

An FRS Investment Plan member may have named you as a beneficiary of his or her assets in the FRS Investment Plan. This package is designed to help you understand your distribution options so you can make the most informed decision possible. Please carefully review the following information and complete the Distribution Claim Form.

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## SPECIAL GUIDELINES FOR BENEFICIARIES OF A MEMBER WHO HAD BEGUN BENEFIT PAYMENTS

If the Member **had already begun** to receive benefits payments, your options are limited to the following:

1. You may continue to receive the same payment option as the Member, subject to the minimum distribution rules.
  2. You may elect a new payment option, **provided that payments are made at least as rapidly as those paid to the Member**
  3. You may receive the remaining account balance in a single lump sum payment.
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## GUIDELINES FOR BENEFICIARIES OF MEMBERS WHO HAD NOT BEGUN BENEFIT PAYMENTS

If the Member **had not yet begun** to receive benefit payments, the following are key areas for your consideration:

- **WHEN TO BEGIN BENEFIT PAYMENTS**

The earliest you may begin to receive benefit payments is three calendar months after the date of death. You may delay your initial benefit payment as follows:

**If you are the Surviving Spouse**, the latest your initial benefit payment may be delayed is the later of:

- o December 31<sup>st</sup> of the calendar year immediately following the calendar year in which the Member's death occurred, or
- o The end of the calendar year in which the Member would have attained age 70 ½.

**If you are NOT the Surviving Spouse.**

In accordance with Internal Revenue Service (IRS) rules, non-spousal beneficiary accounts cannot be held indefinitely in the FRS Investment Plan. The amount of time a non-spousal beneficiary has before benefits must commence are more restrictive than for a spousal beneficiary. All limits are derived from IRS Code Section 401(a)(9), the minimum required distribution rule.

For a non-spousal beneficiary, there are two rules, depending upon whether payments from the account had begun to be paid to the member before his or her death:

- o Where distributions have already begun to the member, but the member dies before his or her entire interest has been distributed, the remaining portion of the account must be distributed to a non-spousal beneficiary at least as rapidly as under the method of distribution being used as of the date of the member's death.
- o If a member dies before the distribution of the member's interest has begun, the entire interest of the member must be distributed **within 5 years** after the death of the member, unless (1) the member's interest will be distributed over the life of the designated non-spousal beneficiary (or over a period not extending beyond the life expectancy of such beneficiary), and (2) such distributions begin no later than 1 year after the date of the member's death.

Note: The non-spousal beneficiary must decide within 1 year if he or she wants to take lifetime installment or annuity payouts (the IRS regulations describe how to calculate the payout); otherwise, everything must be distributed within 5 years after the member's death.

**Beneficiaries Who Are Minors:**

According to Florida law, a minor is a child under the age of 18. Section 744.301 F.S. allows for the natural guardian (surviving parent) to handle benefits involved in any instances in which the amount does not exceed \$15,000, without court appointment, authority or bond. If the amount exceeds \$15,000, a Court appointment will be required prior to payout of any benefit to the minor. You will be required to submit a copy of the minor's birth certificate.

- **HOW LONG YOU MAY RECEIVE BENEFITS:**

The entire balance may be distributed to you over a number of years not to exceed your actuarial life expectancy, which is determined by using an actuarial table prepared by the U.S. Department of the Treasury.

- **BENEFIT PAYMENT OPTIONS**

There are numerous ways in which you may receive your benefit payments. You may take a one-time full withdrawal of the Plan Account balance, a partial withdrawal of the Plan Account balance, establish a regular periodic payment of benefits, or defer receiving your benefits until a later date or when payments are required by law. As long as there is a balance in the Plan Account, you may change your payment option by contacting the MyFRS Financial Guidance Line at 1-866-446-9377 (TRS 711) to be connected to the FRS Investment Plan Administrator. Additional information about the FRS Investment Plan can also be found at MyFRS.com.

The following is a brief description of each benefit payment option.

**Full Withdrawal**

This option provides that the entire Plan Account balance be paid to you in one lump sum. Should you take a lump sum payment you will no longer be a member in the FRS Investment Plan.

**Partial Withdrawal**

This option provides for a partial lump sum payment of the Plan Account balance. The remainder may be paid out through regular periodic payments that you select, such as monthly, quarterly, semi-annually or annually. You may also defer payment of the remainder of the Plan Account balance and take additional partial lump sum payments when you need additional funds, subject to the time limitations during which you may receive benefit payments as previously outlined.

**Periodic Payments**

This option allows you to establish a regular payment schedule of benefits. You may select periodic payments to be made monthly, quarterly, semi-annually or annually.

If you select a periodic payout option, you should be aware of the following:

- The amount of each benefit payment will be calculated by dividing the Plan Account balance on the date of your benefit payment by the remaining number of payments. Therefore, the amount of the benefit payment may change with each payment.
- If the Plan Account has multiple funds and sources, the periodic withdrawal amount will be prorated among all funds and sources in the Plan Account.

The number of years over which the payments are made cannot exceed your life expectancy, which is determined by an actuarial table prepared by the U.S. Department of the Treasury.

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## ADDITIONAL INFORMATION FOR BENEFICIARIES

- **TAX WITHHOLDING**

The amount of federal income tax that is withheld depends on which benefit payment option you select.

- **20% Federal Income Tax Withholding (Mandatory)**

- Full withdrawal
- Partial Withdrawal
- Periodic payments of less than 10 years  
(Except Required Minimum Distributions)

- **10% Federal Income Tax Withholding (Default)\***

- Periodic payments scheduled for 10 years or more.
- Required Minimum Distributions

\*Note: The 10% federal income tax withholding is not mandatory and can be adjusted to either a higher or lower amount.

After the close of the year, a Form 1099-R will be sent to you for tax reporting purposes.

If you need more information concerning federal income tax withholding, please review the enclosed Special Tax Notice Regarding Plan Payments.

- **DIRECT DEPOSIT**

If you elect to receive regular periodic payments or a full withdrawal, you may have your payment automatically deposited to your checking, savings, or credit union account if your financial institution is a member of the Automatic Clearing House (ACH). If you wish to use direct deposit for such an account, you must contact the institution and ensure you have all the necessary coding and documentation for an ACH transaction.

- **DEFERRING BENEFITS**

If you are the Surviving Spouse, you have the option to defer receiving your benefits until a later date, but you must begin receiving your benefit payout no later than April 1 in the calendar year after the Member would have attained age 70½. Each of the benefit payment options previously discussed will be available to you should you choose this deferral. However, the amount of your total annual benefit payment must equal or exceed the federal Required Minimum Distribution (RMD). An additional benefit payment will be sent to you in December of any year in which your total periodic payments for that year do not equal or exceed your RMD.

- **ROLLOVER OF PLAN ASSETS TO ANOTHER PLAN**

If you are the Surviving Spouse, you may roll over the Plan Account assets to another 401(a), 401(k) or a 403(b) plan, or to an Individual Retirement Account or Roth IRA (taxable event). If you are a Non-Spouse, you may roll over the Plan Account Assets to an Inherited Traditional IRA or Inherited Roth IRA (taxable event). The tax consequences, distribution options, investment options, and participation costs in each may differ from the FRS Investment Plan. You are encouraged to examine the expenses, requirements, and limitations of any plan to which you are contemplating a rollover of the Plan assets. The Death Benefit Distribution Claim form may be used to initiate a rollover request.

- **HEALTH INSURANCE SUBSIDY BENEFIT (HIS)**

If you are the Surviving Spouse, designated as the beneficiary, you may be eligible for the Health Insurance Subsidy (HIS) benefit. It is the Surviving Spouse's responsibility to contact the Division of Retirement to inquire about the HIS benefits. It is important to apply timely for HIS benefits, as the law limits retroactive HIS payments to 6 months of benefits, once the Division of Retirement receives and approves an application. Please contact the Bureau of Retirement Calculations at 866-446-9377, Option 3 for information regarding this benefit.

- **ABILITY TO CHANGE BENEFIT PAYMENT OPTIONS**

You may change your benefit payment schedule at any time. Benefits can be increased or decreased or additional partial withdrawals may be taken in addition to your regular periodic payment at any time you need additional funds. Up to 12 additional partial withdrawals may be taken each year and each must be at least \$25.

- **ADDITIONAL IMPORTANT NOTES**

- As the beneficiary, you can designate another beneficiary of your Investment Plan. However, your beneficiary will be required to take a full distribution of the account. If you are the beneficiary of a beneficiary, you must take a full distribution of your Investment Plan account.
- If a full withdrawal is not selected, you may continue to transfer existing Plan investments from one investment fund to another while continuing to share in the performance of the fund(s). There are trading restrictions on some of the available funds in the Investment Plan. Further details are available using the help information below.
- If your account balance in the Investment Plan is greater than \$1,000, your account will be assessed a \$6.00 maintenance fee quarterly.
- In order to be a member of the Investment Plan, your account must be greater than \$1,000.

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### THERE IS HELP IF YOU NEED IT

Please review this package very carefully and weigh all of your options before selecting your Benefit Distribution Option. If you have any questions, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711). You will be connected to the FRS Investment Plan Administrator. Also, additional information about the FRS Investment Plan can also be found at MyFRS.com. You need to complete the following form and return it to the FRS Investment Plan Administrator.

# Death Benefit Distribution Claim Form



## Investment Plan Member Information

Member's Name \_\_\_\_\_ Member's Social Security Number \_\_\_\_\_  
 Date of Member's Death \_\_\_\_\_ Was the Member receiving  
 distributions from this plan?  Yes  No

## Beneficiary Information

Beneficiary's Name \_\_\_\_\_ Beneficiary's Social Security Number \_\_\_\_\_  Male  Female  
 Beneficiary's Address \_\_\_\_\_ Relationship to Member \_\_\_\_\_  
 Beneficiary's Address \_\_\_\_\_ Beneficiary's Date of Birth \_\_\_\_\_  
 City State \_\_\_\_\_ Zip \_\_\_\_\_ Beneficiary's Phone Number \_\_\_\_\_

## Benefit Payment Options – Choose One

Each beneficiary is only entitled to the percentage of the account designated to him/her by the Member.

- 1. **I am not required to receive a benefit payment at this time and I wish to defer payments until further notice or when minimum distributions are required.**
- 2. **Full Withdrawal** - Payment is subject to mandatory 20% federal income tax withholding.
- 3. **Partial Withdrawal** \$\_\_\_\_\_ - Payment is subject to mandatory 20% federal income tax withholding.
- 4. **Periodic Payments Only** (Processed on the last business day of each month)

Month Periodic Payments to begin: \_\_\_\_\_  
 Fixed time period of \_\_\_\_\_ years (not to exceed your life expectancy)

**OR**

For My Life Expectancy\* \_\_\_\_\_ Frequency: Monthly \_\_\_ Quarterly \_\_\_ Semi-annually \_\_\_ Annually \_\_\_

[For beneficiaries electing Periodic Payments that are scheduled for 10 years or longer, please choose a federal income tax withholding rate:

- 10% default  Other – please indicate amount: \_\_\_\_\_ %]

Direct Deposit via ACH is available for the above withdrawal options. If Direct Deposit is not selected the check(s) will be sent to the address provided in the Beneficiary Information above. The information below is required for Direct Deposit.

Account Type:  Checking  Savings Routing #: \_\_\_\_\_ Account #: \_\_\_\_\_

## 5. **Rollover ()**

- Process a check to my rollover institution for my full Plan Account Balance
- Process a check to my rollover institution for a portion of my Plan Account balance in the amount of \$\_\_\_\_\_. The remaining balance of my account should be sent directly to me.

Make check payable to: \_\_\_\_\_  
 Financial Institution

For Benefit of: \_\_\_\_\_  
 Name of Spousal Beneficiary



# Death Benefit Distribution Claim Form

For Option 5 above, check(s) will be sent to the address provided in the Beneficiary Information Section above. If ACH deposit information is completed below, the non-rollover portion will be deposited directly into your designated account.)

Account Type:  Checking  Savings Routing #: \_\_\_\_\_ Account #: \_\_\_\_\_

**Certification of Eligibility** (the following must be completed by the financial institution noted above).

We sponsor a plan eligible under Internal Revenue Code Sections 457(b), 401(a), 401(k), 403(b) or an Individual Retirement Account and the plan (sponsor) receives plan-to-plan transfers.

\_\_\_\_\_  
Name of Authorized Personnel

\_\_\_\_\_  
Signature of Authorized Personnel for Plan Sponsor

**\*Note:** Life expectancy is calculated using an actuarial table prepared by the United States Department of the Treasury.

**Authorization**

I understand I have a right to receive and review the Special Tax Notice Regarding Plan Payments no less than 30 days prior to, and no more than 90 days prior to this distribution. However, if I elect to receive this distribution before the end of the 30-day minimum notice period, this election shall constitute a waiver of my rights to the 30-day notice requirement.

I understand that these funds are taxable to me in the tax year I receive them. I understand that these funds may not be rolled over to a 401(a), 401(k) or 403(b) plan, or to another deferred compensation plan, unless I am the spouse of the deceased member. I have read the death benefit instructions and understand the requirements. I attest that the information I provided on this form is true. I understand that I may be subject to civil and criminal liability for any false statement on this form, any papers attached to or related to this form, or my claim under the Plan.

\_\_\_\_\_  
Beneficiary's Signature

\_\_\_\_\_  
Date

**SECTION TO BE COMPLETED BY:**

**NOTARY PUBLIC**

STATE OF \_\_\_\_\_  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

Personally Known \_\_\_\_\_  
OR  
Produced Identification \_\_\_\_\_  
Type of Identification Produced \_\_\_\_\_

\_\_\_\_\_  
Signature of Notary Public (NOTARY SEAL)  
\_\_\_\_\_  
Printed Name of Notary Public

**OR**

**SIGNATURE GUARANTEED**

\_\_\_\_\_  
Signature Guarantor:

(AUTHORIZED OFFICER TO PLACE STAMP HERE)

\_\_\_\_\_  
Title/Name of Institution

**Please return this form and a Certified Copy of the Member's Death Certificate to:**

FRS Investment Plan Administrator  
PO Box 785027  
Orlando, FL 32878-5027

*If you have any questions, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711) to be connected to the FRS Investment Plan Administrator. Additional information about the FRS Investment Plan can also be found at MyFRS.com.*