan provide other benefits?</p>	<p>Yes, including DROP,² disability benefits,* and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>Yes, including disability benefits* and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>No. The higher employer contributions are designed to enable you to pay for your own health and disability coverage in retirement.</p>

² Deferred Retirement Option Program. Visit MyFRS.com for details.

* Reemployed retirees are not covered for disability benefits.

Important note: Your decision to elect the SUSORP is a one-time opportunity. 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 elect either the FRS Pension Plan or the FRS Investment Plan, you will have a one-time second opportunity (known as the 2nd Election) during your FRS career to switch to the other FRS retirement plan. (The SUSORP is not available as a 2nd Election.)



Each Plan Has Advantages and Disadvantages

All three retirement plans have advantages and disadvantages. The plan that's best for you (i.e., the one that will provide the highest income to you at retirement) will depend on your personal situation. Following are some pros and cons to consider for each plan.

	Advantages	Disadvantages
The FRS Pension Plan	<ul style="list-style-type: none"> • You earn a substantial benefit if you spend your full career as a Pension Plan member or start your FRS service later in life. • You don't have to worry about investing with this plan; the FRS and your employer bear all the investment risk. • You will receive a benefit even if you retire early. • You cannot outlive your benefit. • You can participate in DROP² 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. • You have access to the free, unbiased MyFRS Financial Guidance Program resources. • You will receive a 3% cost-of-living adjustment based on your monthly retirement benefit each July. 	<ul style="list-style-type: none"> • If you're a younger employee, it may take many years of service to build a large benefit. • If you leave FRS-covered employment after only a few years, you could end up with no benefit (you are not vested in the Pension Plan until you have completed 6 years of service) or a small benefit that may not be of much value to you in retirement. • You have no say in how the money is invested. • All your distribution options are monthly payments; there are no lump sums (except under DROP²). • Your benefit is reduced if you choose early retirement.

² Deferred Retirement Option Program. Visit MyFRS.com for details.

The FRS Investment Plan

Advantages

- You are vested after 1 year of service, rather than the 6 years it takes to vest in the Pension Plan.
- If you're a younger employee, your account balance has more time to grow.
- Your account could grow significantly if the underlying investments do well.
- You have a diversified choice of investment funds, including balanced funds, stock funds, bond funds, an Inflation-Protected Securities (TIPS) fund, and a money market fund.
- If you leave your job, you can keep your benefit growing by leaving it in the plan or rolling it over to another qualified retirement plan.
- Flexible distribution options are available.
- If you have a retirement plan benefit from a former employer, you may be able to roll it over to the Investment Plan.
- If you meet Health Insurance Subsidy (HIS) requirements, you may be eligible for the HIS.
- You may be eligible for disability benefits.
- You have access to the free, unbiased MyFRS Financial Guidance Program resources.

Disadvantages

- There is investment risk involved. Your benefit may decrease in value if the investments in your account don't perform well.
- You must have enough discipline to take a long-term approach to investing.
- You need to actively monitor your investments.
- Consider your age. If you're an older employee, you may not have enough time to accumulate a large account balance before you retire.
- You could outlive your benefit if you don't plan carefully or buy an annuity that provides a guaranteed monthly payment option for life.
- You're not eligible for DROP²
- If you decide to use your 2nd 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 is your responsibility to make up the difference using your personal resources.

² Deferred Retirement Option Program. Visit MyFRS.com for details.

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SUS Optional Retirement Program

Advantages

- You are vested in your benefit immediately upon signing a contract.
- If you're a younger employee, your account balance has more time to grow.
- Your account could grow significantly if the underlying investments do well.
- You currently have five contract providers and over 60 investment funds to choose from.
- You can choose to make voluntary tax-sheltered contributions to your SUSORP¹ account.
- You have access to your contract provider representative for financial guidance.

Disadvantages

- Any prior nonvested FRS Pension Plan service will not be vested unless you return to FRS-covered employment and complete the vesting requirements.
- There is investment risk involved. Your benefit may decrease in value if the investments in your account don't perform well.
- Disability insurance and Health Insurance Subsidy benefits are not provided as part of the plan.
- You are not eligible for DROP.²
- Your decision to choose the SUSORP is irrevocable. You cannot change your retirement plan election at a later date. You will remain in the SUSORP throughout your SUSORP-eligible career.

¹ SUSORP Contract and Investment Product Information (available from your University's Human Resources office or SUSORP contract providers).

² Deferred Retirement Option Program. Visit *MyFRS.com* for details.

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 FRS toll-free at 1-866-446-9377 (TRS 711) or visit *MyFRS.com* for information about the FRS Pension and Investment Plans, and ask your University's Human Resources office or SUSORP contract providers for SUSORP contract and investment product information.

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.