

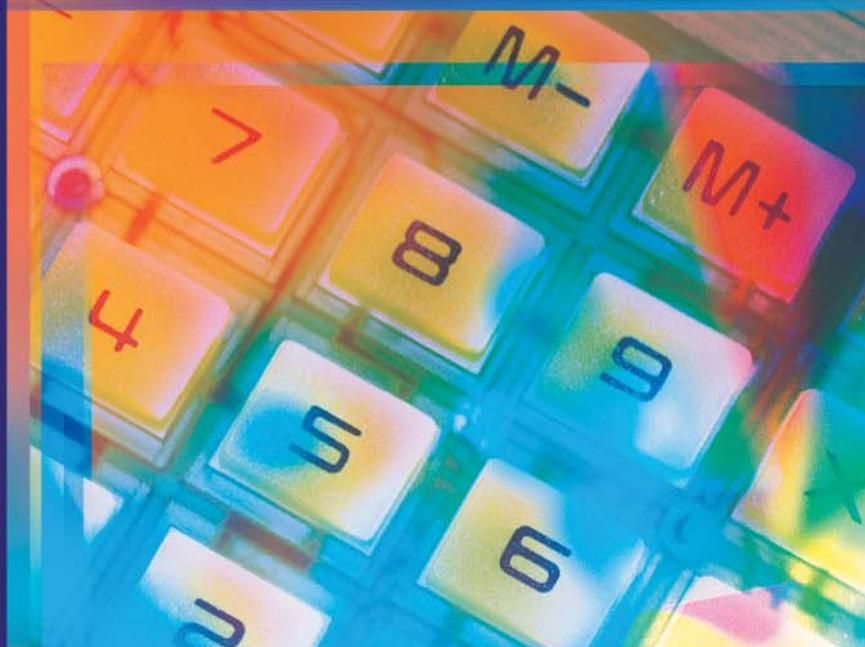


# FRS Employer TOOLKIT

EMPLOYER'S GUIDE to FRS Retirement Plan Basics

YOUR Money YOUR Choice

**MyFRS**  
Florida Retirement System





# FRS Employer Toolkit

## The Employer's Guide to FRS Retirement Plan Basics

A comfortable retirement is the goal for most employees. It's the reason they work for the majority of their adult life. That's why Florida Retirement System (FRS) membership may well be the most valuable benefit you provide to your employees.

The Employer Toolkit was developed to answer your needs as an FRS employer. The Toolkit is your comprehensive guide to information about education, procedures, and resources relating to the two FRS retirement plans.

Although you should not advise your employees to select one plan over the other, you play a key role in guiding them throughout their career. The Employer Toolkit can help you steer your employees to the right resources at the right time and give you the tools to address their questions and concerns. Use the Employer Toolkit to:

- ✓ Review procedures.
- ✓ Find out about training sessions and workshops.
- ✓ Become familiar with all of the free FRS resources and publications.
- ✓ Look up answers to frequently asked employee questions.

Information about the other Optional Retirement Programs and Optional Annuity Programs is located under Tab 7.

### Employer Contact Information

**Call the FRS Employer Assistance Line**  
toll-free at **1-866-377-2121**.

**Ernst & Young** representatives (Option 1) are available  
from 9:00 a.m. to 8:00 p.m. ET

**Division of Retirement** staff (Option 2) is available  
from 8:00 a.m. to 5:00 p.m. ET

**Aon Hewitt** representatives (Option 3) are available  
from 9:00 a.m. to 8:00 p.m. ET

Representatives are available Monday through Friday, except holidays.

**Visit MyFRS.com**

For information about the Deferred Retirement Option Program (DROP), visit [MyFRS.com](http://dms.myflorida.com/human_resource_support/retirement/employee_page/deferred_retirement_option_program_drop) or  
[http://dms.myflorida.com/human\\_resource\\_support/retirement/employee\\_page/deferred\\_retirement\\_option\\_program\\_drop](http://dms.myflorida.com/human_resource_support/retirement/employee_page/deferred_retirement_option_program_drop)

Turn to page 5-15 (Tab 5, page 15) for details about FRS partner companies.

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## Employer Overview

### Resource CD Contents

The Resource CD contains the following files and links to information on *MyFRS.com*. You will be alerted about any updates to the CD's contents via the Employer website at *MyFRS.com* and through the FRS Employer Newsletter.

#### Tab 1 ➔ Employer Overview

- Links to the Choice Deadline Timeline in a variety of graphic files you can use for print and electronic publications.
  - High resolution files:
    - ChoiceDeadlineTimeline06-07.jpg
    - ChoiceDeadlineTimeline06-07.tif
  - Low resolution file:
    - ChoiceDeadlineTimeline06-07.gif
- Link to the Employer Training Seminars information.

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## Plan Basics

#### Tab 2 ➔ Plan Basics

- Links to PDFs of plan comparison charts on *MyFRS.com*. You can print these documents or use them as attachments in electronic communications.
  - FRSPPlansKeyDifferences.pdf
  - FRSPPlansOverview.pdf
  - FRSPPlansAdvantagesandDisadvantages.pdf

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## New Employee Orientation

#### Tab 3 ➔ New Employee Orientation

- The New Employee Orientation PowerPoint presentation allows you to access and view or print the “notes” pages as a resource for your orientations. In addition, you can launch the New Hire Video through this CD.
  - Orientation Brochure PDF
  - FRSNewEmployeeOrientation06-07.ppt
  - FRS New Hire Retirement Choice Video

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## The 2<sup>nd</sup> Election

#### Tab 4 ➔ The 2<sup>nd</sup> Election

- The scripted Understanding the 2<sup>nd</sup> Election PowerPoint presentation allows you to access and view or print the “notes” pages as a resource for explaining the 2<sup>nd</sup> Election.
  - FRS2ndElection06-07.ppt

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## FRS Resources

#### Tab 5 ➔ FRS Resources

- These links on the CD will connect you to the following sites within *MyFRS.com*:
  - “Resources” link connects you to the Resources site on *MyFRS.com*, where you can access forms, publications, and more.
  - “Workshop” link connects you to the current workshop schedule on *MyFRS.com*.
  - “Your Guide to FRS Resources” brochure link connects you to the PDF of a 2-page brochure describing the free MyFRS Financial Guidance Program resources.

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## Frequently Asked Questions

#### Tab 6 ➔ Frequently Asked Questions

- Link to the searchable FAQs and Knowledgebase at the Employer site on *MyFRS.com*.

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## Other Optional Programs

#### Tab 7 ➔ Other Optional Programs

- Link to the State University System Optional Retirement Program (SUSORP) brochure. The brochure describes the SUSORP and the two FRS plans, and illustrates the choice deadlines.
- Link to the Division of Retirement for more information about SUSORP, SMSOAP, and the other optional plans ([www.dms.myflorida.com/human\\_resource\\_support/retirement/optional\\_plans](http://www.dms.myflorida.com/human_resource_support/retirement/optional_plans)).



## Employer Overview

This section provides an overview of:

- ✓ Employee deadlines for plan choice
- ✓ Your roles and responsibilities
- ✓ Action steps for a successful orientation
- ✓ Available materials
- ✓ Employer training seminars
- ✓ Recruiting tips

### ToolTip • Employer Contact Information

**Call** the toll-free FRS Employer Assistance Line  
1-866-377-2121, Monday to Friday, except holidays

**Ernst & Young and Aon Hewitt**  
9:00 a.m. to 8:00 p.m. ET

**Division of Retirement**  
8:00 a.m. to 5:00 p.m. ET

**Visit** [MyFRS.com](http://MyFRS.com), select Employers

## FRS Employee Enrollment Timeline

As the person responsible for new employee orientation, you have many things to do when a new employee first comes on board. There are forms to fill out, job training to do, and health and welfare enrollments to complete, to name just a few. The FRS recognizes the enormity of your responsibilities, and those of your new employees. That is why the timeline for electing a retirement plan is longer—to give you and your employees more time. Please help to reinforce your employees' deadlines.

Employees have 5 months from their month of hire to select a plan. Exact deadline dates are listed on the back page of each quarterly FRS Employer Newsletter, available on the FRS Employer site at [MyFRS.com](http://MyFRS.com). FRS employees who do not make an active retirement plan election by their deadline date will automatically default into the FRS Pension Plan.

For your reference, the decision timeline on the next page describes the materials your employees receive during this period. Please refer to the FRS Resources section (Tab 5) for descriptions and pictures of the materials. You can print the listed materials or request copies by visiting the Employer site at [MyFRS.com](http://MyFRS.com) or calling the FRS Employer Assistance Line.

Note that FRS employees have a one-time 2<sup>nd</sup> Election they can use to switch retirement plans during their FRS career. Members must be actively employed and earning retirement service credit in order to use the 2<sup>nd</sup> Election. The 2<sup>nd</sup> Election is explained under Tab 4.

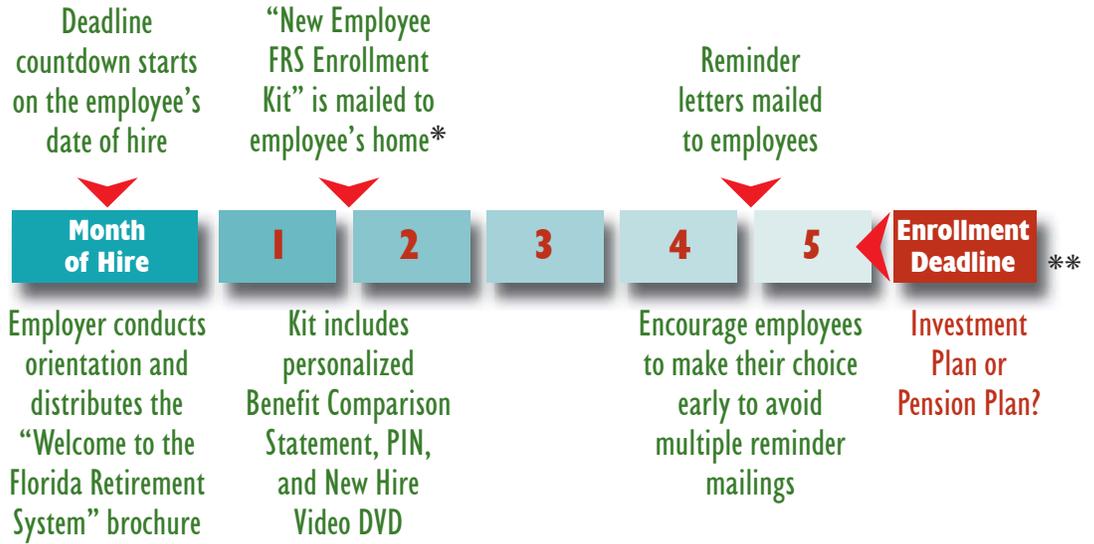
### ToolTip

If you think the FRS Investment Plan is the best plan for you, enroll right away. Depending on your membership class and as soon as administratively possible, you may begin receiving higher contributions to your Investment Plan account the month after your enrollment election is received **if** the current contribution rate is higher than the uniform blended rate.



# 1

## EMPLOYER OVERVIEW



\* It's important to submit the correct and complete data for new employees on the next payroll report following the employee's date of hire. Remind your employees to keep their address of record current to avoid delays.

\*\* 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month after the employee's month of hire.

### ToolTip • New Employee Certification Form

Before you hire any new employee, you should require the employee to sign and date a New Employee Certification Form (available on [MyFRS.com](http://MyFRS.com) by clicking on "Employer Home" and scrolling down to "Employer Forms" and choosing the form named CERT). When a new hire signs the form, they are certifying that they have not retired\* from any State of Florida-administered retirement plan or have not concluded participation in the Deferred Retirement Option Program within the preceding 12 months.

Your organization may be jointly liable for the repayment of any retirement benefits paid if you hire a retiree in violation of the reemployment after retirement provisions.\*\* Keep the signed form in the employee's personnel file. Do not send it to the FRS unless you are asked to do so.

By signing this form, a new employee certifies that they have not retired from the FRS, TRS, or SCOERS in the 12 months prior to their hire date with your organization. Retirees who are within this period may not be eligible to be rehired. It is recommended that all new employees sign this form when they are hired.

\* An employee is considered retired if they are receiving monthly benefits under the FRS Pension Plan or have taken any distribution under the FRS Investment Plan or optional non-FRS plans (e.g., Community College, University, or State Senior Management Optional Retirement Plans).

\*\* The "Working After Retirement" flyer and "FRS Investment Plan Summary Plan Description" (available online at [MyFRS.com](http://MyFRS.com) under "Resources," then "Publications") can help you to determine when former Investment Plan members can receive a distribution of their account balance and the conditions under which they can return to FRS-covered employment. If you have questions concerning the reemployment provisions, please call the toll-free Employer Assistance Line at 1-866-377-2121, Option 1.



## Your Roles and Responsibilities

You play an important role in helping your employees understand the value of the retirement plan choice they need to make, as well as the timeframe in which they need to make it. There are expert resources available for both you and your employees. However, as one of the first points of contact for your employees, you should:

### 1. Become knowledgeable about each plan.

- Learn the basics, such as how the plans differ and the choice deadlines. (See Tab 2.)
- If you need additional information or answers to questions, visit *MyFRS.com*.

### 2. Use the New Employee Orientation PowerPoint presentation (Tab 3) to explain the value of each plan, without bias to either one. The presentation will help you:

- Explain the importance of making an active election.
- Point out the possible advantages and disadvantages of both plans.
- Explain that their retirement income will be different under each plan in terms of account value, payout, and the need to manage the funds in their account.
- Encourage employees to carefully evaluate both options. They do not have to guess at potential outcomes. They can contact the MyFRS Financial Guidance Line or visit *MyFRS.com* to “model” likely scenarios (not available to those who had initial FRS service prior to age 16 or at age 75 and older).

### ToolTip • The 7 Habits of Highly Effective Orientations

1. **Distribute** and review the FRS Retirement Options for New Employees brochure. You can request copies of this brochure by calling the Employer Assistance Line (also available online at *MyFRS.com*).
2. **Make sure you have a copy** of your new hire’s completed and signed Certification Form (see the ToolTip on page 1-2 [Tab 1, page 2]).
3. **Show the FRS New Hire Video**, a concise overview of the FRS retirement plans that answers most employee questions, as part of your new hire orientation.
4. **Direct** employees to the free MyFRS Financial Guidance Program resources: the MyFRS Financial Guidance Line (1-866-446-9377) and the website (*MyFRS.com*).
5. **Give** employees the EZ Enrollment form, but tell them to take advantage of all the free MyFRS Financial Guidance Program resources before they complete and submit an enrollment form. Let them know that the New Employee FRS Enrollment Kit will be mailed to their home address.
6. **Promote** the importance of making an active and informed plan choice. When an employee’s enrollment deadline is nearing, consider sending them a reminder email along with a link to the new hire video, available at *MyFRS.com*.
7. **Emphasize** the deadline of 4:00 p.m. on the last business day 5 months after the employee’s month of hire. (Actual deadline dates are listed on the back page of the Employer Newsletter.) Remind employees to submit their forms to Aon Hewitt, not their employer.



## Your Roles and Responsibilities

### 3. Encourage all eligible FRS-covered employees to attend a workshop if one is scheduled.

- Explain that the workshops will address many of their questions and concerns in plain language.
- Workshops give them the chance to ask specific questions and hear the answers firsthand from the experts.
- The workshops are conducted by experienced, unbiased financial planners – not by people trying to sell insurance or investment products.
- Know when and where workshops are scheduled. The workshop schedule is available at *MyFRS.com*. You can schedule a workshop for your employees by calling the Employer Assistance Line.

### 4. Familiarize yourself with the many FRS resources available to your employees.

- New Employee FRS Enrollment Kit: Includes plan details, deadlines, resources, policies, an investment guide (for the Investment Plan), a personalized Benefit Comparison Statement, wallet cards, and other materials.
- Employee workshops.
- MyFRS Financial Guidance Line (1-866-446-9377 or Telecommunications Relay Service (TRS) 711).
- MyFRS website.
- CHOICE SERVICE: This interactive tool allows employees to project benefits under both Plans and determine which Plan is best for them. The CHOICE SERVICE can be accessed either online at *MyFRS.com* or by speaking to a financial planner at the MyFRS Financial Guidance Line.

### 5. Emphasize the importance of making an informed, personal decision.

- Their decision will have a significant effect on their financial future.
- If employees take no action, they are leaving a critical decision about their financial future in someone else's hands.
- The goal is for every FRS-eligible employee to make an active election.
- The FRS has no financial interest in which Plan they choose.
- Encourage your employees to discuss their situation with an experienced, unbiased financial planner at the MyFRS Financial Guidance Line, free of charge. The more they learn about saving and investing, the better prepared they will be to make a sound decision.
- Please remind employees that before they select any investment funds or make an election, they need to review the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the "Investment Funds" section at *MyFRS.com*.

### 6. Never offer financial advice.

- Don't tell employees that one Plan is better than the other. Explain the benefits of both Plans, along with the pros and cons of each.
- Do not tell them what you would do. Your situation is likely to be very different from theirs.
- Never provide investment advice or guidance. You could face legal liability for giving investment advice.
- Direct your employees to the MyFRS Financial Guidance Program resources.



## Available Materials

The following is a list of materials for employees. Refer to the Resources section (Tab 5) for details about each one. These materials can be ordered and/or downloaded through the Employer site at [MyFRS.com](http://MyFRS.com).

### 1. Use the free resources developed specifically for new employee orientations.

- *Your Money Your Choice Welcome to the Florida Retirement System orientation brochure:* Give one to each new hire. You can order a supply by calling the FRS Employer Assistance Line or through the Employer site at [MyFRS.com](http://MyFRS.com).
- *New Hire Video:* Show it at your new-employee orientations. The video is included on the Resource CD in this Toolkit. A video CD is included in the New Employee FRS Enrollment Kit that's mailed to employees' homes. The videos can also be viewed online at [MyFRS.com](http://MyFRS.com).

- *Wallet Cards:* Two wallet cards listing the free MyFRS resources are also included in the New Employee FRS Enrollment Kit.
- *New Employee Orientation PowerPoint Presentation:* A scripted PowerPoint presentation is located in the New Hire Orientation section under Tab 3. The electronic file can be found on the Resource CD in this Toolkit.
- *Enrollment Forms for Regular and Special Risk employees:* Download and print the most recent version from [MyFRS.com](http://MyFRS.com). Employees who select the Investment Plan using the shorter EZ form (ELE-1-EZ.PDF) included in the New Employee FRS Enrollment Kit are automatically enrolled in the FRS Select Moderate Balanced Fund, but can change fund allocations after their account is activated. The longer form (ELE-1.PDF) requires the employee to state their fund allocations right on the form. The employee can change their fund allocations after their account is activated. Employees who select the Pension Plan can use either form to enroll.
- *Enrollment Forms for Other Classes:* Download and print the most recent version of the applicable form from [MyFRS.com](http://MyFRS.com).

### ToolTip • Two Great Resources for You

#### FRS Employer and Employee Newsletters

Be sure to read each issue of your quarterly FRS Employer Newsletter when it arrives. The newsletter provides quick updates and news you need to know. If you are not receiving the newsletter, you can ask to be placed on the email list by calling 1-866-377-2121, Option 1.

#### FRS Employer Reference Books

Detailed information about the FRS plans can be found in the Pension Plan Employer Handbook and the Investment Plan Employer Manual. These books were written for payroll staff, retirement coordinators, and other employees who may be responsible for the day-to-day duties associated with these plans. They are available in PDF format at [MyFRS.com](http://MyFRS.com) under the Employers site.



- *After making a plan choice or after their plan choice deadline passes, employees will receive:*

- A confirmation statement that confirms the plan they chose (or defaulted into) including the FRS resources brochure, Your Guide to FRS Resources.
- Investment Plan Members
  - Quarterly account statements and newsletters
  - Annual Personal Retirement Forecast Statements
- Pension Plan members
  - Member Annual Statements (MAS)
  - Annual Personal Retirement Forecast Statements
  - FRS Bulletin newsletters

#### ToolTip • Employee Workshops

The following workshops are available to all FRS-covered employees.

- ✓ New Employee Retirement Plan Choice Workshop
- ✓ Using the FRS to Plan for Your Retirement
- ✓ Nearing Retirement in the FRS
- ✓ FRS Investment Plan: Understanding Your Benefits
- ✓ Investment Planning for Everyone - The Basics
- ✓ Investment Planning for Everyone - The Details
- ✓ Estate Planning: Protecting Your Family
- ✓ Estate Planning: Caring for Your Loved Ones
- ✓ Insurance Planning: Protecting Your Loved Ones
- ✓ Cash and Debt Management: Smart Spending and Saving for Retirement
- ✓ Income Tax Planning: Smart Planning for Your Taxes
- ✓ Education Planning: Funding the Future
- ✓ Pension Plan Workshop
- ✓ DROP Workshop

More information about workshops is available at [MyFRS.com](http://MyFRS.com).

## 2. Direct new employees to these resources for answers to their plan choice questions.

- *The New Employee FRS Enrollment Kit:* Mailed to the homes of new employees around the end of their second month of employment.
- *Choice Deadline Reminders:* If an employee doesn't make an early plan choice, they will receive two reminder letters during the last month of their choice period.
- *Toll-free MyFRS Financial Guidance Line:* Employees should discuss their plan options with the experienced, unbiased financial planners from Ernst & Young. Division of Retirement counselors can also assist employees who are considering the Pension Plan.
- *MyFRS.com:* The website contains a wealth of plan choice information and tools, including the CHOICE SERVICE, which allows employees to project benefits under both plans and determine which plan is best for them.
- *Workshops:*
  - Ernst & Young conducts New Employee Retirement Plan Choice Workshops, as needed. If any employees are unable to attend a workshop, similar information is reviewed during Retirement Planning Workshops. The workshop schedule is available at [MyFRS.com](http://MyFRS.com) or you can call to schedule one at your location. These workshops are also available through online webcasts several times each year. Visit [MyFRS.com](http://MyFRS.com) for the schedule.
  - The Division of Retirement offers workshops on the Pension Plan and DROP.



**3. Know where employees can get information about the two plans, the 2<sup>nd</sup> Election option, DROP,\* and other retirement questions after they choose a plan.**

- *MyFRS Financial Guidance Line:* Members can use this toll-free line to speak with unbiased financial planners and retirement counselors about retirement and financial planning, investing, and DROP.
- *MyFRS.com:* This comprehensive site has tools and information about both plans, including the ADVISOR SERVICE, which allows the employee to create a picture of their current financial situation and obtain access to important retirement planning information.
- *2<sup>nd</sup> Election PowerPoint Presentation:* The PowerPoint presentation (Tab 4) is designed to help you explain the 2<sup>nd</sup> Election to your employees.
- *Workshops:* Ernst & Young conducts Investment Planning, Retirement Planning, New Employee Retirement Plan Choice, and other workshops throughout the year, as requested by employers. The Division of Retirement conducts workshops on the Pension Plan and DROP.
- *Printed Material:* You can access brochures, forms, and other information through *MyFRS.com*.

Note: Printed material and workshop schedules are updated from time to time. Please visit *MyFRS.com* or call the MyFRS Financial Guidance Line for the most current information.

\* DROP - Deferred Retirement Option Program.



## Employer Training Seminars

Employers are welcome to attend the free training seminars offered by the FRS.

### Pension Plan

The Division of Retirement offers training seminars to all FRS employers. Presenters explain the enrollment process, how contributions are made, and how benefits are determined under the Pension Plan.

### Investment Plan

The State Board of Administration also offers training seminars to all FRS employers. Presenters explain the enrollment process for new employees, the 2<sup>nd</sup> Election, Investment Plan features, and plan administration.

### Seminar schedule, maps, and directions

The Pension Plan and Investment Plan seminars are held at the SBA and the Division's offices in Tallahassee. The Pension Plan training lasts a complete day and the Investment Plan training lasts a half day. Schedules, maps and directions are available at *MyFRS.com* under the Employer Site. Additionally, the SBA offers employer seminars through online webcasts several times each year. Visit *MyFRS.com* for the schedule.

### ToolTip • Recruiting Tips

**Our retirement plans are a unique and valuable tool for recruiting new talent. Be sure to highlight these features and benefits when speaking with job candidates.**

- ✓ New employees can choose from two FRS retirement plans (in addition to the Hybrid Option for employees with prior FRS service). Most private-sector employers typically offer only one type of retirement plan.
- ✓ Employees can use a one-time 2<sup>nd</sup> Election to switch to the other plan during their FRS career. The opportunity to switch plans is rare in the private sector.
- ✓ Both retirement plans are funded by employee and employer contributions. Employees contribute 3% of their pretax salary regardless of the plan they choose, and they receive an employer contribution. For example, Regular Class employees in the Investment Plan receive a 3.3% annual employer contribution plus their own 3% contribution, for a total of 6.3% of their salary which is deposited into an account they control. In comparison, the average private-sector employer contribution is 3%–4% of salary, typically offered in the form of a match to the employee's contribution.
- ✓ The MyFRS Financial Guidance Program is a state-of-the-art suite of free services designed to help employees plan for retirement and manage their personal finances. This type of service is rarely offered by private-sector employers.



## Plan Basics

Understanding the differences between the two FRS retirement plans is key to your employees' ability to make a well-informed plan choice. Your employees may come to you with questions from time to time. This section provides you with a high-level comparison of the two plans, as well as a more detailed comparison that itemizes the differences, the advantages, and the disadvantages, feature by feature.

Always refer employees to the MyFRS Financial Guidance Line for assistance. If you have questions, please call the FRS Employer Assistance Line.

The charts on the following pages are also available on *MyFRS.com* in PDF format. There are links to these documents on the Resource CD included with this Toolkit. Feel free to share these charts with your employees.

### Here are some key differences between the plans.

	FRS Investment Plan	FRS Pension Plan
<b>Designed for</b>	A retirement plan designed for shorter service and more mobile employees.	A traditional retirement plan designed for longer-service career employees.
<b>Vesting</b>	Members qualify for a benefit after 1 year of service. Members are always fully vested in their own contributions as long as they remain in the Pension Plan. <sup>2</sup>	Members qualify for a benefit after 8 <sup>1</sup> years of service. Members are always fully vested in their own contributions as long as they remain in the Pension Plan. <sup>2</sup>
<b>Contributions</b>	FRS employers provide the majority of the FRS retirement plan contribution based on a fixed percentage of the member's gross salary (total employee and employer rate is 6.3% for Regular Class employees). A mandatory 3% pretax contribution is deducted from the member's paycheck and deposited into their retirement account.	FRS employers provide the majority of the FRS retirement plan contribution based on a fixed percentage of the member's gross salary as determined by the state legislature. A mandatory 3% pretax contribution is deducted from the member's paycheck and deposited into the retirement trust fund.
<b>Benefit</b>	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. Future plan cost increases could make it necessary for the Florida Legislature to reduce the amount that employers contribute to the plan, which may result in a lower benefit.	Pays a guaranteed lifetime monthly benefit using a formula based on the service and salary while the member is working for an FRS employer. Plan underfunding or future cost increases could make it necessary for the Florida Legislature to reduce benefits.

<sup>1</sup> Members who have any Pension Plan service prior to July 1, 2011 are subject to 6-year vesting. Members who join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service are subject to 8-year vesting.

<sup>2</sup> How a member's employee contributions are distributed or refunded to them depends on a number of factors, especially if they use their 2<sup>nd</sup> Election to switch plans in the future. Members can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.



## Plan Overview

	FRS Investment Plan	FRS Pension Plan
<b>Who contributes and how much?</b>	The FRS employer provides the majority of the member's FRS retirement plan contribution based on a fixed percentage of the member's gross salary (total employee and employer rate is 6.3% for Regular Class employees). A mandatory 3% pretax contribution is deducted from the member's paycheck and deposited into their retirement account.	The FRS employer provides the majority of the member's FRS retirement plan contribution based on a fixed percentage of the member's gross salary as determined by the state legislature. A mandatory 3% pretax contribution is deducted from the member's paycheck and deposited into the retirement trust fund.
<b>Where are the monthly contributions deposited?</b>	Into an investment account that is established in the member's name by the FRS.	Into a single pension trust fund for all FRS Pension Plan members.
<b>Who invests the money?</b>	Members can elect how to allocate their account balance among the funds available to Investment Plan participants. Members are responsible for managing their account and can change their investment elections at any time. Investment results will affect their benefit.	The State Board of Administration of Florida manages the Pension Plan trust fund for all FRS employees. Investment results do not affect benefits.
<b>When is the member vested in their benefit?</b>	After 1 year of FRS service. Members are always fully vested in their own contributions as long as they remain in the Investment Plan. <sup>2</sup>	After 8 <sup>1</sup> years of FRS service. Members are always fully vested in their own contributions as long as they remain in the Pension Plan. <sup>2</sup>
<b>What if the member changes jobs after vesting?</b>	If a member goes to work for another FRS employer, they will remain enrolled in the Investment Plan and contributions will continue to be made to their account. If they leave FRS employment, they have the option of: <ul style="list-style-type: none"> <li>Leaving their money in the Plan,<sup>3</sup> OR</li> <li>Taking a distribution and retiring.<sup>4</sup></li> </ul>	If a member goes to work for another FRS employer, their Pension Plan benefit will continue to grow. If they go to work for a non-FRS employer, their Pension Plan benefit will be frozen until they either begin receiving monthly retirement benefits or return to FRS-covered employment.

<sup>1</sup> Members who have any Pension Plan service prior to July 1, 2011 are subject to 6-year vesting. Members who join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service are subject to 8-year vesting.

<sup>2</sup> How a member's employee contributions are distributed or refunded to them depends on a number of factors, especially if they use their 2nd Election to switch plans in the future. Members can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

<sup>3</sup> Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.

<sup>4</sup> Cash distributions will be taxed according to the member's tax bracket. Penalties may apply depending on the member's age at distribution.

# 2 PLAN BASICS

### ToolTip

Employees who have already logged onto *MyFRS.com* will use the new User ID and password they created to log on in the future. First-time users will use the PIN on their original Benefit Comparison Statement to log in and create a User ID and password.

**Important:** Tell your employees to retain their original PIN. They will need it to log onto *MyFRS.com* the first time, reset their *MyFRS.com* account if they forget their User ID and/or password, and to take a distribution from the Investment Plan.



# 2

## PLAN BASICS

	FRS Investment Plan	FRS Pension Plan
<b>Can the member switch plans after making their initial election?</b>	Yes. The member has a one-time 2 <sup>nd</sup> Election that they can use during their FRS career to switch to the other FRS retirement plan, providing they are actively employed by an FRS-covered employer earning retirement service credit at the time their election is received.	
<b>How does the member's benefit/account grow?</b>	The Investment Plan benefit should accumulate steadily over the member's career, despite short-term ups and downs in the market. The member's benefit ultimately depends on how well they manage their account and the investment returns earned on contributions. In the early years of their FRS career, most of their benefit comes from the contributions paid into the account. Over time, the investment earnings may account for a larger portion of the member's account balance.	The Pension Plan benefit grows slowly at first, and then, because the Pension Plan formula is based on the average of the member's highest years of pay and total years of creditable service, it takes a steep climb near retirement age. A 33-year employee will earn over 50% of their benefit in the last 10 years of their FRS career.
<b>How is the member's retirement benefit calculated?</b>	<p>The member's retirement benefit is based on their account balance, made up of:</p> <ul style="list-style-type: none"> <li>• Employer and employee contributions to their account.</li> <li>• Plus or minus investment returns (gains and losses).</li> <li>• Minus expenses and fees.</li> </ul>	<p>The member's retirement benefit is a guaranteed benefit based on a formula that includes the member's:</p> <ul style="list-style-type: none"> <li>• Age.</li> <li>• FRS membership class (e.g., Regular Class, Special Risk Class, etc.).</li> <li>• Years of FRS service.</li> <li>• An average of their 8<sup>1</sup> highest years of salary.</li> </ul>

<sup>1</sup> If a rehired employee has any Pension Plan service prior to July 1, 2011, their retirement benefit will be calculated based on the average of their 5 highest years of salary.

### ToolTip

**Free personalized help is available to your employees. Please encourage them to use these resources.**

Employees can access the public areas of the website until they receive their New Employee FRS Enrollment Kit, which includes their PIN. Once they receive their PIN, members can use it to log onto the website and use the customized tools and calculators.

- ✓ Visit [MyFRS.com](http://MyFRS.com) and review the New Hire Roadmap.
- ✓ Call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (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 choice.
  - Select Option 3 to speak with a Division of Retirement counselor about the details of the Pension Plan.



# 2

## PLAN BASICS

### ToolTip Employer Contact Information

Call the toll-free  
FRS Employer Assistance Line  
1-866-377-2121,  
Monday to Friday, except holidays

**Ernst & Young and  
Aon Hewitt**

9:00 a.m. to 8:00 p.m. ET

**Division of Retirement**

8:00 a.m. to 5:00 p.m. ET

Visit [MyFRS.com](http://MyFRS.com), select  
Employers

	FRS Investment Plan	FRS Pension Plan
<p><b>How is the member's benefit paid at retirement?</b></p> <p>Note that the member cannot receive a distribution unless they have terminated from all FRS employment.</p>	<p>Flexible distribution options are available. As long as the member's balance is more than \$1,000, they can:</p> <ul style="list-style-type: none"> <li>• Leave their money in the plan until age 70½, when mandatory distributions must begin.</li> <li>• Purchase an annuity that provides guaranteed monthly payments for life using all or part of their account balance. Surviving beneficiary and cost-of-living adjustment options are available.</li> <li>• Receive periodic distributions.<sup>2</sup></li> <li>• Elect a lump sum when they retire or at any future date.<sup>2</sup></li> <li>• Roll it over into another qualified retirement plan.</li> </ul>	<p>Guaranteed monthly checks for life. Cost-of-living adjustment will be applied to the portion of the member's benefit that is based on service earned prior to July 1, 2011.</p> <p>The member can choose payout options that provide continued monthly payments to their surviving beneficiary/joint annuitant.</p>
<p><b>Does the plan provide other benefits?</b></p>	<p>Yes, including disability benefits and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>Yes, including DROP<sup>1</sup>, disability benefits, and retiree Health Insurance Subsidy (HIS) payments.</p>
<p><b>Can future funding increases impact future contributions and benefit levels?</b></p>	<p>Yes. 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 Investment Plan accounts.</p>	<p>Yes. As of the July 1, 2011 valuation, the Pension Plan had actuarial assets of \$126.1 billion and actuarial liabilities of \$144.1 billion, resulting in a plan funding level of 87.5%. 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.</p>

<sup>1</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

<sup>2</sup> Cash distributions will be taxed according to the member's tax bracket. Penalties may apply depending on the member's age at distribution.



## Each Plan Has Advantages and Disadvantages

Both retirement plans have advantages and disadvantages. The Plan that's best for your employees (i.e., the one that will provide the highest income at retirement) will depend on their personal situations. Following are some pros and cons employees should consider for each Plan.

### The FRS Investment Plan

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Members are vested<sup>1</sup> after 1 year of service, rather than the 8 years<sup>2</sup> it takes to vest in the Pension Plan.</li> <li>• If the member is a younger employee, their account balance has more time to grow.</li> <li>• The member's account could grow significantly if the underlying investments do well.</li> <li>• Members have a diversified choice of investment funds, including balanced funds, stock funds, bond funds, a Treasury Inflation-Protected Securities (TIPS) fund, and a money market fund. Before they select any investment funds, members need to review the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the "Investment Funds" section at <a href="http://MyFRS.com">MyFRS.com</a>.</li> <li>• If a member leaves their job, they can keep their benefit growing by leaving it in the Plan or rolling it over to another qualified retirement plan.</li> <li>• Flexible distribution options are available.</li> <li>• Members who have a retirement plan benefit from a former employer may be able to roll it over to the Investment Plan.</li> <li>• Members who meet Health Insurance Subsidy (HIS) requirements may be eligible for the HIS.</li> <li>• Members may be eligible for disability benefits.</li> <li>• Members have access to the free, unbiased MyFRS Financial Guidance Program resources.</li> </ul>	<ul style="list-style-type: none"> <li>• There is investment risk involved. The benefit may decrease in value if the investments in the member's account don't perform well.</li> <li>• Members must have enough discipline to take a long-term approach to investing.</li> <li>• Members need to actively monitor their investments.</li> <li>• Older employees may not have enough time to accumulate a large account balance before they retire.</li> <li>• Members could outlive their benefit if they don't plan carefully or buy an annuity that provides a guaranteed monthly payment option for life.</li> <li>• They're not eligible for DROP<sup>3</sup></li> <li>• If a member decides to use their 2<sup>nd</sup> Election to transfer to the Pension Plan, and their Investment Plan account balance is lower than the amount needed to fully fund their Pension Plan account, it is the member's responsibility to make up the difference using their personal resources. This "buy-in" cost could make transferring to the Pension Plan unaffordable.</li> <li>• Members are not eligible to apply for the Health Insurance Subsidy (HIS) until they have retired (received any distribution) and met the normal retirement age or service requirements of the Pension Plan for their class of membership.</li> </ul>

<sup>1</sup> A member is always fully vested in their own contributions, as long as they remain in the Plan they chose as a new employee. How a member's employee contributions are distributed or refunded to them depends on a number of factors, especially if they use their 2<sup>nd</sup> Election to switch plans in the future. Members can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

<sup>2</sup> Members who have any Pension Plan service prior to July 1, 2011 are subject to 6-year vesting. Members who join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service are subject to 8-year vesting.

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

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PLAN BASICS

#### ToolTip Rehired Retirees

Employees who took a distribution from their Investment Plan account or who started receiving monthly benefits from the Pension Plan are considered retired and may not be eligible for certain benefits upon being rehired (e.g., disability, DROP, or Special Risk membership). Call the Employer Assistance Line (Option 2) or refer to the Investment Plan Employer Manual for more information. Note: Renewed membership in the FRS is **not** available for individuals who retire and are initially reemployed on or after July 1, 2010.

## Each Plan Has Advantages and Disadvantages

### The FRS Pension Plan

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>• Members can earn a substantial benefit if they spend their full career as a Pension Plan member or start their FRS service later in life.</li> <li>• Members don't have to worry about investing with this plan; the SBA is responsible for managing the Pension Trust Fund's investments.</li> <li>• Vested members may receive a benefit even if they retire early.</li> <li>• Members cannot outlive their benefit.</li> <li>• Members can participate in DROP<sup>1</sup> if they are eligible.</li> <li>• Members are eligible for the Health Insurance Subsidy (HIS).</li> <li>• Members may be eligible for disability and In-Line-of-Duty survivor benefits.</li> <li>• A cost of living adjustment will be applied to the portion of the member's benefit that is based on service earned prior to July 1, 2011, if any.</li> <li>• Members have access to the free, unbiased MyFRS Financial Guidance Program resources.</li> </ul>	<ul style="list-style-type: none"> <li>• If the member is a younger employee, it may take many years of service to build a large benefit.</li> <li>• A member who leaves FRS-covered employment before they are vested will have no benefit (they are not vested in the Pension Plan until they have completed 8<sup>2,3</sup> years of service).</li> <li>• The member has no say in how the money is invested.</li> <li>• All distribution options are monthly payments; there are no lump sums (except under DROP<sup>1</sup>).</li> <li>• Member's benefit is reduced if they choose early retirement.</li> <li>• If the member decides to use their 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 they have 8<sup>2,3</sup> years of service credit under the FRS. If they terminate employment with fewer than 8<sup>2,3</sup> years of service credit, the amount transferred from the Pension Plan may be forfeited.</li> <li>• As of the July 1, 2011 valuation, the Pension Plan had actuarial assets of \$126.1 billion and actuarial liabilities of \$144.1 billion, resulting in a plan funding level of 87.5%. 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.</li> </ul>

<sup>1</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

<sup>2</sup> Members who have any Pension Plan service prior to July 1, 2011 are subject to 6-year vesting. Members who join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service are subject to 8-year vesting.

<sup>3</sup> A member is always fully vested in their own contributions as long as they remain in the plan they chose as a new employee. How a member's employee contributions are distributed or refunded to them depends on a number of factors, especially if they use their 2<sup>nd</sup> Election to switch plans in the future. Members can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

### ToolTip Election Status

To find out whether an employee made an active election, defaulted into the Pension Plan, or used the 2<sup>nd</sup> Election, call the Employer Assistance Line and select Option 3. Non-state agency employers can view this information online when they log onto the Employers site.



# Delivering a Successful New Employee FRS Orientation

The new employee orientation is one of the most important interactions you will have with your employees. The orientation often sets the tone for the employee's worklife and establishes the type of relationship they will have with your department. Although introducing the FRS retirement plans is only a small portion of your new employee orientation, the information is very important to each employee's financial health.

The FRS has developed a number of resources to help you understand and explain the retirement plans. This toolkit contains a Resource CD where you'll find these new-employee orientation resources:

- 1. Orientation Brochure.** If you haven't already done so, hand out the YOUR Money YOUR Choice, Welcome to the Florida Retirement System brochure. This brochure provides new hires with an overview of the FRS plans, along with an enrollment timeline.
- 2. The New Hire Retirement Choice Video (located on the Resource CD).** This video provides an excellent overview of the FRS retirement plans and the plan choice timeline. It presents a consistent message to all FRS employees and serves as a basic introduction to the plans.

Even though a Video CD is sent to employees as part of their New Employee FRS Enrollment Kit in addition to being accessible through *MyFRS.com*, it is recommended viewing during your New Employee Orientation. If you have the time and viewing equipment available, you should run the video during orientation.
- 3. The New Employee FRS Enrollment PowerPoint Presentation (located on the Resource CD).** The PowerPoint presentation can be used during orientation, either following the New Hire Retirement Choice Video CD or on its own. The PowerPoint presentation was designed to enable you to be in charge. Time permitting, you can use this presentation in its entirety, use the abbreviated version (included on the Resource CD), or extract and show the individual slides that you consider most important to your employee population.

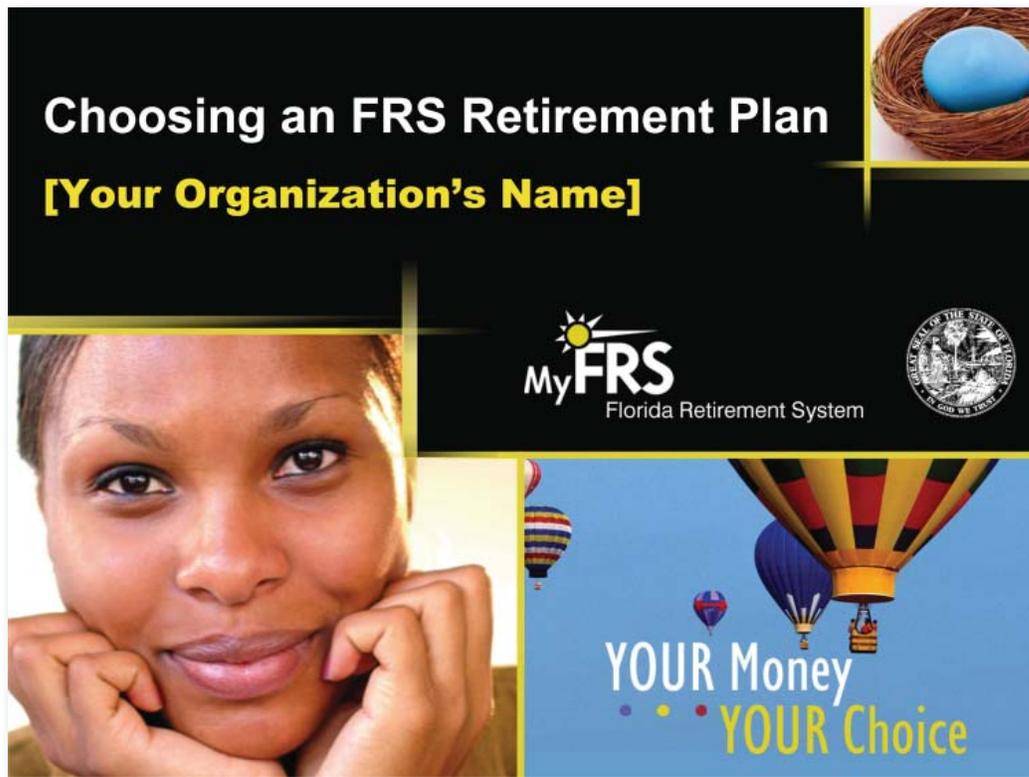
If you are not the person who is responsible for the new hire orientation, please share the Video on the Resource CD and PowerPoint with the person who is responsible for this function.

## ToolTip • About the PowerPoint Presentation

The slides in the PowerPoint presentation are used as a visual guide to help the audience follow along. The text on the slides is intentionally brief, in order to support the oral presentation. You want your audience to listen to you, rather than reading lengthy text from the slides.

You can read the companion script (included on the Notes pages of the PowerPoint presentation) word for word, or adapt it to fit your style. The script supplements the slides with information that is too detailed to include on a slide — especially when the slides are viewed from a distance.

If you use both the new hire Video CD and the PowerPoint presentation, it is recommended that you show the Video CD first.



Welcome to the Florida Retirement System! [NAME OF ORGANIZATION] is an FRS employer. This means we make retirement plan contributions on your behalf to the Florida Retirement System to help you prepare for a financially secure retirement.

**ToolTip**

Throughout the PowerPoint presentation, you will find [bracketed “place holders”] where you can insert your organization or department name, as appropriate.



## You Have an Important Choice to Make!

  
**Investment  
Plan**

**OR**

  
**Pension  
Plan**

MyFRS Financial Guidance Line at 1-866-446-9377

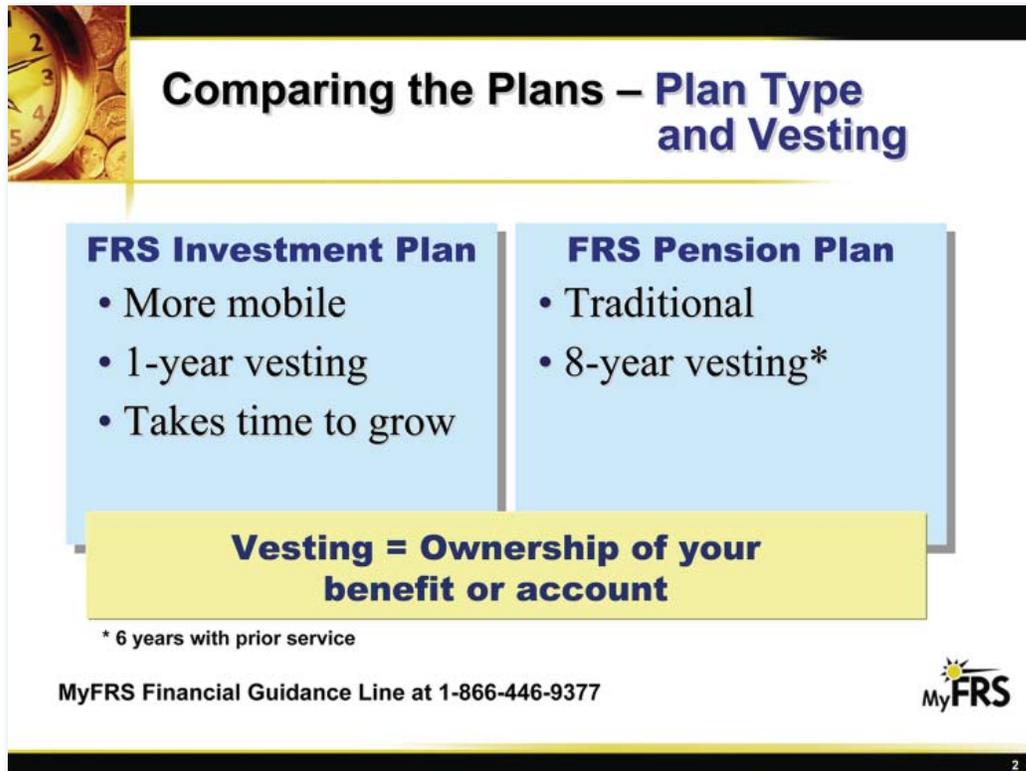


- As a new employee covered by the FRS, you are strongly encouraged to choose one of two retirement plans: the FRS Investment Plan or the FRS Pension Plan.
- You and [NAME OF ORGANIZATION] contribute to the plan you choose.
- Only you can decide which plan makes the most financial sense for your situation. There are a lot of things to consider before you choose a plan. I will walk you through the key differences between the plans and review your enrollment timeline and deadline. We'll also cover the free resources that can help you make a sound decision.

### **ToolTip • Printing PowerPoint Notes**

To print the “notes” pages of a PowerPoint presentation:

- Go to the “File” menu and choose “Print.”
- A dialog box will appear. Where you see “Print what:” choose “Notes Pages” from the pull-down menu.
- Click “OK.”



## Comparing the Plans – Plan Type and Vesting

<p><b>FRS Investment Plan</b></p> <ul style="list-style-type: none"> <li>• More mobile</li> <li>• 1-year vesting</li> <li>• Takes time to grow</li> </ul>	<p><b>FRS Pension Plan</b></p> <ul style="list-style-type: none"> <li>• Traditional</li> <li>• 8-year vesting*</li> </ul>
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**Vesting = Ownership of your benefit or account**

\* 6 years with prior service

MyFRS Financial Guidance Line at 1-866-446-9377



- Vesting is the amount of time you need to work for an FRS-covered employer in order to “own” your benefit. Your length of FRS-covered service is one of the most important factors you should consider. You are always fully vested in your own contributions, as long as you remain in the Plan you elect as a new employee.
- The **Investment Plan** is designed for a more mobile workforce that may change employers several times during their career.
  - If you elect the **Investment Plan**, the contributions that [Name of Organization] makes to your account will be vested after 1 year of service. So, if you go to work for a non-FRS-covered employer after completing a year of service, you own all of the money in your Investment Plan account: your contributions plus the employer contributions plus any investment earnings.
  - If you’re a younger employee, your account balance has more time to grow. In fact, your account could grow significantly if the underlying investments do well.
- The **Pension Plan** is a traditional retirement plan designed for longer-service employees or employees starting their FRS career later in life.
  - If you elect the **Pension Plan**, you will vest after completing 8 years of service, if you do not have prior Pension Plan service. If you have Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. This means that if you leave FRS-covered employment prior to vesting, you will not be eligible for a pension benefit.
  - However, based on a number of factors, you may be eligible to receive a refund of your employee contributions, especially if you use your 2<sup>nd</sup> Election to switch Plans. We recommend that you call the MyFRS Financial Guidance Line if you have any questions.



## Comparing the Plans – Contributions

### FRS Investment Plan

- Employer and employee
- Individual, portable account
- You control investments

### FRS Pension Plan

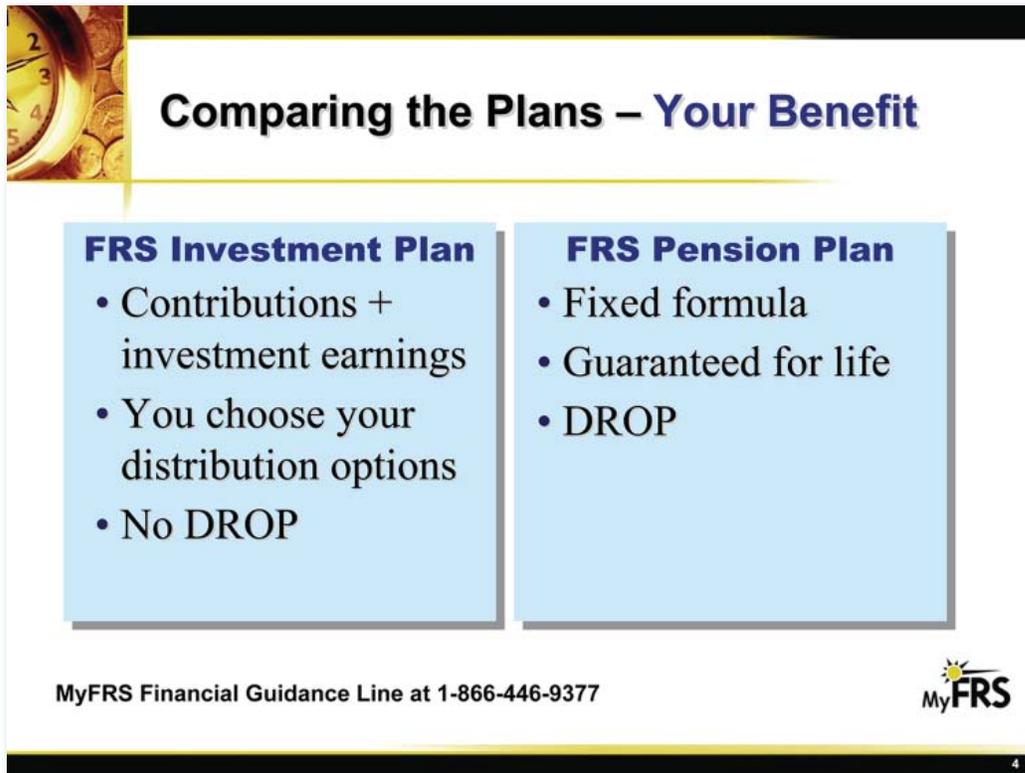
- Employer and employee
- Single pension trust fund
- Plan controls investments

MyFRS Financial Guidance Line at 1-866-446-9377



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- Regardless of the Plan you choose, you make pretax contributions equal to 3% of your salary. The state legislature determines the amount that FRS-covered employers contribute.
- **Investment Plan** contributions are deposited in your individual account.
  - The money contributed to your account by [NAME OF ORGANIZATION] is yours to keep after you work for an FRS-covered employer for at least 1 year. As we mentioned on the previous slide, your contributions are always yours, even if you leave employment prior to completing 1 year of service.
  - You can allocate the contributions among investment funds designated by the FRS, including balanced funds, stock funds, bond funds, a Treasury Inflation-Protected Securities (TIPS) fund, and a money market fund. Investment results will affect your benefit.
  - Before you make an election or select any fund you should review the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the “Investment Funds” section at *MyFRS.com*.
- **Pension Plan** contributions go into the Pension Plan trust fund.
  - You don’t have to worry about investing with this Plan; the FRS and [NAME OF ORGANIZATION] bear all the investment risk. In fact, investment results will not affect your benefit.



## Comparing the Plans – Your Benefit

FRS Investment Plan	FRS Pension Plan
<ul style="list-style-type: none"> <li>• Contributions + investment earnings</li> <li>• You choose your distribution options</li> <li>• No DROP</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed formula</li> <li>• Guaranteed for life</li> <li>• DROP</li> </ul>

MyFRS Financial Guidance Line at 1-866-446-9377



- Your **Investment Plan** benefit depends on the amount of money you and your employer contribute to your account and on your account's growth over time.
  - You are eligible to receive a distribution of your account balance when you leave FRS-covered employment. **You** determine how your money is distributed. In fact, if your account balance is more than \$1,000, you can leave it in the Plan.
  - The Deferred Retirement Option Program (DROP) is not available to you.
- As a **Pension Plan member**, your retirement benefit is a guaranteed benefit for life, based on a formula that includes your age, FRS membership class, years of FRS-covered service, and the average of your 8 highest years of salary. If you have any Pension Plan service prior to July 1, 2011, your benefit is calculated based on the average of your 5 highest years of salary.
  - When you are eligible to retire, you will receive a guaranteed monthly benefit for your lifetime.
  - You can enter the DROP when you retire. DROP is available to Pension Plan participants once they become vested and reach their normal retirement date and age. You can get more information about this program at [MyFRS.com](http://MyFRS.com).



## Consider Your Length of Service

Stay with FRS employer for:

**1 to 8 years\***

**9 or more years\***

Consider:

**The Investment Plan**

**Best Plan = many factors**

\* 1–6 years or 7 or more years if you have Pension Plan service before July 1, 2011

MyFRS Financial Guidance Line at 1-866-446-9377

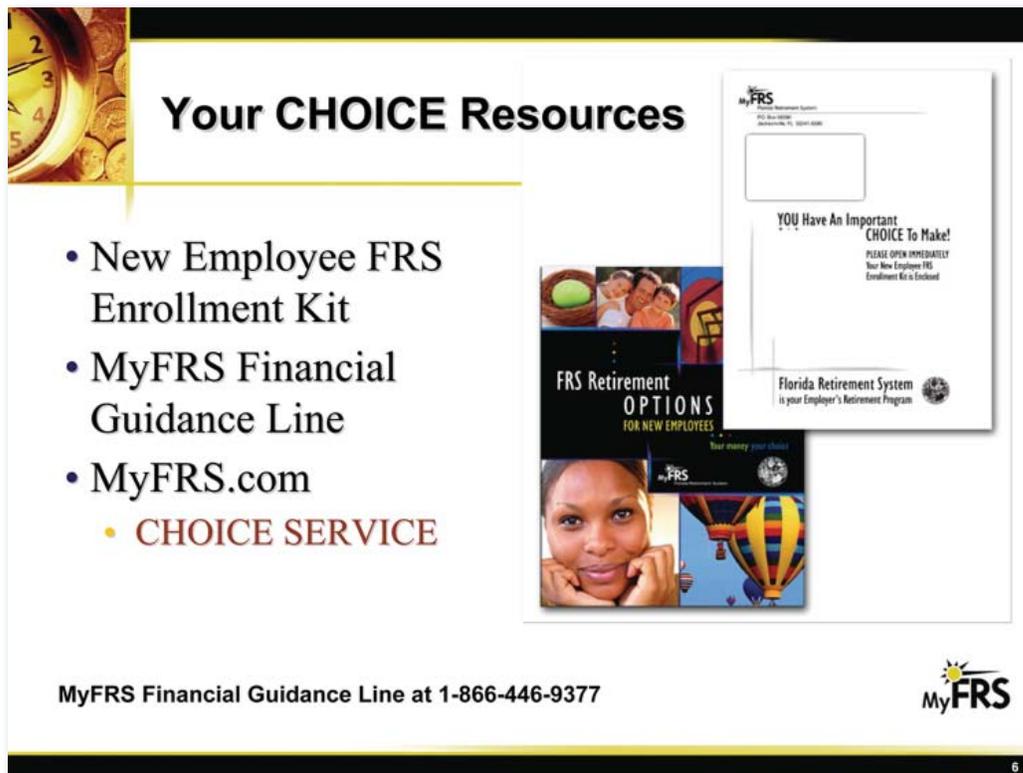


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- Your Plan decision is likely to be based on the length of time you expect to work for an FRS-covered employer, so try not to overestimate or underestimate your anticipated length of service. On average, members work for FRS-covered employers for 1 to 10 years.
- **1 to 8 years:**
  - If you expect to work for an FRS-covered employer for less than 8 years, consider the Investment Plan – your entire account balance is yours to keep after 1 year of service.
  - If you choose the Pension Plan, you will not be eligible for a retirement benefit before completing 8 years of service. However, you will be entitled to a refund of your own contributions (without interest).
- **9 or more years:** If you think you will work for an FRS-covered employer for 9 or more years, you need to consider many factors. You can call the MyFRS Financial Guidance Line and speak with a financial planner to get free, unbiased assistance.
- No matter what your career plans are, we encourage you to call the toll-free MyFRS Financial Guidance Line and speak with a financial planner. He or she can help you with retirement **and** personal financial planning.

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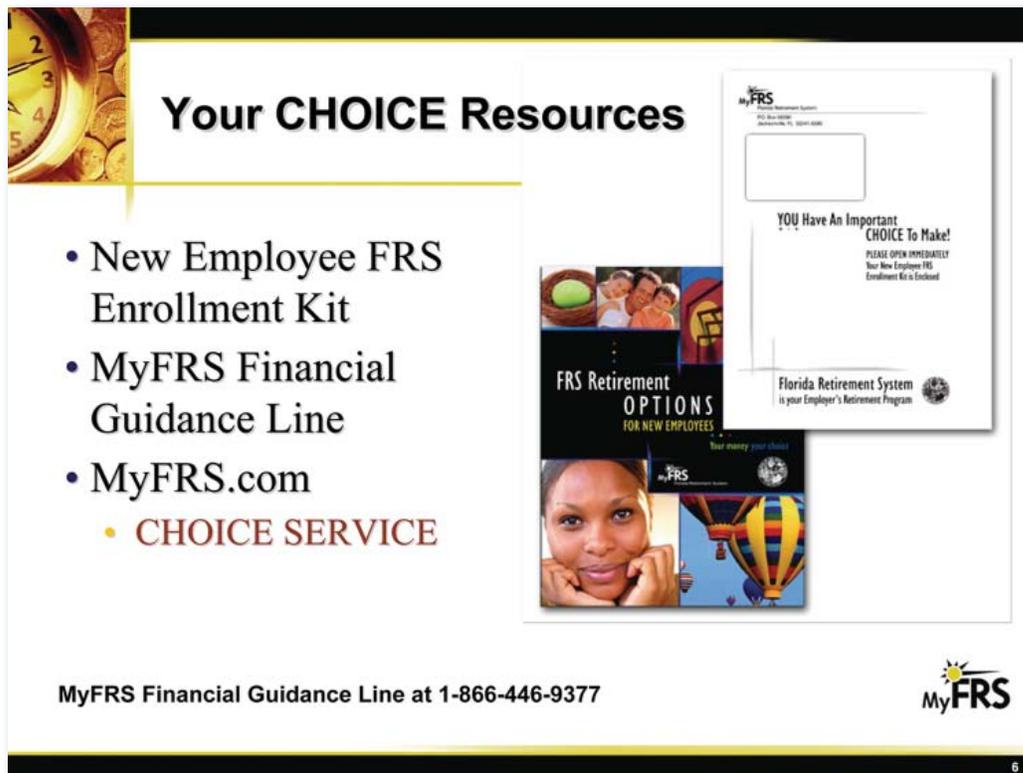
NEW EMPLOYEE ORIENTATION



## Your CHOICE Resources

- New Employee FRS Enrollment Kit
- MyFRS Financial Guidance Line
- MyFRS.com
  - CHOICE SERVICE

MyFRS Financial Guidance Line at 1-866-446-9377



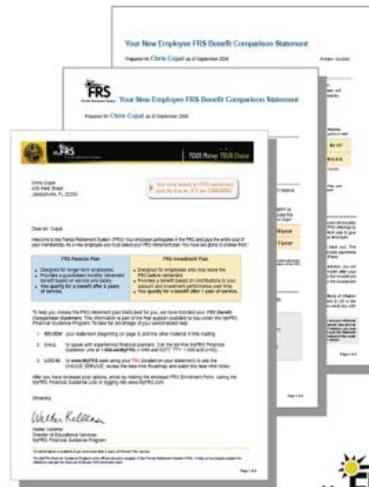
- There is a lot of information available to help you understand your options. Before you choose a plan, take advantage of the free resources and information.
- Review the **New Employee FRS Enrollment Kit** when you receive it at home in a month or so. [HOLD UP A SAMPLE IF AVAILABLE. \*] This kit includes a personalized benefit comparison statement, your PIN, the FRS Retirement Options for New Employees brochure, a quick guide to the funds in the Investment Plan, and a Retirement Plan Choice Video CD.
- We encourage you to call the toll-free **MyFRS Financial Guidance Line** to speak with an unbiased financial planner from Ernst & Young. You do not need to memorize the phone number. The FRS Retirement Options for New Employees brochure in your kit contains two perforated wallet cards with FRS contact information and a place to write your PIN. You can detach one from the brochure and carry it with you.
- If you like to access information online, visit *MyFRS.com* for details about both retirement plans and to use the financial guidance resources and tools, including the **CHOICE SERVICE**. The CHOICE SERVICE tool lets you estimate the potential benefits of both plans side-by-side. You can use different assumptions as often as you'd like before your enrollment deadline.

\* Employers can request samples by calling the Employer Assistance Line and choosing Option 3.



## Personalized Benefit Comparison Statement

- PIN – keep this number
- Compares projected benefits
- One set of assumptions
- Online CHOICE SERVICE
- Call for assistance



MyFRS Financial Guidance Line at 1-866-446-9377



- The New Employee FRS Enrollment Kit includes a Personalized Benefit Comparison Statement.
- Your Personalized Benefit Comparison Statement is a valuable plan choice tool. It can help you decide which FRS retirement plan to choose by showing your projected benefits under each plan, based on a specific set of assumptions.
- You can make the information on your Statement even more meaningful by logging onto [MyFRS.com](http://MyFRS.com) and using the CHOICE SERVICE. You can use the CHOICE SERVICE to personalize your projection by adjusting a few assumptions. The CHOICE SERVICE will project the amount of money both retirement plans could potentially accumulate. You can save your projections and return as often as you'd like prior to choosing a plan. Once you choose a plan or pass your deadline, the service will no longer be available to you.
- If you need help using the tool, call the MyFRS Financial Guidance Line to speak with a financial planner who can run the service for you.



## MyFRS.com

- First time log in to PIN
- Create a personal login to access
  - Decision-making information
  - CHOICE SERVICE
  - New Hire Roadmap and Video
  - Summary Plan Descriptions
- Enroll online

**MyFRS Financial Guidance Line at 1-866-446-9377**



- The first time you log in to the site, you will use the PIN printed on your Personalized Benefit Comparison Statement. You will then be instructed to create your own User ID and password after logging in.
  - KEEP YOUR ORIGINAL PIN - you will need it to reset your *MyFRS.com* account if you forget your new User ID and/or password.
  - You will also need your PIN when you call Aon Hewitt to request a distribution from your account.
- I encourage you to visit *MyFRS.com* where you will find information about both retirement plans and financial guidance resources and tools. You can access the CHOICE SERVICE, the New Hire Roadmap, the New Hire video, summary plan descriptions for both plans, and much more.
- You can enroll online if you are a member of the Regular or Special Risk class.



## MyFRS Financial Guidance Line

- Toll-free
- Free financial planning assistance
  - Choose a plan
  - Personal financial planning
  - Unbiased guidance
  - Help you with MyFRS.com
- Ongoing assistance



**1-866-446-9377**

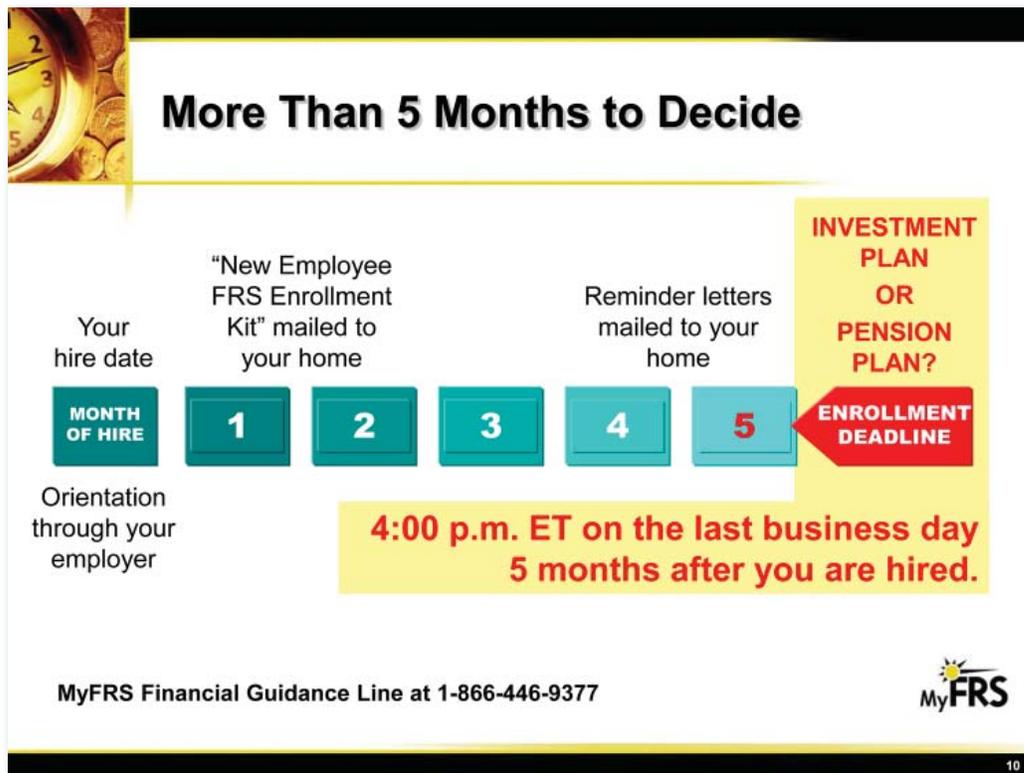


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- I encourage you to use the MyFRS Financial Guidance Line. It is one of the most valuable resources available to you.
- Select Option 1 or 2 to speak to an unbiased financial planner for free. Your financial planner can:
  - Help you **now** to choose the retirement plan that is most appropriate for you.
  - Assist you in the **future** to determine if and when taking a 2<sup>nd</sup> Election makes sense for you.
  - Work with you to develop your own personal retirement and financial plans.
  - Provide unbiased retirement and financial guidance. They do not sell any investment or insurance products.
  - Walk you through the *MyFRS.com* website, explain the online services you can use, and assist with the CHOICE SERVICE tool.
- After you choose a plan, the MyFRS Financial Guidance Line is your gateway to ongoing assistance and services. You can continue to work with a MyFRS Financial Guidance Program financial planner after you choose a plan. You can contact either one of the plan administrators: the Division of Retirement for the Pension Plan, or Aon Hewitt for the Investment Plan.

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NEW EMPLOYEE ORIENTATION



- You have 5 months to choose your plan. Here's what happens during this time.
- MONTH OF HIRE: All new employees are automatically placed into the Pension Plan on their date of hire, so your retirement benefit can start accumulating right away.
  - You can make a formal election any time up to your deadline. Your deadline countdown starts on your date of hire and ends at 4:00 p.m. ET on the last business day of the month, 5 months later.
- MONTHS 1-2: The New Employee FRS Enrollment Kit will be mailed to your home within 30 to 60 days from your date of hire. You can use your PIN to access the MyFRS resources and enroll online if you are a member of the Regular or Special Risk class.
  - Please be sure that we have your current mailing address. If your address has changed or changes in the future, contact [EMPLOYER CONTACT INFORMATION] as soon as possible to make sure you receive your kit and other important plan information in a timely manner.
- MONTHS 4-5: If you have not enrolled by this time, you will begin receiving reminder letters at your home address.
- ENROLLMENT DEADLINE: Your deadline is 4:00 p.m. ET on the last business day 5 months after your month of hire. For example, if you were hired this month, your deadline is [YOU CAN FIND THE DATE ON THE MOST RECENT EMPLOYER NEWSLETTER]. Your individual deadline will be listed in your New Employee FRS Enrollment Kit and any reminder letters you receive.



## How to Make Your Election

- Regular or Special Risk Class employee
  - Online
  - Call the MyFRS Financial Guidance Line
  - Paper form
- Other Membership Class – paper only
- EZ Enrollment Form
  - Investment Plan default fund – FRS Select Moderate Balanced Fund
- General Enrollment Form
  - Investment Plan fund allocation

MyFRS Financial Guidance Line at 1-866-446-9377



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- Regular or Special Risk membership class employees can enroll in any of three easy ways.
  1. Log onto *MyFRS.com* and enroll online.
  2. Call the MyFRS Financial Guidance Line toll-free, and select Option 4.
  3. Complete and submit the FRS EZ Retirement Plan Enrollment Form included in the New Employee FRS Enrollment Kit. You can also download the EZ Form or a General Enrollment Form from *MyFRS.com*.
- If you are in another membership class, you must complete and submit the paper enrollment form specific to your class. I'll tell you how to get a form in just a minute.
- You will find an EZ Enrollment Form located in the back pocket of the New Employee FRS Enrollment Kit. You can use this form to enroll in the FRS Pension Plan or the FRS Investment Plan.
- If you elect the Investment Plan and use the EZ Form, your employer contributions will be deposited in the FRS Select Moderate Balanced Fund. You can go online or call the MyFRS Financial Guidance Line to change your investment fund allocations as soon as your account is activated.
- If you want to proactively allocate the contributions among the investment funds available, then you will need to use the General Enrollment Form, enroll online, or call the MyFRS Financial Guidance Line.
- If you need a form or have any questions about using a form, you can contact [NAME OF DEPARTMENT] or call the MyFRS Financial Guidance Line. To access forms online, go to *MyFRS.com*, select Resources in the upper right hand side of the home page, then select Forms.



## Beneficiary Designation

- Make change online or submit a Beneficiary Designation form anytime
  - Pension Plan → BEN-001
  - Investment Plan → IPBEN-1
- Get form online or call
- Enrollment form default designation
  - Florida Statutes
- Speak with a financial planner

MyFRS Financial Guidance Line at 1-866-446-9377



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- You can designate a beneficiary at any time online or by submitting a Beneficiary Designation form. Each plan has its own form.
- You can get a form online or by calling the MyFRS Financial Guidance Line.
- If you don't submit a separate Beneficiary Designation form, in the event of your death, your benefits, if any, will be distributed in accordance with Florida Statutes. You acknowledge that you understand this when you sign your enrollment form. However, the distribution method designated by the Florida Statutes may or may not be appropriate for you. Call the MyFRS Financial Guidance Line and speak with an unbiased financial planner to discuss your beneficiary designation.



## 2<sup>nd</sup> Election

- One-time opportunity
- Choose wisely now
- Don't waste your 2<sup>nd</sup> Election

MyFRS Financial Guidance Line at 1-866-446-9377



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- After you make your initial election, the FRS provides you with a one-time 2<sup>nd</sup> Election that you can use any time during your active FRS career.
- The decision to change Plans in the future will have financial implications, so choose wisely and don't waste your 2<sup>nd</sup> Election. Take the time to speak with an unbiased financial planner and carefully evaluate your options. Making an informed decision now may save you money in the future.



## Free Financial Planning Resources

- Investment Plan **and** Pension Plan members
- Ernst & Young
- Free and unbiased help with:
  - Retirement planning
  - Investment planning
  - Estate planning
  - Tuition planning
  - Debt, spending, and credit issues

MyFRS Financial Guidance Line at 1-866-446-9377



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- The FRS provides all **Investment Plan and Pension Plan** members with free access to unbiased Ernst & Young financial planners who are available to discuss any issue you think is important to your financial future.
- The FRS contracted with Ernst & Young to staff a team of unbiased financial planners dedicated to helping FRS plan members.
- Your Ernst & Young financial planner does not sell any investment or insurance products. They are there to serve as your personal retirement and financial advocate. In addition to helping you choose a retirement plan now, they can answer any financial questions you may have about:
  - Retirement planning
  - Investment planning
  - Estate planning
  - Education funding
  - Debt, spending, and credit issues
- I encourage you to use this resource by calling the MyFRS Financial Guidance Line and selecting:
  - Option 1 for help with your initial plan choice decision and later your 2<sup>nd</sup> Election
  - Option 2 for help with all other financial matters.



## Action Plan for Making Your Choice

- Review
- Call
- Log in to
  - **CHOICE SERVICE**
- Take action and make an informed choice
- **QUESTIONS?**



MyFRS Financial Guidance Line at 1-866-446-9377



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- The retirement plan you choose will affect the quality of your life years from now. The experts say you will need at least 70% of your preretirement income when you retire in order to live comfortably. With rising health care costs, you may need even more. The Florida Retirement System and the contributions you and [YOUR ORGANIZATION'S NAME] make can go a long way toward fulfilling your retirement dreams, but only if you make the time now to consider your choice. You don't have to make your decision today. In fact you have 5 months to:
  - Review your materials.
  - Call the MyFRS Financial Guidance Line for personal unbiased help.
  - Log onto *MyFRS.com* and use the online resources and tools, especially the **CHOICE SERVICE**.
- This is your personal decision. Please take it seriously because it will affect your financial future.
- I encourage you to make an active election, even if you choose to remain in the Pension Plan. An active election says that you gave your decision careful consideration.
- **Questions?**
- Thank you for your time.

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NEW EMPLOYEE ORIENTATION





# The 2<sup>nd</sup> Election

The 2<sup>nd</sup> Election option gives all FRS plan members a one-time opportunity to switch retirement plans during their active FRS career. However, it is a complex subject with financial implications for the member who uses it. So, rather than giving advice, **always suggest that the employee call the MyFRS Financial Guidance Line to speak with an unbiased financial planner before they use their 2<sup>nd</sup> Election.** Following is an overview of the 2<sup>nd</sup> Election:

The FRS recommends employees review the 2<sup>nd</sup> Election, in the event:

- ✓ The Investment Plan member works for an FRS employer for longer than 8 years (6 years if first enrolled prior to July 1, 2011). Employees who spend all or most of their career with the FRS may receive a better benefit in the Pension Plan than they would in the Investment Plan.
- ✓ The Pension Plan member is at normal retirement age. Depending on their circumstances, the member may want to consider moving the money in their Pension Plan account to the Investment Plan. This gives the member control over their retirement benefit that they do not have with Pension Plan payments.

The Resource CD in this Toolkit includes the 2<sup>nd</sup> Election PowerPoint presentation that begins on page 4-3 (Tab 4, page 3). Use it as needed to explain the 2<sup>nd</sup> Election option to employees. Direct members to the 2<sup>nd</sup> Election CHOICE SERVICE at *MyFRS.com* where they can project how switching plans will affect their financial future. **Always suggest the employee call the MyFRS Financial Guidance Line to speak with an unbiased financial planner before they use their 2<sup>nd</sup> Election.** The financial planners can assist members with any of the online tools.



## ToolTip • 2<sup>nd</sup> Elections

### A 2<sup>nd</sup> Election Can Be Made If the Employee...

- Has not already used their 2<sup>nd</sup> Election
- Is actively working for an FRS employer

### A 2<sup>nd</sup> Election Cannot Be Made If the Employee...

- Has already used their 2<sup>nd</sup> Election
- Has retired
- Is a member of DROP
- Has terminated FRS-covered employment
- Is on an unpaid leave of absence
- Is an employee of an educational institution on summer break

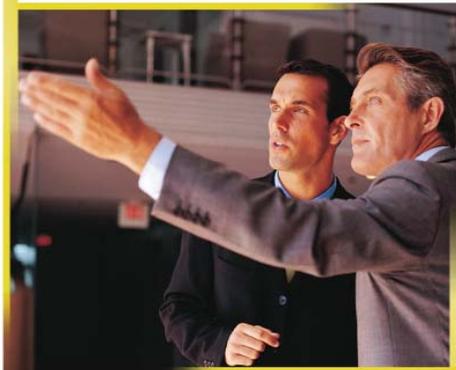
## ToolTip • 2<sup>nd</sup> Election Flyers

You can request copies of the 2<sup>nd</sup> Election flyer explaining this option by calling the Employer Assistance Line and selecting Option 3, or ordering a supply through *MyFRS.com*. Go to the Employer site and click the "Order Materials" tab.

## Switching From the Investment Plan to the Pension Plan

Investment Plan members who want to switch to the Pension Plan will need to “buy into” the Pension Plan. If the member had previous Pension Plan service, the buy-in cost is the “present value” of the accumulated Pension Plan benefit. If there was no previous Pension Plan service, the buy-in amount is based on the actuarial accrued liability or “total cost” of the benefit under the Pension Plan at the time the member uses their 2<sup>nd</sup> Election.

If the member’s Investment Plan balance is less than the “buy-in” cost, the member must pay the difference using their personal funds. That could make the switch to the Pension Plan unaffordable for many members. If the member’s Investment Plan balance is greater than the “buy-in” amount, the buy-in amount will be deducted from the Investment Plan balance and the remainder will stay in the Investment Plan. That means the participant will have a benefit in both plans. However, in the event the member has a balance remaining in their Investment Plan account, they cannot take a distribution from their Investment Plan account until they retire and begin receiving their Pension Plan benefit.



## Switching From the Pension Plan to the Investment Plan

For Pension Plan members who want to switch to the Investment Plan, the present value of their accumulated Pension Plan benefit will be converted to an opening account balance in the Investment Plan. **Vesting Caution:** The present value transferred from the Pension Plan to the Investment Plan requires the members to meet the Pension Plan vesting requirements. There is no cost to the member for switching from the Pension Plan to the Investment Plan.

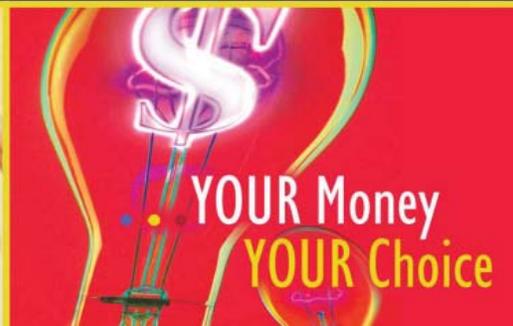
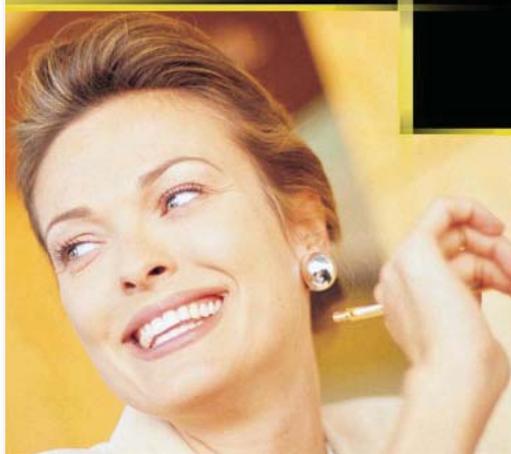
## What Is the Hybrid Option?

Members enrolled in the FRS prior to July 1, 2011 with at least 5 years of Pension Plan service, who choose the Hybrid Option as their 2<sup>nd</sup> Election, can elect to freeze their Pension Plan benefit and direct future contributions into an Investment Plan account. They cannot move frozen Pension Plan account funds into their Investment Plan account. Members first enrolled in the FRS on or after July 1, 2011 must have at least 8 years of service to choose the Hybrid Option.

In certain circumstances a participant may be in the Hybrid Option and still have a 2<sup>nd</sup> Election available. In this case they can choose to move their Investment Plan account balance back to the Pension Plan.

Because of the complex nature of the Hybrid Option, encourage employees to call the Financial Guidance Line before electing this option.

## Understanding the 2<sup>nd</sup> Election [Your Organization's Name]



After you make your initial election, you have a one-time opportunity to switch FRS retirement plans during your FRS career. This is called your 2<sup>nd</sup> Election. I'm going to give you a brief overview of the 2<sup>nd</sup> Election. I encourage you to call the MyFRS Financial Guidance Line before filing a 2<sup>nd</sup> Election Retirement Plan Enrollment form.

### ToolTip • Workshops

The FRS offers free plan choice and financial planning workshops for all FRS employees. Experienced presenters from Ernst & Young will travel to your location to conduct the workshops of your choice. Scheduling a workshop is simple.

- Call the Employer Assistance Line
- Get 25 or more of your organization's employees to register for a workshop (accommodations can be made for smaller organizations)
  - The workshop coordinator can handle the registration process at your request
  - You'll receive flyers to post at your locations
  - Employees must bring a photo ID in order to attend the workshop
- Arrange for a room at your location with an electrical outlet and a screen (or a blank wall)
- Request the same or different workshops as often as needed

Turn to page I-6 (Tab I, page 6) of this Toolkit for a list of available workshops. Visit [MyFRS.com](http://MyFRS.com) and click on the yellow workshop icon (middle section at top of screen) for more information, workshop descriptions, and calendar.



## The 2<sup>nd</sup> Election

- Switch plans
- One time during FRS career
- Understand the impact
  - MyFRS.com – 2<sup>nd</sup> Election CHOICE SERVICE
  - MyFRS Financial Guidance Line
- Timing is important

MyFRS Financial Guidance Line at 1-866-446-9377



- Once you make your initial election, you can use your one-time 2<sup>nd</sup> Election to switch to the other FRS plan.
- You only have one 2<sup>nd</sup> Election during your entire FRS career. Once you use your 2<sup>nd</sup> Election, your decision is final and you can never change plans again (unless you retire from the FRS and are rehired in an FRS-covered position prior to July 1, 2010).\*
- The decision to change plans will have financial implications. Please make sure you fully understand the potential impact your decision will have on your retirement income. Making an informed decision now can save you money in the future. You can:
  - Use the 2<sup>nd</sup> Election CHOICE SERVICE tool at *MyFRS.com* to see how switching plans could affect your finances in retirement. This service may not be available to some members.
  - Call the MyFRS Financial Guidance Line, Option 1, to speak with an unbiased financial planner before you use your 2<sup>nd</sup> Election.
- If you are thinking about using your 2<sup>nd</sup> Election shortly before you retire or leave FRS employment, note that your 2<sup>nd</sup> Election Enrollment form or your online election (Pension Plan to Investment Plan only) must be received by Aon Hewitt, the FRS Investment Plan administrator, prior to your termination. You must be actively employed and earning service credit in order to make a 2<sup>nd</sup> Election.

\* Note: Renewed membership in the FRS is **not** available for individuals who retire and are initially reemployed on or after July 1, 2010.



## Switching Plans: Pension Plan ➔ Investment Plan

- No cost to you
- Options
  - Present value + future contributions
  - Freeze Pension Plan + direct future contributions
- Vesting caution

MyFRS Financial Guidance Line at 1-866-446-9377



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- You can switch from the Pension Plan to the Investment Plan at no cost to you.
- You can either:
  - Move the present value of your Pension Plan benefit into an Investment Plan account and direct future contributions into your Investment Plan account.
  - Or, if you have at least 8 years (5 years if first enrolled in the FRS prior to July 1, 2011) of Pension Plan service, freeze your Pension Plan benefit and direct future retirement plan contributions into your Investment Plan account, meaning you will receive benefits from both accounts at retirement (providing you meet eligibility requirements). This is called the Hybrid Option.
- You will be vested in the new contributions to your Investment Plan account after you have at least 1 year of total service credit.
- An Investment Plan member with at least 1 year of service, but less than 8 years (6 years if first enrolled in the FRS prior to July 1, 2011) of service will be vested in the Investment Plan but not the Pension Plan. If they switch from the Pension Plan to the Investment Plan and terminate employment before meeting the Pension Plan's vesting requirement, they may forfeit the amount transferred from the Pension Plan.



## Switching Plans: Investment Plan ➔ Pension Plan

- “Buy-in” cost
- FRS calculates the cost
- Cost increases monthly
- Not enough \$\$: You make up the difference
- Leftover \$\$: Stays in the Investment Plan until you retire

MyFRS Financial Guidance Line at 1-866-446-9377



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- If you want to switch from the Investment Plan to the Pension Plan, you will have to “buy-in” to the Pension Plan using the money in your Investment Plan account. This switch could be cost-prohibitive if there is not enough money in your Investment Plan account to cover the buy-in.
- The FRS will calculate your buy-in cost, based on whether you had previous FRS Pension Plan service before joining the Investment Plan. Contact the MyFRS Financial Guidance Line, Option 1, to find out the cost of using your 2<sup>nd</sup> Election.
- The buy-in cost increases monthly, so do it as soon as possible if you are sure you want to make this switch.
- If there isn’t enough money in your Investment Plan account to cover the buy-in cost, you must make up the difference using your personal funds.
- If you have money left in your Investment Plan account, the surplus will remain in your Investment Plan account and you can continue to manage the funds as you did before. However, you cannot take a distribution from your Investment Plan account until you retire and start receiving your Pension Plan benefit.



## Free Resources

- MyFRS Financial Guidance Line
  - Personalized assistance
  - Request a 2<sup>nd</sup> Election flyer
- MyFRS.com – 2<sup>nd</sup> Election CHOICE SERVICE
  - Compare plans
  - Estimate benefits
  - Customize the information
  - Access forms

MyFRS Financial Guidance Line at 1-866-446-9377



- Before using your 2<sup>nd</sup> Election, please use the free resources available to you. Some outside investment agents may try to persuade you to use your 2<sup>nd</sup> Election, but this may not be in your best interest. The time you take to call the MyFRS Financial Guidance Line or visit *MyFRS.com* could save you a lot of money and heartache.
- Call the MyFRS Financial Guidance Line and discuss your options and their implications with an unbiased financial planner. They can help you understand the impact a 2<sup>nd</sup> Election will have on your financial future. You can also request a 2<sup>nd</sup> Election flyer when you call or print a copy from *MyFRS.com*.
- You can log onto *MyFRS.com* and use the 2<sup>nd</sup> Election CHOICE SERVICE tool. This online tool allows you to:
  - Compare your current FRS retirement plan against the other plan
  - Estimate your benefit under the other FRS plan
  - Get a customized view of your retirement benefits based on the assumptions you provide
  - Access and print the 2<sup>nd</sup> Election form
- Not all FRS members have access to the 2<sup>nd</sup> Election CHOICE SERVICE tool at this time. If you don't have access or would like help with the online tool, call the MyFRS Financial Guidance Line for assistance.





# Employer Resources

The FRS offers valuable resources that can help answer:

- Your questions about your day-to-day administrative responsibilities.
- Your employees' questions about the FRS retirement plans.

### This section provides an overview of:

- ✓ The Employer Assistance Line
- ✓ MyFRS.com
- ✓ Employee Resources
- ✓ Printed materials
- ✓ Partner companies

## Employer Assistance Line

**1-866-377-2121**

Monday through Friday except holidays

The Employer Assistance Line is staffed by representatives from Ernst & Young, the Division of Retirement, and Aon Hewitt. These representatives are available to discuss any issue related to the two FRS retirement plans and the MyFRS Financial Guidance Program. You will hear a recorded message offering you the following options. The phone map below shows the information you can access when you press or say the corresponding key on your telephone key pad.

Press or Say	To
1	<p><b>Speak with an Ernst &amp; Young financial planner and receive guidance about:</b></p> <ul style="list-style-type: none"> <li>• Any of the services and educational materials available from the MyFRS Financial Guidance Program, including:               <ul style="list-style-type: none"> <li>• Questions about the plan choice process.</li> <li>• Help with the CHOICE SERVICE.</li> <li>• The ADVISOR SERVICE.</li> <li>• The one-time 2<sup>nd</sup> Election (2<sup>nd</sup> Election CHOICE SERVICE).</li> </ul> </li> <li>• Your roles and responsibilities as an FRS employer.</li> <li>• How the two FRS plans work.</li> <li>• Information about the FRS Investment Plan and distribution options.</li> <li>• Scheduling a workshop or arranging for an Ernst &amp; Young representative to conduct a workshop at your location.</li> </ul> <p>Representatives are available from 9:00 a.m. to 8:00 p.m. ET, Monday through Friday, except holidays.</p>
	<p><b>About Ernst &amp; Young</b></p> <p>The FRS provides you and your employees with free access to Ernst &amp; Young (E&amp;Y) financial planners. E&amp;Y financial planners are experienced and unbiased and they do not sell any investment or insurance products. They are there to serve as personal retirement and financial advocates. They will answer any retirement and financial questions you or your employees may have.</p>



Press or Say	To	
<b>2</b>	<b>Speak with the <span style="color: green;">Division of Retirement</span> for information about:</b>	<b>About the <span style="color: green;">Division of Retirement</span></b>
	<ul style="list-style-type: none"> <li>• Both FRS Plans, including:               <ul style="list-style-type: none"> <li>• Contributions.</li> <li>• Monthly payroll reporting.</li> <li>• File transfer procedure and the funds transfer system.</li> <li>• Timing of contributions to both plans.</li> <li>• Employee data files.</li> <li>• Membership classes.</li> <li>• Disability benefits.</li> <li>• Health Insurance Subsidy (HIS).</li> </ul> </li> <li>• The Pension Plan including:               <ul style="list-style-type: none"> <li>• Plan provisions.</li> <li>• DROP.</li> <li>• Pension Plan Qualified Domestic Relations Orders (QDRO).</li> </ul> </li> </ul>	<p>The Division of Retirement administers the FRS Pension Plan and other statewide retirement systems, offering information and administrative services to both active and retired members.</p>
	<p>Representatives are available from 8:00 a.m. to 5:00 p.m. ET, Monday through Friday, except holidays.</p>	
<b>3</b>	<b>Speak with an <span style="color: green;">Aon Hewitt</span> representative about:</b>	<b>About <span style="color: green;">Aon Hewitt</span></b>
	<ul style="list-style-type: none"> <li>• Ordering MyFRS Financial Guidance Program printed materials (also available on <i>MyFRS.com</i>).</li> <li>• The plan choice process.</li> <li>• Making a retirement plan election.</li> <li>• Investment Plan administration issues.</li> <li>• Quarterly Investment Plan statements.</li> <li>• Demographic information changes for <b>inactive</b> Investment Plan members (active member demographic information must be changed via your monthly payroll file).</li> <li>• Submitting a member's termination date.</li> <li>• Investment Plan Qualified Domestic Relations Orders (QDRO).</li> </ul>	<p>Aon Hewitt, the Investment Plan Administrator, is a well-respected and established financial services organization and among the top providers of retirement services.</p>
	<p>Representatives are available from 9:00 a.m. to 8:00 p.m. ET, Monday through Friday, except holidays.</p>	
<b>4</b>	<b>Repeat above options.</b>	



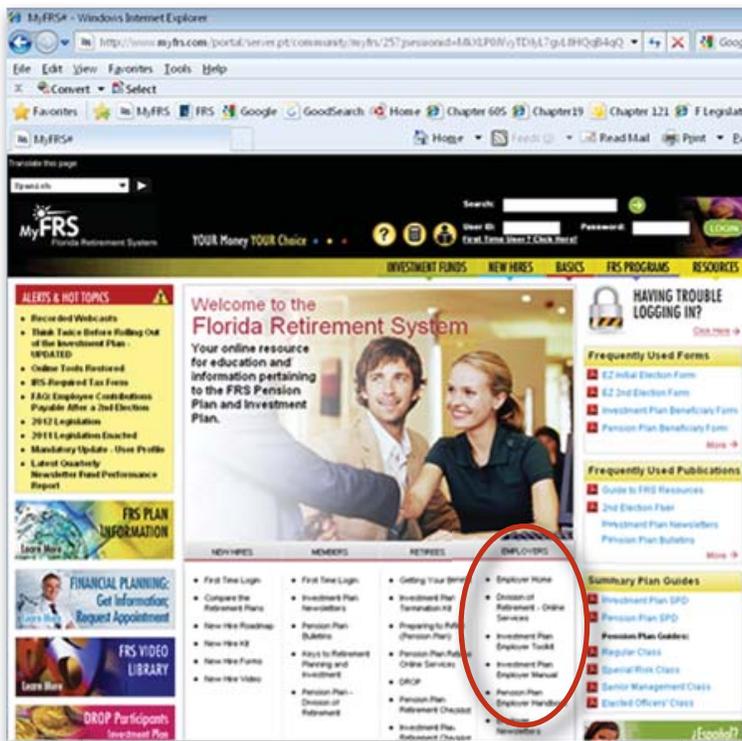
## Resources Available on MyFRS.com

MyFRS.com offers a wealth of information to you and your employees – from plan choice assistance to fund performance information to workshop schedules. This section provides an overview of the information that is available on the site.

### Employer's Site at MyFRS.com

There is a link to the Employers section on the MyFRS.com home page. You can review and download retirement plan handbooks and newsletters or order printed materials. You can also access payroll information from this site.

#### Screen 1

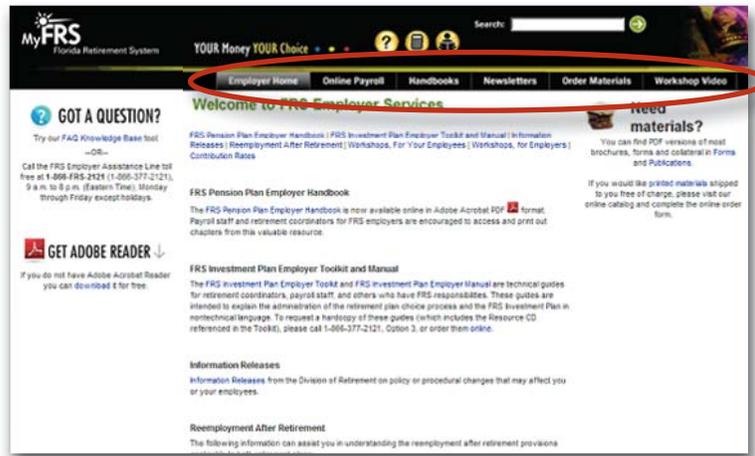


Once on the MyFRS.com home page, scroll down to Employers.

#### ToolTip • Employer Login

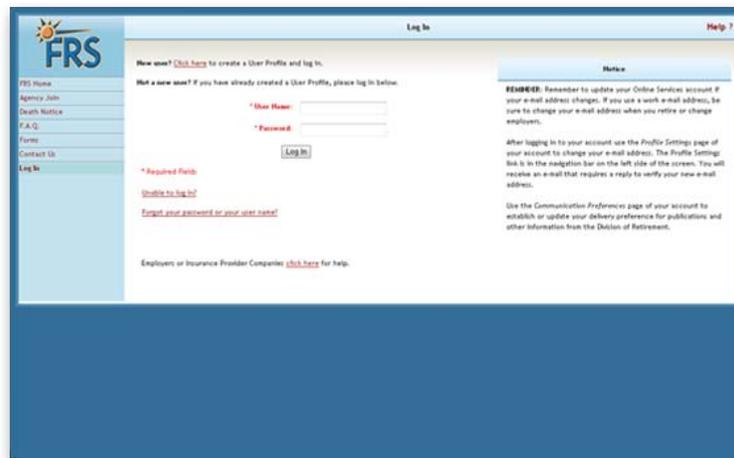
You can request an additional employer login for your organization by calling the Employer Assistance Line and selecting Option 2. State agencies are able to view distribution information only for Investment Plan members.

Screen 2



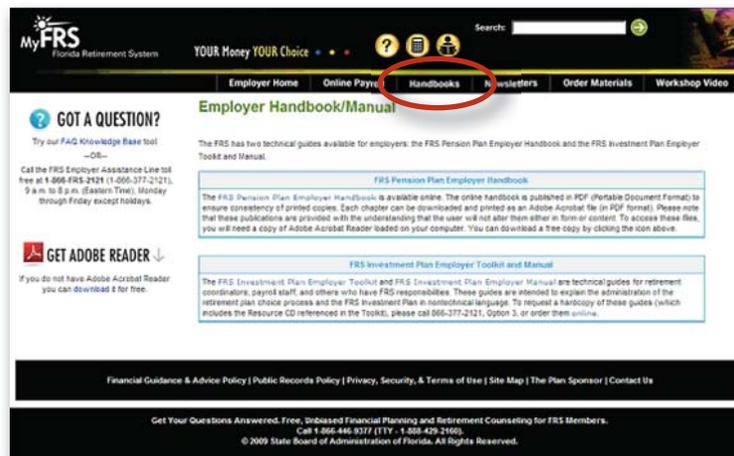
The **Employer site's home page** provides links to Payroll, Handbooks, Newsletters, an area to Order Materials, and an Employer Workshop video.

Screen 3



Under the **Online Payroll** tab, you must log in to access the Payroll section of the site.

Screen 4



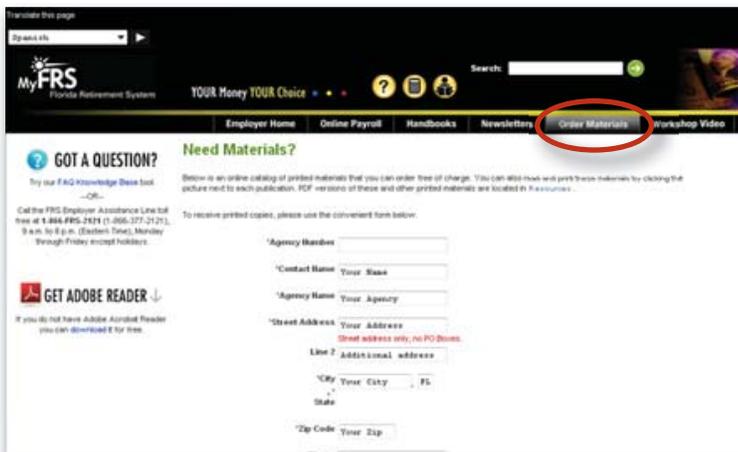
Under **Handbooks**, you can download and print each chapter of the FRS Pension Plan Employer Handbook and the FRS Investment Plan Employer Manual.

## Screen 5



Under the **Newsletters** tab, you can find past issues of FRS Employer Newsletters. You can access the newsletter archive; current and previous issues are available. Select a newsletter from the chronological drop-down menu to the left.

## Screen 6



Under **Order Materials**, you can find an online catalog of printed materials that you can order free of charge. To place an order, complete the online form and materials will be shipped to you.

## Screen 7



Under **Workshop Video**, you can find an abbreviated version of the Employer Training Workshop that you can use for reference.



## Free Employee Resources

### MyFRS Financial Guidance Line for Employees

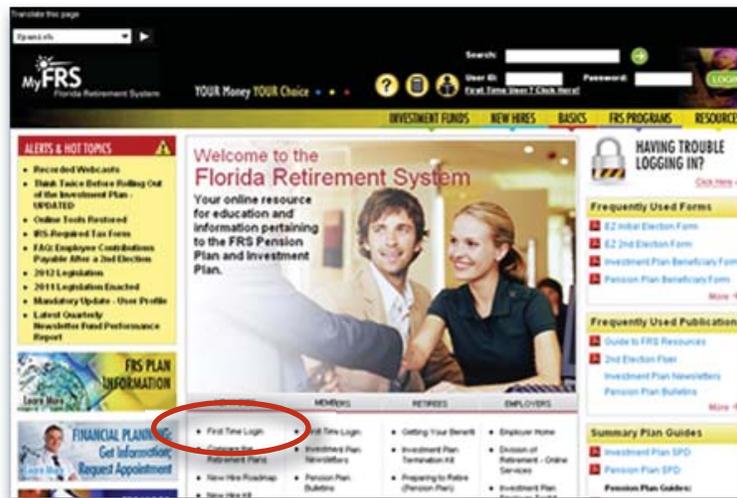
**1-866-446-9377**

The following is a brief highlight of the options available on the MyFRS Financial Guidance Line. Please refer to the Your Guide to FRS Resources brochure available on *MyFRS.com* and described on page 5-14 (Tab 5, page 14) of this Toolkit.

Press or Say	To
1	Speak with an Ernst & Young financial planner about your retirement plan choice or 2 <sup>nd</sup> Election.
2	Speak with an Ernst & Young financial planner about retirement planning and investing.
3	Speak with the Division of Retirement about Pension Plan matters.
4	Speak with an Aon Hewitt representative about your Investment Plan account.

### Employee's Site at MyFRS.com

#### Screen 1



Employees can only access the public areas of the website until they receive their New Employee FRS Enrollment Kit, which includes their PIN. Once they receive their PIN, members can use it to log onto the website and use the customized tools and calculators.

#### Keep Your PIN

First-time users will use the PIN on their Benefit Comparison Statement to log in for the first time. They will be prompted to create a new User ID and password before entering the website. **Important:** Tell your employees to keep their original PIN. They will need it whenever they call Aon Hewitt to request a distribution from their Investment Plan account or to reset their *MyFRS.com* account if they forget their User ID and/or password.

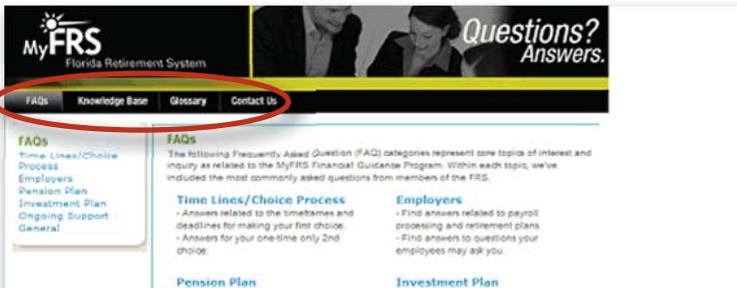


## Screen 2a



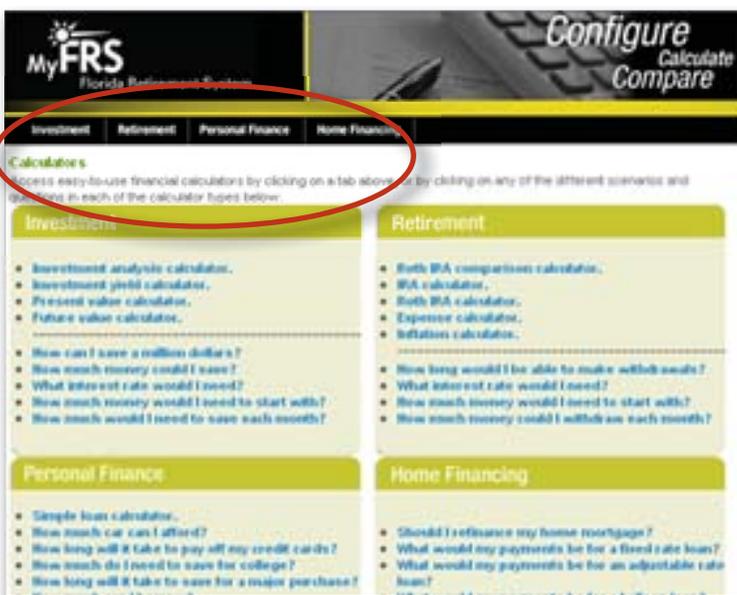
The yellow buttons at the top of the *MyFRS.com* home page link to the frequently asked questions (FAQs), useful calculators, and workshop information.

## Screen 2b — FAQs



The **FAQs** cover core topics relating to the FRS retirement plans. The most commonly asked questions are included within each topic. Employees can also access a glossary and search the knowledge base.

## Screen 2c — Calculators



Employees can access easy-to-use **financial calculators** by clicking on a tab, or by clicking on any of the different scenarios and questions for each of the calculator types. Employees can use the calculators to determine:

- How much they can afford to spend on a vehicle.
- How long it will take them to pay off credit card debt.
- Whether they should refinance their home mortgage.
- The difference in payments on a fixed rate loan and an adjustable rate loan.

## Screen 2d — Workshops



Under **Workshops**, employees can find out about the free FRS financial planning workshops. Here they can access a calendar of current workshops, along with directions for signing up. Experienced Ernst & Young financial planners conduct the workshops, which consistently receive ratings of 5½ stars out of 6. See the Tool Tip on page 4-3 for more about workshops.

## Screen 3a — Investment Funds

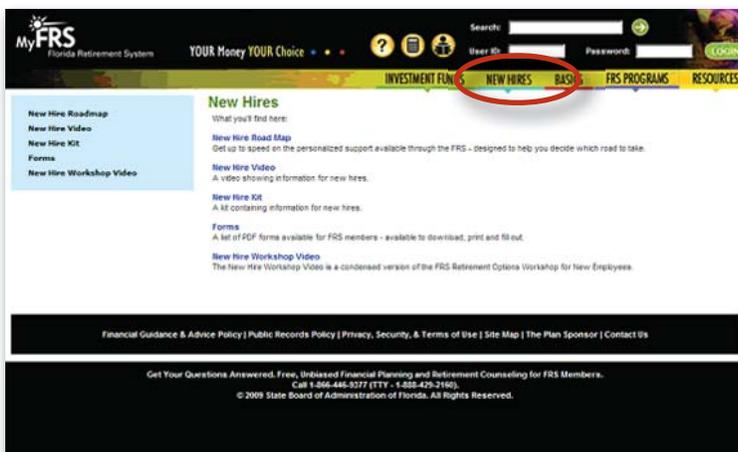
Investment fund information is now accessible by clicking the Investment Fund tab on the home page.



Here, employees can learn about the 20 **investment funds** in the FRS Investment Plan. The funds are organized by asset class: Balanced, Money Market, Treasury Inflation-Protected Securities [TIPS], Bonds, U.S. Stocks, and Foreign Stocks. By clicking the Investment Fund tab employees can see fund summaries, profiles, scorecards, and other details of the funds in these classes. Information on the performance history of each fund is also available.

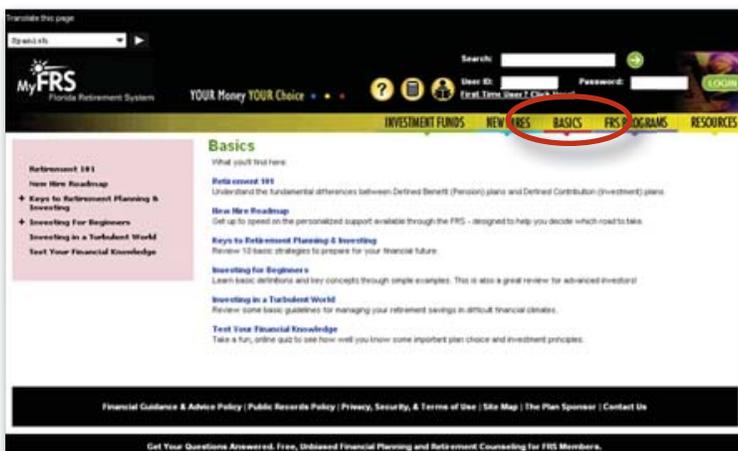


## Screen 3b — New Hires



This section includes the New Hire Roadmap, Videos, New Hire Kit, and Forms, and is a great place for **New Hires** to start learning about the FRS Program.

## Screen 3c — Basics



Under **Basics**, employees can learn the fundamentals of investing and basic strategies to prepare for their financial future. Whether they are beginners or experienced investors looking for a refresher course, employees can find basic retirement planning and investing information here.

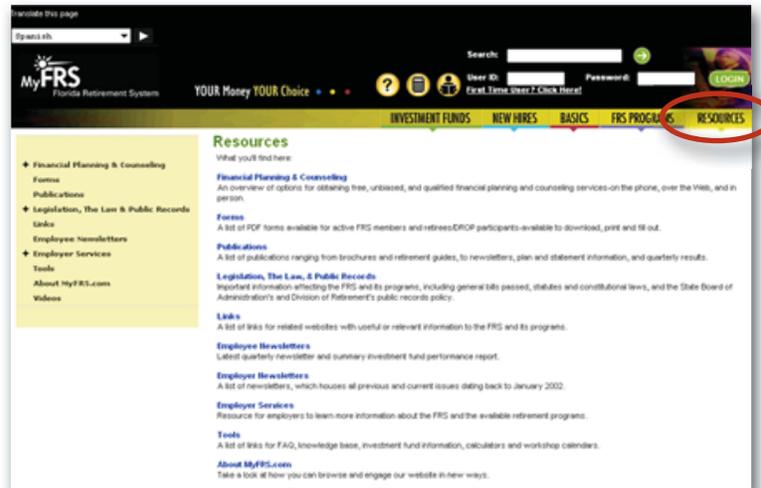
## Screen 3d — FRS Programs



The **FRS Programs** section of the site includes detailed summaries of the FRS Retirement Plans. Employees can learn about both the Pension Plan and the Investment Plan, compare the plans, and read a guide on how to receive their retirement benefits. There is also information about the Optional Retirement Plans offered by some employers.



## Screen 3d — Resources



Under **Resources**, employees will find:

- **Financial Planning & Counseling** – Options for obtaining free financial planning and counseling services.
- **Forms** – A list of the forms accessible through this website.
- **Publications** – A listing of publications accessible through this website.
- **Legislation, The Law, & Public Records** – Important information that affects the FRS and its programs.
- **Links** – A list of links to related websites.
- **Employee Newsletters** – Latest quarterly newsletter and summary investment fund performance report.
- **Employer Newsletters** – A list of issues from January 2002 to present.
- **Employer Services** – Resources that are available to FRS employers.
- **Tools** – Links to the FAQs, knowledge base, investment fund information, calculators and workshop calendars.
- **About MyFRS.com** – Information about the site.
- **Videos** – Links to relevant videos.

### ToolTip • Forms Caution!

The Forms section of the Resources menu contains forms that are audience-specific, meaning they apply only to a certain group of employees. Therefore, it is important that employers and employees pay close attention to ensure they are downloading the right forms. Forms are updated periodically. When you need a form, please be sure to print it from *MyFRS.com* to be certain you are using the most current version. Do not print any forms until you need them.

### ToolTip

You will need **Adobe Acrobat** to access the PDFs posted on *MyFRS.com*. You can download a free copy of Adobe Acrobat Reader by clicking on the “Get Adobe Reader” button that appears on the *MyFRS.com* web pages with downloadable files.



## Screen 4 — Member's Messages

After a member logs into *MyFRS.com*, they may see a message in the **Messages from Sponsor** box.

## Screen 5 — Financial Planning & Counseling

Employees can access the **CHOICE SERVICE**, **ADVISOR SERVICE**, and **2<sup>ND</sup> CHOICE SERVICE** under Resources.

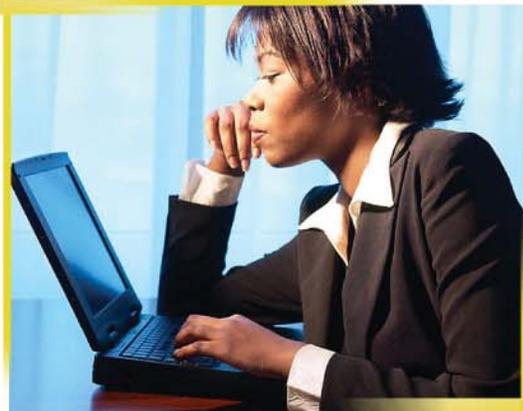
- From the Resources menu, select Financial Planning and Counseling.
- Then, from the list on the left select the "Over the Web" link.
- If they haven't already, the employee will have to log in to use any of the services.

## About the CHOICE SERVICE and the ADVISOR SERVICE

### CHOICE SERVICE

New employees have access to the online CHOICE SERVICE during their plan-choice period. The CHOICE SERVICE can create multiple scenarios within 10 minutes, based on information the employee enters. When using the service, the employee can:

- Log in using their Social Security number and the PIN that's printed on their initial Benefit Comparison Statement that's mailed to their home. (After the first login, they will use the new User ID and password they created.)
- Change a few assumptions to reflect their personal situation.
- Get a customized view of their retirement benefits for both retirement plans based on the information they provide.
- Explore different options, save assumptions, and return as often as they like up to their election deadline. (The CHOICE SERVICE is not available after they make their election or default into the Pension Plan at the end of their choice period.)
- File an election online (or submit a paper election form or call the Financial Guidance Line).



### ADVISOR SERVICE

The free online Financial Engines ADVISOR SERVICE creates a picture of the member's current financial situation and helps them answer the following questions:

- Will I have enough money to retire?
- How do I invest my retirement savings?
- How do I stay on track to achieve my goals?

The ADVISOR SERVICE is not available until after the employee makes their initial plan choice. At that time, FRS data is preloaded into the ADVISOR SERVICE. Members can enter investment accounts outside the FRS such as a 457, 403(b), and IRAs to get a better picture of where they stand financially.



**Pension Plan members can:**

- Receive a total retirement income forecast that includes their FRS Pension Plan benefit and a projected Social Security benefit, plus any outside assets they add.
- Receive an estimate of the likelihood of meeting their retirement income goal.
- Get free investment guidance on one non-FRS tax-deferred account, such as a 457 or 403(b) savings account.
- Get investment guidance on all their retirement accounts for \$15 per year.

**Investment Plan members can:**

- Receive a total retirement income forecast that includes their FRS Investment Plan benefit and a projected Social Security benefit, plus any outside assets they add.
- Receive an estimate of the likelihood of meeting their retirement income goal.
- Get free investment guidance on the mix of investments in their FRS Investment Plan account.
- Get investment guidance on all their retirement accounts for \$15 per year.

**2<sup>nd</sup> Election CHOICE SERVICE**

Regardless of which FRS retirement plan they initially elect, members have a one-time opportunity – known as their 2<sup>nd</sup> Election – to switch to the other FRS retirement plan during their active working FRS career. The 2<sup>nd</sup> Election CHOICE SERVICE can help members evaluate their current FRS retirement plan against the other plan to see whether switching plans makes sense. Members are encouraged to call the MyFRS Financial Guidance Line to discuss their options. **They can use the online 2<sup>nd</sup> Election CHOICE SERVICE to:**

- Estimate their benefit under the alternate retirement plan.
- Get a customized view of their retirement benefits based on the assumptions they provide.
- Access and print the 2<sup>nd</sup> Election form.
- Make their 2<sup>nd</sup> Election online (Pension Plan to Investment Plan only).

Although the 2<sup>nd</sup> Election may seem like a simple concept, it is actually quite complex. Using the 2<sup>nd</sup> Election should not be taken lightly because it can have long-term financial ramifications. Please advise your employees to call the MyFRS Financial Guidance Line to find out about the potential cost of making an ill-considered switch.

**Note that not all FRS members have access to the online 2<sup>nd</sup> Election CHOICE SERVICE, but free help is available to everyone by calling the MyFRS Financial Guidance Line and selecting Option 1.**

**ToolTip • 2<sup>nd</sup> Elections**

**A 2<sup>nd</sup> Election Can Be Made If the Employee...**

- Has not already used their 2<sup>nd</sup> Election
- Is actively working for an FRS employer

**A 2<sup>nd</sup> Election Cannot Be Made If the Employee...**

- Has already used their 2<sup>nd</sup> Election
- Has retired
- Is a member of DROP
- Has terminated FRS-covered employment
- Is on an unpaid leave of absence
- Is an employee of an educational institution on summer break



## Summary of Printed Materials

Employers can order copies of printed materials by visiting the Employers area at *MyFRS.com* and selecting the “Order Materials” tab at the top of the page. Following is a list of the materials employers can request (listed in the same sequence as they appear on the online order form).

- **Employee Orientation Brochure** (Your Money Your Choice Welcome to the Florida Retirement System) – Gives new hires an overview of the two FRS Plans, the enrollment timeline, and information about the MyFRS Financial Guidance Program resources.
- **FRS New Hire Video CD** – Provides an overview of the two retirement plans, explains the key differences and the choice timeline. The video is included on the Resource CD in this Toolkit and in the New Employee FRS Enrollment Kit.
- **SUSORP Brochure** – Describes the three retirement plan options available to eligible State University System employees.
- **MyFRS Financial Guidance Line Brochure** – Provides a one-page detailed overview of the Financial Guidance Line phone map.
- **Your Guide to FRS Resources** – Provides an overview of the resources available from the FRS, including a phone map for the MyFRS Financial Guidance Line.
- **Financial Planning for Life Brochure** – Gives members ideas for creating a financial plan at different stages of their lives and encourages them to call the MyFRS Financial Guidance Line and speak with an unbiased financial planner for free.
- **Is a 2<sup>nd</sup> Election Right for You?** – Explains what the 2<sup>nd</sup> Election is, the procedures for filing a 2<sup>nd</sup> Election, and lists available resources.
- **FRS Investment Plan Distribution Options Flyer** – Details the various distribution options available to Investment Plan members, including the ability to keep their money in the Plan under certain circumstances.
- **Working After Retirement** – Explains the rules that govern returning to work after retirement for Investment Plan members.
- **Pension Plan Retirement Guides** – Informs each class of employees about the Florida Retirement System’s Pension Plan benefits and policies and their rights as members. Retirement Guides are available for:
  - Regular Class
  - Special Risk and Special Risk Administrative Support Class
  - Elected Officers’ Class
  - Senior Management Service Class
- **After You Retire Brochure** – Informs FRS Pension Plan retirees about retirement benefits, income taxes, the Health Insurance Subsidy, and reemployment after retirement.
- **Disability Benefits Brochure** – Informs Florida Retirement System members about the process and requirements of applying for disability retirement benefits.
- **DROP Brochure** – Describes the Deferred Retirement Option Program (DROP) and highlights the program’s eligibility rules, benefits, limitations, etc.

Note: This list is subject to change.

- **Preparing to Retire Brochure** – Informs FRS Pension Plan members about the process and requirements of applying for retirement benefits.
- **Survivor Benefits Brochure** – Explains the Pension Plan benefits available to eligible joint annuitants and beneficiaries of deceased members.
- **Annual Report** – Provides comprehensive information about the Florida Retirement System, including statements of financial condition, investment objectives and policy, an actuarial report, historical and statistical information on active members, annuitants and benefit payments, and a description of the retirement plans.
- **List of Participating Employers** – Lists all employers currently participating in the Florida Retirement System.
- **FRS Bulletin** – Distributed once or twice a year by the Division of Retirement to active members of the FRS Pension Plan to keep members informed of retirement legislation, benefit provisions, and other retirement-related news of interest.
- **Retiree Newsletter** – Distributed once or twice a year by the Division of Retirement to retirees and other beneficiaries of the FRS Pension Plan to inform them about retirement legislation, benefit provisions, and other retirement-related news of interest.

## Partner Companies

The Florida Retirement System relies on the following partners to administer and support the FRS retirement plans and its members.

### State Board of Administration

The State Board of Administration of Florida (SBA) is a constitutional entity of Florida state government that manages over 30 investment mandates, comprising over \$160 billion in assets under management. The SBA is the Investment Plan sponsor and is committed to providing superior investment and trust services and educational resources while adhering to the highest ethical, fiduciary, and professional standards.

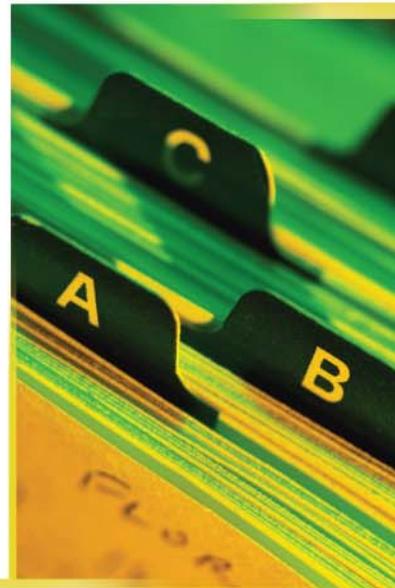
### Division of Retirement

The Division of Retirement provides plan administration services and support for the FRS Pension Plan and other statewide retirement systems. The Division can answer all questions from employers and active and retired members relating to the Pension Plan, DROP (Deferred Retirement Option Program), and the Health Insurance Subsidy (HIS).



### Aon Hewitt

The SBA contracts with Aon Hewitt to provide plan administration and recordkeeping services for the FRS Investment Plan. Aon Hewitt maintains members' Investment Plan accounts and makes distributions to members. Aon Hewitt is responsible for preparing and mailing quarterly plan statements to members and performing Section 415 contribution-limit monitoring for FRS Investment Plan members. (The Internal Revenue Code places limits on employee and employer contributions to defined contribution retirement plan accounts.)



### Ernst & Young

The SBA contracts with Ernst & Young to provide free financial planning services to FRS employees as part of the MyFRS Financial Guidance Program. Experienced, unbiased financial planners are available by phone through the MyFRS Financial Guidance Line (Options 1 and 2) and in person at the financial and retirement planning workshops they conduct. A true benefit of Ernst & Young's services is that the financial planners will not try to sell any investment or insurance products. Rather, their role is to provide unbiased information so that employees can make an informed retirement plan choice and develop a total financial plan.

### Financial Engines

The SBA contracts with Financial Engines®, a federally registered third-party investment advisor, on behalf of members in both FRS retirement plans. The Financial Engines technology delivers personalized, unbiased advice and portfolio management services at no charge to FRS employees. Employees are encouraged to use the Financial Engines services (the CHOICE SERVICE, the ADVISOR SERVICE, and the 2<sup>nd</sup> Election CHOICE SERVICE), available via *MyFRS.com*, to determine which FRS retirement plan suits them best and to create a personalized retirement plan.



## Frequently Asked Questions

Following is a sampling of questions that are often asked by your colleagues and employees, along with the answers. Here, they are categorized as either General or Employee FAQs. Refer to this section of your Employer Toolkit as needed. The FAQs have also been included on the Resource CD in this Toolkit so that you can access and use them in your own newsletters or on your Intranet. If you have questions that are not covered here, contact the FRS Employer Assistance Line at 1-866-377-2121.

### ToolTip • Employer Contact Information

**Call** the toll-free FRS Employer Assistance Line  
1-866-377-2121, Monday to Friday, except holidays

**Ernst & Young and Aon Hewitt**  
9:00 a.m. to 8:00 p.m. ET

**Division of Retirement**  
8:00 a.m. to 5:00 p.m. ET

**Visit** [MyFRS.com](http://MyFRS.com), select Employers tab

### General Questions

#### 1. What is my role in communicating the Pension Plan and Investment Plan choice to my employees?

Your role is critical. The FRS would like you to become an avid supporter of informed personal choice, and encourage your employees to explore their options before making a decision. You can alert employees to available resources and help facilitate distribution of printed material. Keep in mind that your role is not to steer your employees toward one plan over another, nor is it to discuss your personal opinions (positive or negative) about either plan. In fact, you may be exposed to significant legal liability if you try to influence an employee's choice of plans or investments.

#### 2. How will employees make their FRS plan selection?

In general, employees are automatically enrolled in the Pension Plan on their date of hire. Employees must submit their election by 4:00 p.m. ET on the last business day five months after their month of hire. If they make no election, they default into the Pension Plan. They can make their election in any of the following ways.

##### Employees in the Regular, Special Risk, or Special Risk Administrative Support Classes

1. Complete and mail a Retirement Plan Enrollment form to Aon Hewitt, the Plan Administrator. There is both a short (ELE-1-EZ.PDF) and long version (ELE-1.PDF) of the enrollment form.
  - Employees who select the Investment Plan:
    - The shorter "EZ" form automatically authorizes contributions to be deposited in the FRS Select Moderate Balanced Fund. This form is included in the New Employee FRS Enrollment Kit.
    - The longer form requires the employee to state their fund allocations right on the form.

Question 2 continues on next page

Regardless of the form they use, Investment Plan members can change their fund allocations after their account is activated.

- Employees who select the Pension Plan should be instructed to use the EZ form that's in their New Employee FRS Enrollment Kit.
- Both enrollment forms are available in PDF format for downloading and printing from *MyFRS.com*. The EZ form is also included in the New Employee FRS Enrollment Kit.

2. Log onto *MyFRS.com* when they get their PIN in their New Employee FRS Enrollment Kit:

- Use the CHOICE SERVICE.
- Click on the "Make Election" button and follow the steps.

3. Call the toll-free MyFRS Financial Guidance Line at 1-866-446-9377 and select Option 4.



**Employees in other membership classes must use the enrollment form specific to their class; online or telephone enrollment is not available to these employees:**

- State University System Employees (ORP-16)
- Community College Employees (OCC-1 or OCC-2)
- State Senior Management Service Employees (SMS-1)
- Local Senior Management Service Employees (SMS-3)
- Elected Officers' Class Employees (EOC-1)

### 3. Why does the State offer two FRS plans?

For many reasons. Today's workforce is changing. More people are mobile throughout their work lives, and are seeking retirement benefits that accumulate steadily throughout their career and can be brought from job to job.

Being able to offer the Investment Plan (a defined contribution retirement plan) that appeals to a large segment of today's employees will help FRS employers recruit the next generation of workers.

The Investment Plan enables employees to share responsibility for their own future, to learn about investments and long-term investment strategies, to understand how much they will need for retirement, and where that money will be coming from.

Enabling members in the Investment Plan to assume the investment risk as well as the investment gains will also help employers manage their retirement benefit costs over the long term.

And finally, having a choice will allow employees to choose the retirement plan that best suits their personal circumstances.



**4. Does the FRS Investment Plan option prevent employers from offering an additional savings plan to its employees?**

No. Your organization can offer your employees any additional savings plans. In fact, it is advantageous for employees to participate in a contributory savings plan to maximize their retirement savings.

**5. What happens to the contributions made by the employee and employer between the time the employee is hired and the time they make a plan choice?**

In general, newly hired employees are automatically enrolled in the FRS Pension Plan on their date of hire. This is done so that their retirement benefit can start accumulating right away. When the employee selects the Investment Plan, the amount of the blended contributions that were paid to the Pension Plan (as of their date of hire) will be transferred into their newly established Investment Plan account.

**6. Will a rehired employee (i.e., an employee who left FRS employment, did not draw retirement benefits, and is now returning to FRS employment) have a choice between the two plans?**

If this is the first time the employee has been rehired since July 1, 2001, then yes. As with all new employees, rehired employees (including rehired FRS retirees\*) who have not previously made a plan choice will automatically be enrolled in the Pension Plan on their date of rehire. If an employee wants to participate in the Investment Plan instead of the Pension Plan, they have until the last business day five months after their month of rehire to select the Investment Plan.

If the member was rehired after July 1, 2001, then leaves employment and later returns again, they will be placed in the same Plan they were in before they left.

\* Note: Renewed membership in the FRS is **not** available for individuals who retire and are initially reemployed on or after July 1, 2010.

**7. Some of my employees don't have experience or interest in managing an investment account. Are there resources or investment funds that will simplify this task or even do it for them?**

Yes. Regardless of the plan the employee chooses, MyFRS Financial Guidance resources give members personalized assistance in designing and managing their investments, including helping them meet their retirement goals, learning about investment risks, and more.

Investment Plan members who prefer not to monitor their investments can choose one or more of the Investment Plan's three balanced investment funds. These funds contain combinations of diversified investments that maintain the desired balance in their portfolio over time. This balance (asset allocation) is one of the most important factors in the member's long-term retirement investment success. These funds are low-cost, which means that more of the funds' investment earnings stay in the member's account rather than going to pay the companies that manage the funds' investments. Employees who use the EZ enrollment form to enroll in the Investment Plan are automatically authorizing contributions to be deposited in the FRS Select Moderate Balanced Fund. They can change their fund allocations at any time after their account is activated.



8. What are the contribution rates for the Investment Plan and Pension Plan? Why are they different in the Investment Plan? Does this mean that one Plan will automatically provide a greater retirement benefit than the other?

The retirement contributions paid by employees and employers to the FRS Pension Plan are not a determining factor in the calculation of retirement benefits in that plan. They are simply the amount needed to fund the benefits guaranteed by the fixed benefit formula.

The retirement contributions paid by employees and employers to the Investment Plan are, however, directly related to the amount of the retirement benefit. Those contributions, plus investment earnings or losses (minus expenses), will determine the amount of the member's retirement benefit at termination.

The current method for determining how employers pay contributions uses a "blended contribution rate." Under this law, employers pay one contribution rate for each employee regardless of whether the employee is a Pension Plan or an Investment Plan member. The contribution amount needed above the blended rate is absorbed by the Pension Plan. For current contribution rates, visit [MyFRS.com](http://MyFRS.com).

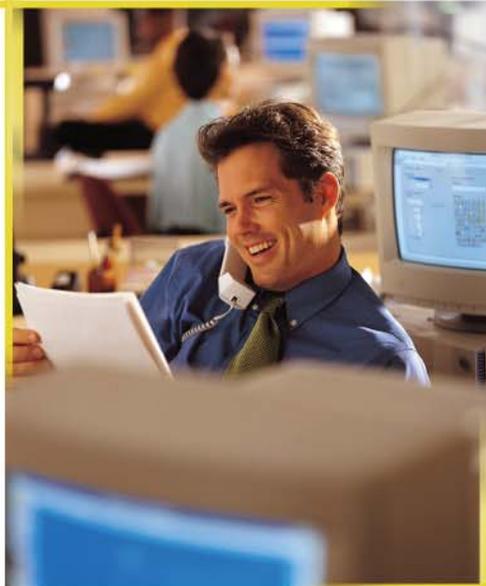
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9. Won't some employees who select the Investment Plan be tempted to spend the money when they leave the FRS and, as a result, be left without any retirement savings?

Quite possibly. All accessible account balances are at risk after an FRS member terminates employment. (Account balances become accessible three calendar months after an FRS member terminates employment.) To help prevent this tendency to spend now and regret later, the FRS aggressively informs employees about the benefits of tax-deferred savings and long-term investment strategies. The FRS stresses the importance of using the tools available at [MyFRS.com](http://MyFRS.com) to estimate the amount of money employees will need to live comfortably in retirement and to determine where that income will come from. The FRS also provides information about post-termination investment and retirement payout options in the MyFRS Termination Kit, which is sent to employees after termination. This Kit is available upon request from the MyFRS Financial Guidance Line and at [MyFRS.com](http://MyFRS.com).

It's important to keep in mind that an employee is considered retired (regardless of their age or years of service) if they take any distribution from their Investment Plan account, or if they are receiving Pension Plan benefits.

10. There was a change in vesting for the Pension Plan on July 1, 2001 and again on July 1, 2011. How does the change affect employees who left FRS employment, weren't vested under the previous vesting rule, and are rehired after the new vesting rule took effect? Can they participate in the Investment Plan? Are they automatically vested in the current Pension Plan and/or the Investment Plan?



Let's use an example of a former employee who left FRS employment prior to July 1, 2001 with 8 years of FRS service. Let's say this employee returns to FRS employment after the Investment Plan was implemented.

This employee was not vested when he left, because he hadn't met the previous 10-year vesting requirement. Therefore, he'll need at least one more year of FRS Pension Plan service before becoming vested in the Pension Plan, even though he had more than 6 years of service.

As for vesting in the Investment Plan benefit, he must remain with an FRS employer for 1 year to become vested.

Rehires (including rehired FRS retirees\*) will automatically be enrolled in the Pension Plan on their rehire date. Any former FRS employee who is rehired and wishes to participate in the Investment Plan can do so up to their choice deadline date, which is the last business day five months after their month of rehire.

Members first enrolled in the FRS Pension Plan **on or after July 1, 2011 must have at least 8 years** of service to vest in the Pension Plan. Members with any Pension Plan service **prior to July 1, 2011 need 6 years** of service to vest in the Pension Plan.

\* Note: Renewed membership in the FRS is **not** available for individuals who retire and are initially reemployed on or after July 1, 2010.

## Employee Questions

### 1. What steps do I need to take before I enroll?

You need to choose between the two FRS retirement plans: the Pension Plan and the Investment Plan. Here's what we're asking you to do:

- **Give this choice your full attention.** It affects your retirement and your financial future. By doing some simple planning today, you can secure a better tomorrow for you and your family.
- **Understand your plan alternatives.** You'll receive information on both FRS retirement plans from independent companies that aren't connected to either plan.
- **Take advantage of financial planning resources to become better informed.** Don't miss this opportunity to use state-of-the-art financial planning services and tools available at *MyFRS.com*. Talk to experienced, unbiased financial planners by phone. Find out if you'll have enough money to retire and live the lifestyle you want.
- **Make an educated personal choice during your plan choice period.** This is a very personal decision. Your financial situation is not the same as your friend's, your neighbor's, your coworker's, or your supervisor's.

### 2. What is the 2<sup>nd</sup> Election?

You have a one-time opportunity to switch to the other FRS plan during your FRS career. You must be actively employed and earning service credit in order to make a 2<sup>nd</sup> Election.

If you are a member of the Investment Plan and want to switch to the Pension Plan, you will have to "buy into" it with the money in your Investment Plan account. If the assets in your Investment Plan account are less than the cost of buying into the Pension Plan, you can still buy in, but you will have to make up the difference using your personal finances. (The calculation of your "buy-in" cost is complicated. After your plan choice period ends or you have made a first election, whichever occurs first, you can use the 2<sup>nd</sup> Election CHOICE SERVICE on *MyFRS.com* to calculate your buy-in cost. You can also call the MyFRS Financial Guidance Line, Option 1, and speak with an unbiased financial planner who can run the service for you and answer your questions.)

Alternatively, if you are a member of the Pension Plan initially, but want to move to the Investment Plan, there is no "buy-in" cost. You can either:

- Move the present value of your Pension Plan benefit into the Investment Plan, or
- Freeze your accumulated Pension Plan benefit if you have at least 8 years of service (5 years of service if enrolled prior to July 1, 2011), and direct future employer contributions into your Investment Plan account (also known as the Hybrid Option).



### 3. How do I calculate my years of creditable service?

Service in a regularly established position with a participating FRS employer is creditable toward retirement. Service in a temporary position or in other personal services (OPS) is not creditable toward retirement. You earn a full month of retirement service credit for each month in which you receive a salary payment.

All retirement records are kept by fiscal years (July 1 through June 30). Credit is measured in terms of fiscal years and fractions of fiscal years. A work year of service credit is 12 months of a fiscal year, unless your work year is specified to be less than 12 months. Shorter work years have been approved for some employees of school boards, community colleges, and state universities. The work year of most school teachers, for instance, is 10 months. Nine months is the shortest approved work year for some university and community college employees.

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### 4. Exactly what does “present value” mean?

The present value of the Pension Plan benefit (sometimes called the “Accumulated Benefit Obligation” or ABO) is the amount of money you would need to invest today to give you roughly the same benefit you would receive from the Pension Plan in monthly payments. The calculation assumes you terminated from the FRS today; begin drawing retirement benefits on your normal retirement date—for members first enrolled prior to July 1, 2011, the earlier of age 62 or 30 years of service, or the earlier of age 55 or 25 years of service for Special Risk Class; live an average life span; and receive 3% benefit increases annually during retirement for service earned through June 30, 2011.

Note that this value is based only on your current FRS service to date and your current average final compensation. If you remain a member in the Pension Plan instead of switching to the Investment Plan, the value of your Pension Plan benefit will increase over time as you accumulate more service.

If you elect (or switch to) the Hybrid option, you are not an active member in the Pension Plan, and your employer’s contributions will go into your Investment Plan account. The value of your Pension Plan, when it is calculated, will be based on your years of creditable service and Average Final Compensation at the time of the Hybrid election. In other words, your Pension Plan benefit is frozen. Your Pension Plan benefit will not increase over time as you accumulate service in the Investment Plan.



**5. How will the present value of my current retirement benefit be determined?**

First, the Pension Plan actuary (a technical consultant who annually evaluates whether the plan is adequately funded) uses a formula to compute your current benefit, as follows:

<b>Years of Creditable Service</b>	<b>X</b>	<b>Percentage Value (depends on class of FRS membership; 1.6% for Regular Class)</b>	<b>X</b>	<b>Average Final Compensation*</b>	<b>=</b>	<b>Yearly Benefit at Normal Retirement Age</b>
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\* Average of highest 5 years of salary or 8 years if enrolled on or after July 1, 2011.

The actuary projects the yearly retirement benefit using a 3% annual increase for the service earned through June 30, 2011 over your expected lifetime. This stream of increasing annual payments is converted to a single lump sum—a “present value” (value in today’s dollars) using an actuarial conversion factor. The conversion factor reflects a 7.75% interest rate (as specified by Florida State law) and mortality tables.

Example: Let’s say an employee is first enrolled prior to July 1, 2011, is age 31 and has 12 years of Regular Class FRS service. The employee’s normal retirement age will be 49 for their class of membership.

The employee’s earnings for the 5 highest fiscal years are \$31,263, \$32,826, \$34,467, \$36,190, and \$38,000. So the employee’s Average Final Compensation is the average of these salaries or \$34,549.

<b>12 Years of Creditable Service</b>	<b>X</b>	<b>1.6% Percentage Value</b>	<b>X</b>	<b>\$34,549 Average Final Compensation</b>	<b>=</b>	<b>\$6,633 Yearly Benefit at Normal Retirement Age</b>
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<b>\$6,633 Yearly Benefit</b>	<b>X</b>	<b>4.0413 Conversion Factor (determined by actuary)</b>	<b>=</b>	<b>\$26,806** Present Value of Current Pension Benefit (Transfer Amount)</b>
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\*\* Dollar amounts are rounded to the nearest whole dollar.



## 6. How did the FRS choose the investment funds?

The investment funds were selected through a competitive bid process. The Trustees have selected highly diversified and cost-effective investment funds that allow you to choose desired and appropriate levels of risk through an asset allocation strategy (the mix of stocks, bonds, and cash) and specialty products (small cap stock fund and high yield bond fund). The Trustees also approved the selection of some popular retail name-brand mutual funds.

## 7. Why does the Investment Plan include funds that no one has ever heard of?

Some investment funds in the Investment Plan have a “private-label” design—they are wholesale products sold to large investors, such as the FRS, with lower costs and fees that an individual cannot get in the retail marketplace. This approach is common in many industries because it is very cost-effective. Industries hire premier specialist companies to meet the client’s specific requirements at costs that are often a fraction of the amount they would cost “off-the-shelf.” These specialized investment companies often provide services only to pension funds, endowments, mutual funds, or the very wealthy. As a result, Investment Plan members have access to the best money managers at a fraction of the cost they would pay in a retail setting.

## 8. Isn’t it better in times of uncertainty to have a guaranteed benefit instead of one that is tied to the stock market?

There are several ways to address that question. First, it’s important to understand what’s guaranteed (and what’s not) under the Pension Plan as well as under the Investment Plan. Then, it’s relevant to consider the stock market’s historical performance.

Under the Pension Plan, if you work for an FRS employer for at least 6 years (when you are vested in your benefit), you’ll receive guaranteed payments for life at retirement, based on a fixed formula. That much you know. What you don’t know in advance is the amount of that benefit, since you don’t know how long you’ll work for an FRS employer, how your salary will grow, or whether it will be enough.

Under the Investment Plan, you will receive a benefit at retirement. But, as with the Pension Plan, there’s no certainty about the actual benefit amount or whether it will be enough. That’s because you don’t know in advance how your salary will grow or how your investments will perform. Providing you are vested, you can request a guaranteed payment for life when you retire by purchasing one of the annuities offered under the Investment Plan.

## 9. Can I roll over funds from my other qualified plans into my Investment Plan account?

Yes. You can roll pretax and after-tax funds into your Investment Plan account if they come from a qualified retirement plan (e.g., IRA, 401(k), 403(b), 457, and the Federal Thrift Savings Plan).

Former Investment Plan members (retirees) who terminated FRS employment and took a distribution can roll qualified funds back into the FRS Investment Plan.

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## 10. Can I roll over my Investment Plan account balance to another qualified plan if I leave FRS employment?

Yes. When you leave FRS employment, you have the option of requesting a direct rollover of the money in your Investment Plan account to another qualified plan. Alternatively, you can choose to leave your money in the Investment Plan. Please note that another plan may:

- Charge higher investment management and administrative fees.
- Charge withdrawal or termination penalties.
- Offer fewer payout options than you have through the FRS Investment Plan.
- Pressure you to buy other products or services.

Please read the distribution information you receive in your termination kit and call the MyFRS Financial Guidance Line to speak with an unbiased financial planner before making a decision.



## Other Optional Programs

In addition to the two FRS retirement plans, certain eligible employees can enroll in optional retirement programs. These defined contribution optional retirement programs offer individual or group retirement contracts that provide members with retirement and/or death benefits. Although they are considered non-FRS programs, these plans are overseen by the Florida Division of Retirement. For more information about each plan, visit [MyFRS.com](http://MyFRS.com) or [dms.myflorida.com/human\\_resource\\_support/retirement](http://dms.myflorida.com/human_resource_support/retirement).

### ToolTip • Employer Contact Information

**Call** the toll-free FRS Employer Assistance Line  
1-866-377-2121, Monday to Friday, except holidays

**Ernst & Young and Aon Hewitt**  
9:00 a.m. to 8:00 p.m. ET

**Division of Retirement**  
8:00 a.m. to 5:00 p.m. ET

**Visit** [MyFRS.com](http://MyFRS.com), select Employers tab

## Optional Plan Eligibility

AVAILABLE PLANS	Service Class or Employee Type						
	Regular	Special Risk	State Universities	State Community College	Elected Officers	State Senior Managers	Local Senior Managers
Pension Plan	X	X	X	X	X	X	X
Investment Plan	X	X	X	X	X	X	X
Hybrid Option*	X	X	X	X	X	X	X
SUSORP**			X				
CCORP				X			
SMSOAP					X***	X	
Local Annuity Plan					X		****

\* Must have at least 5 years of FRS Pension Plan service to choose the Hybrid Option.

\*\* For more information about SUSORP, see the SUSORP brochure (available by clicking the link from the Resource CD or ordering copies via [MyFRS.com](http://MyFRS.com)).

\*\*\* Elected State Officers only.

\*\*\*\* Local Senior Managers may withdraw from the Florida Retirement System altogether.

### ToolTip • Acronyms Glossary

**SUSORP** - State University System Optional Retirement Program

**CCORP** - Community College Optional Retirement Program

**SMSOAP** - Senior Management Service Optional Annuity Program



Revised July 2012

This publication is a summary of the retirement options available to FRS-covered employees and is written in non-technical terms. It is not intended to include every program detail. Complete details can be found in the respective Summary Plan Descriptions; Chapter 121, Florida Statutes; 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.

