





FRS Pension Plan and FRS Investment Plan: *What's the Difference?*



YOUR
money
YOUR
future



Before you can make your retirement plan selection, it's important to know what the key differences are between the two Florida Retirement System (FRS) plan options. Here's a highlight of those differences to help you better understand how both plans work.

| |  FRS Pension Plan |  FRS Investment Plan |
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| How does the plan work? | Your retirement benefit is a guaranteed benefit based on a formula that includes your: <ul style="list-style-type: none"> • age • FRS membership class (e.g., Regular Class, Special Risk Class, etc.) • years of FRS service • 5 years of highest pay, averaged | Your retirement benefit is based on your account balance, which equals: <ul style="list-style-type: none"> • employer contributions to your account • <i>plus</i> investment returns • <i>minus</i> expenses, fees and losses |
| Who makes the monthly contributions? | Your employer only. | Your employer only. |
| Where do the contributions go? | Monthly contributions (based on a % of your salary) go into a single pension trust fund for all FRS members. | Monthly contributions (based on a % of your salary) go into an account set up in your name. |
| Who invests? | The State Board of Administration manages the Pension Plan trust fund for all FRS employees. | The State Board of Administration has chosen an assortment of investment funds from which you can select where to allocate employer contributions. You can change your investment elections at any time. |
| Who assumes investment risk and reward? | The FRS and your employer. Investment results <i>do not</i> affect your benefit. | You. Investment results <i>do</i> affect your benefit. |
| What other factors affect my benefit? | The length of your FRS service is most important, but salary growth, FRS membership class, vesting, inflation, your age at hire and retirement, how long you live after retiring, and DROP participation also make a difference. | |
| When do I become vested in my benefit? | After 6 years of FRS service. | After 1 year of FRS service. If you choose to transfer the present value of your accrued Pension Plan benefit into the Investment Plan, the transferred portion of your benefit will vest on the Pension Plan's 6-year schedule. |
| What happens to my benefit if I leave my job? | If you go to another FRS employer, your benefit will continue to grow. If you leave FRS employment after vesting, your benefit will be frozen until you return to FRS employment or until you begin to receive an early or normal retirement benefit. | If you leave your job, you can keep your benefit in the FRS, where it will remain invested. Or, you can transfer your account to another retirement plan. Either way, it has the opportunity to grow. You can also elect to cash out your benefit when you leave, but you may be subject to tax penalties for taking an early withdrawal. |
| How is my benefit paid to me? | Payment is by guaranteed monthly checks for life beginning at retirement and automatically increased each July by a 3% cost-of-living adjustment. Other options provide for continued payments to your surviving beneficiary/joint annuitant. | You have flexible payment options. It can be a lump sum — payable when you leave or on any future date you choose. You can also buy guaranteed monthly annuity checks for life with <i>all</i> or <i>part</i> of your account balance, with surviving beneficiary and cost-of-living adjustment options available. |
| What about DROP? (Deferred Retirement Option Program) | You're eligible for DROP after reaching normal retirement eligibility. | You're not eligible for DROP. |

Important note: After your Choice period, you'll have a second opportunity during your career with the FRS to switch retirement plans.

Remember, this is just a highlight of some of the differences between the two plans. For a more detailed comparison, go online to MyFRS.com and select the *Find Answers* tab.



The MyFRS Financial Guidance Program — Great Resources for You, No Matter Which Plan You Choose

By Phone: MyFRS Financial Guidance Line, 1-866-44-MyFRS (1-866-446-9377; or TTY: 1-888-429-2160) — representatives available 9 a.m. – 8 p.m. (Eastern time) Monday – Friday, except holidays · ***Online:*** MyFRS.com · ***Employee Workshops:*** offered during your Outreach period