



## THINK TWICE BEFORE ROLLING OUT OF THE INVESTMENT PLAN

Are you thinking about rolling your Investment Plan account over to another retirement plan or an IRA? You might want to think twice or maybe three times. You may be making a costly mistake and giving up valuable benefits available to you only in the Investment Plan. Many financial companies, banks, credit unions, and insurance companies would love for you to roll over your Investment Plan account to them. Before making such an important decision, you should know exactly what benefits you may give up if you close your Investment Plan account. You can leave your funds in the Investment Plan after you terminate employment. You are **not** required to remove your funds or roll them over to another plan (exceptions exist for required minimum distributions or de minimis accounts).

- **Investment Plan Fees are Low** – Before you decide to roll your Investment Plan account to another plan, you should carefully compare fees to ensure that you are not paying excessive amounts for the same services and investments you can receive for less in the FRS Investment Plan. The investment management fees for the Investment Plan's retirement date funds average around 0.12% and the index funds average a little over 0.03%, some of the lowest fees available anywhere. Why should you care what fees are charged? Because it's your money that pays these expenses, not your employer's or anyone else's. The fees and expenses come straight out of your investment income. The following chart compares the investment and administrative fees you would pay for comparable investment funds in the Investment Plan versus the fees charged at other actual investment companies:

Fee Comparison Investment Plan Funds versus Other Comparable Company's Funds								
	Target Date Income Fund	Target Date 2030 Fund	Target Date 2050 Fund	Money Market	Bond Index	US Stock Index	Foreign Index	Annual Maintenance Fee
FRS Investment Plan	.16%	.10%	.08%	.06%	.05%	.02%	.03%	\$24
Company A	.51%	.52%	.53%	NA	.07%	.04%	.42%	\$0
Company B	.16%	.17%	.18%	.16%	.07%	.05%	.14%	\$20
Company C	.16%	.16%	.16%	.42%	.20%	.10%	.20%	\$0
Company D	.56%	.72%	.75%	.53%	.30%	.30%	.45%	\$30
Average Mutual Fund Fee	.47%	.76%	.77%	.33%	.24%	.29%	.25%	NA

Data obtained from company websites in December 2015 and Morningstar.

- **Investment Plan Fund Performance** – Over the past 5 years ending November 30, 2015, for comparison purposes only, the investment options in the FRS Investment Plan have performed reasonably well versus similar types of mutual funds, as the following chart shows:

5 Year Performance Comparison Investment Plan Funds versus Similar Mutual Funds							
	Target Date Income Fund	Target Date 2030 Fund	Target Date 2050 Fund	Money Market	Bond Index	US Stock Index	Foreign Index
FRS Investment Plan	4.61%	7.98%	8.87%	0.22%	3.23%	14.20%	4.76%
Mutual Funds	5.51%	7.89%	9.73%	0.04%	2.92%	14.03%	5.12%

Data obtained from Morningstar. Past performance does not guarantee future results. The returns for the FRS Retirement Income, FRS 2030 Retirement, and FRS 2050 Retirement funds, which had an inception date of 7-1-2014, are based on the target weight of the underlying managers/funds that would have been in place if the funds had been in place during the 5 year time period.

- **Other Fees to Consider** – As an inactive Investment Plan member, you will pay annual investment management fees ranging from 0.02% to 0.63% and a \$6 quarterly administrative fee. We have reviewed some products Investment

Plan members have rolled their funds into and found some of them to be expensive. For example, one product annually charges investment fees ranging from 0.52% to 1.33%, a mortality and expense charge equal to 1.50% of the account, an administrative expense charge equal to 0.15% of the account, an annual contract administrative charge of \$30, and a withdrawal charge ranging from 8.0% to 0.0%, depending on the number of years since the purchase was made. Although this product lies on the extreme as far as fees are concerned, you are cautioned to be aware of all fees you will incur prior to making any final rollover decisions.

- **10% Penalty** – If you retire during or after the year you reach age 55 you will not be subject to a 10% excise tax on any withdrawals from the Investment Plan. However, if you roll your Investment Plan account to an IRA, the 10% tax exception will not transfer to a subsequent distribution from that IRA. You will be subject to the 10% tax on any withdrawals from that IRA unless you wait until you are at least age 59½ or another exception applies. If you roll your Investment Plan account to another 401(a), 403(b) or governmental 457(b) that accepts it, the 10% tax exception may apply if you separate from service with the employer maintaining that plan during or after the year you reach age 55.
- **Protection from Creditors** – Your Investment Plan account is not subject to assignment, execution, attachment, or any legal process.<sup>1</sup> If you roll your Investment Plan account to other qualified plans, you may have limited protection.
- **Unbiased Financial Planners** – Keeping your balance in the Investment Plan enables you to continue having free access to the unbiased financial planners at the MyFRS Financial Guidance Line for help in managing your account. Unlike some other plans, you will not be pressured to buy other products or services.
- **Multiple Distribution Options Available** – Other plans may offer fewer payout options than you have available through the FRS Investment Plan. In the Investment Plan you can receive your distribution as periodic payments, a lump sum payment, rollover, fixed guaranteed annuities, or any combination of these payout options.
- **You Own Your Vested Investment Plan Account, Not the State** – Once you are vested in your account, you are entitled to your Investment Plan account upon termination. The State of Florida cannot take these funds from you and use them for other purposes.<sup>2</sup> Some employees have expressed concern that if they leave their account balance in the Investment Plan after they terminate, the State of Florida could use these funds to balance the budget, or otherwise confiscate them, which is incorrect. Such action by the State would violate both state and federal laws, and would subject the FRS to losing its qualified plan status.
- **Roll Eligible Funds Into the Investment Plan** – If your reason for rolling your money out of the Investment Plan is because you cannot make ongoing contributions to your Investment Plan account, you may want to consider leaving your Investment Plan account invested and make ongoing contributions to an outside account (e.g., IRA). At a later date, you can roll these funds into the Investment Plan. You can also roll eligible funds from other qualified retirement plans back into the FRS Investment Plan.
- **You will be Considered Retired if You Take a Distribution** – If you receive any distribution from your Investment Plan account, including a rollover, you are considered a retiree. You cannot be reemployed with an FRS-participating employer in any capacity for the first 12 calendar months after taking a distribution without suspending your retirement benefits. If you return to FRS-covered employment after taking a distribution you will **not** be eligible for renewed membership in the FRS.

### Get Free Help Before You Decide!

Even if you've already made plans for your money, please review your options with an unbiased financial planner. That conversation could save you money. CALL the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2 (TRS 711) and VISIT MyFRS.com.

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<sup>1</sup> Exceptions exist for a Qualified Domestic Relations Order (QDRO), income deduction orders as provided in s. 61.1301, Florida Statutes, and federal income tax levies.

<sup>2</sup> The only way you can lose your vested retirement benefits is if, prior to retirement, you commit a crime specified by Florida Statutes as requiring forfeiture of benefits.