

A QUICK GUIDE to the Investment Funds YOU can choose

		FOR A \$10,000 INVESTMENT				
	PRODUCT CATEGORY	Annual Fees	Long-Term Fees	Average Result in 10 Years	Downside Result in 10 Years	Upside Result in 10 Years
BALANCED FUNDS						
FRS Select Conservative Balanced Fund (A10)	A Core/Balanced	\$4	\$122	\$13,200	\$10,200	\$15,900
FRS Select Moderate Balanced Fund (A20)	A Core/Balanced	\$6	\$184	\$15,300	\$9,400	\$23,500
FRS Select Aggressive Balanced Fund (A30)	A Core/Balanced	\$5	\$136	\$16,200	\$8,800	\$28,200
MONEY MARKET FUND						
FRS Select Yield Plus Money Market Active Fund (M10)	A Core/Broad Cash	\$6	\$190	\$11,600	\$10,300	\$12,600
INFLATION-PROTECTED SECURITIES FUND						
FRS Select U.S. Treasury Inflation-Protected Securities Index Fund (T10)	P Core/Broad TIPS	\$2	\$60	\$12,300	\$10,000	\$13,700
BOND FUNDS						
FRS Select U.S. Bond Enhanced Index Fund (B15)	P Core/Broad Bonds	\$5	\$151	\$13,100	\$9,600	\$15,900
Pyramis Intermediate Duration Pool Fund (B35)	A Specialty/Intermediate Bonds	\$13	\$410	\$12,800	\$9,900	\$15,200
FRS Select High Yield Fund (B50)	A Specialty/High Yield	\$46	\$1,483	\$13,400	\$8,400	\$20,500
PIMCO Total Return Fund (B20)	A Core/Broad Bonds	\$59	\$1,943	\$12,500	\$9,100	\$15,800
U.S. STOCK FUNDS						
FRS Select U.S. Stock Market Index Fund (S10)	P Core/Broad U.S. Stocks	\$2	\$60	\$17,200	\$7,200	\$39,100
FRS Select U.S. Large Value Stock Active Fund (S25)	A Specialty/Large Cap Value	\$19	\$595	\$16,700	\$7,400	\$35,600
Prudential Mid-Cap Quantitative Core Equity Fund (S40)	A Specialty/Broad Small-Mid Cap	\$35	\$1,109	\$17,000	\$6,700	\$40,600
FRS Select U.S. Large Growth Stock Active Fund (S30)	A Specialty/Large Cap Growth	\$39	\$1,290	\$16,300	\$6,300	\$39,900
Pioneer Fund (S20)	A Core/Broad U.S. Stocks	\$74	\$2,496	\$15,800	\$7,100	\$34,000
Fidelity Growth Company Fund (S80)	A Specialty/Small-Mid Cap Growth	\$71	\$2,383	\$15,900	\$5,000	\$43,800
American Beacon Small-Cap Value Fund (S99)	A Specialty/Small-Mid Cap Value	\$82	\$2,802	\$16,100	\$6,000	\$39,500
T. Rowe Price Small-Cap Stock Fund (S97)	A Specialty/Broad Small-Mid Cap	\$93	\$3,235	\$15,600	\$6,000	\$38,900
FOREIGN AND GLOBAL STOCK FUNDS						
FRS Select Foreign Stock Index Fund (F10)	P Core/Broad Foreign	\$2	\$60	\$17,100	\$6,700	\$39,400
American Funds New Perspective Fund (F40)	A Specialty/Broad Global	\$61	\$2,015	\$16,700	\$7,400	\$35,200
American Funds EuroPacific Growth Fund (F20)	A Core/Broad Foreign	\$49	\$1,588	\$16,300	\$7,200	\$35,100

DEFINITIONS

Core Funds invest in a very broad portion of an asset class and can help you form the “core” of your portfolio.

Specialty Funds invest in a portion of an asset class and can help you “fine-tune” your portfolio.

Annual Fees are the current fees the fund charges to cover its management, operating and marketing expenses. The table shows the fees that would apply to a \$10,000 account (divide the annual fees shown by 10,000 to put them on a percentage basis). Actual fees are proportional to the amount you invest in that fund. For example, if the annual fee for a \$10,000 investment in a fund is \$2 but you only invest \$1,000, you would be charged $(\$1,000 \div \$10,000) \times \$2$, or 20 cents for a year. Fees may change in the future. Fees and expenses are only one of several factors that you should consider when making investment decisions.

Long-Term Fees are the value in “Today’s Dollars” of the total fees that would be charged over 30 years, assuming a \$10,000 initial investment.

Average Result is an estimate in “Today’s Dollars” of what an investment of \$10,000 might grow to over a 10-year period. There is a 50% chance that \$10,000 would grow to this amount or more in 10 years.

Downside Result is an estimate in “Today’s Dollars” of how poorly an investment of \$10,000 today might do over a 10-year period. There is a 5% chance that \$10,000 would grow or decline to this amount or less in 10 years.

Upside Result is an estimate in “Today’s Dollars” of how well an investment of \$10,000 today might do over a 10-year period. There is a 5% chance that \$10,000 would grow to this amount or more in 10 years.

These figures are shown in “Today’s Dollars” so that you can make a realistic comparison of the different funds in terms of what you could buy with the results today, rather than in the future when inflation will decrease the value of your account. These estimates are described in more detail on page 2 in the box labeled, “About Financial Engines and Their 10-Year Estimates of Investment Fund Results.”

P *Passively Managed* (or Index) funds are designed to produce the same level and pattern of investment returns generated in a market index. These funds carry a very low fee.

A *Actively Managed* funds try to predict market changes in order to beat a market index. These funds carry a higher fee.

What is an ASSET CLASS?

Thinking about asset classes is a very effective way to simplify investing and improve the odds of meeting your retirement goals. Asset classes are groups of similar investments whose values react to changes in the economy in the same basic way. Making investment decisions based on asset class selection (instead of focusing on individual stock or bond funds) may be easier and more effective. Investing in a mix of asset classes, or diversifying, helps you control your risk. Experts say that 90% of your investment success results from choosing the right mix of investments in your retirement savings. This Quick Guide uses five asset classes: money market, inflation-protected securities, bonds, U.S. stocks, and foreign stocks. There is also a special category called balanced funds that are a mixture of the various asset classes.

Balanced Funds are particularly good for “one-stop shopping.” They seek favorable long-term returns by keeping costs low and investing across multiple asset classes to diversify and control risks. They invest in various investment funds in different proportions to keep their overall level of risk relatively steady over time. The proportions and specific funds included in each Balanced Fund may change over time. Financial Engines, a federally registered investment advisor and fiduciary to the FRS, will periodically update investment fund mixes to the FRS that they believe will provide the best trade-off between expected risk and return.

Money Market Funds invest in short-term securities (financial instruments or obligations) that are high quality and can be sold quickly with little loss of value. The funds have limited risk of declining in value. However, over the long-term, the returns may be modest, basically keeping pace with inflation. Money market funds are not FDIC insured or guaranteed.

Inflation Protected Securities

Funds invest in United States Treasury inflation-protected securities or “TIPS.” TIPS provide two types of return. First, there is a fixed interest rate that’s been around 2% to 3% since TIPS were first issued in 1997. Second there is a return of principal (the amount of your initial investment) and interest (the earnings on your investment) that is “protected” or indexed to inflation. As inflation rises, so does the amount of principal and interest you receive.

So if the fixed rate is 3% and inflation is 3% you receive a total interest rate of about 6%. While the day-to-day value of inflation-protected securities varies with the changes in inflation and interest rates, these funds offer a promise of keeping up with inflation that is unique to this type of investment.

Bond Funds invest primarily in bonds, which are similar to IOUs. A company or government agency borrows money and pays it back with interest to the bondholder (the person making the loan). The quality of a bond is reflected in the credit rating of the company or agency that issues the bond. The short-term risk of bond funds is relatively low. However, over time, the value of a bond is affected by interest rates, inflation, and other factors. When inflation or interest rates go up, the value of a bond goes down because bonds pay a fixed rate of interest. In other words, the market sees other investments as being more attractive than bonds. Therefore, bonds and bond funds don’t always protect the value of your retirement savings against inflation.

U.S. Stock Funds invest primarily in stocks issued by U.S. companies. The short-term risk of investing in stocks has been much higher than bonds. However, over long periods of time, stocks have generally done better than bonds, which is one of the main reasons that stocks are typically recommended for retirement investing. Some risk is necessary to achieve long-term investment growth.

Foreign Stock Funds invest primarily in stocks issued by foreign companies. Compared to U.S. stocks, foreign stocks are affected by additional risk factors such as foreign laws and regulations, differences in accounting practices, political risk (foreign governments are sometimes unstable), and currency risks (differences in the relative value of domestic and foreign money). Over the long-term, foreign stocks have provided additional diversification benefits.

ABOUT FINANCIAL ENGINES AND THEIR 10-YEAR ESTIMATES OF INVESTMENT FUND RESULTS

Financial Engines is a federally registered investment advisor held to high standards of independence, expertise, and conduct on behalf of members in both FRS retirement plans. You can read more about their responsibilities in the Financial Guidance and Advice Policy available on MyFRS.com or through the toll-free MyFRS Financial Guidance Line. Their services are based on the Nobel Prize-winning work of Professor Bill Sharpe and have been widely recognized in the media for their value to individual investors. More information on Financial Engines can be found on the Financial Engines Disclosure Statement which is included in the legal documents mailed to you, or in Financial Engines Form ADV, Part II, filed with the U.S. Securities and Exchange Commission and available from Financial Engines by writing to Financial Engines at 1804 Embarcadero Road, Palo Alto, CA 94303, Attn: Customer Support.

The Average Result, Downside Result, and Upside Result assume a hypothetical investment of \$10,000, net of any applicable fees or charges. The Average Result, Downside Result, and Upside Result are not guarantees of future results, but only reasonable estimates based upon forward-looking models of the economy and securities markets that use such data as historical returns, historical correlations, expected growth rates, and calculated-risk premiums. Since past performance is not always an accurate predictor of the future, and reliance on historical and current data necessarily involves certain inherent limitations, you must understand that the future performance estimates are only a tool to be used in evaluating your portfolio and not a substitute for your informed judgment. Fees and styles may change.

This Quick Guide is intended for use in connection with the FRS Investment Plan, pursuant to Florida law, and is not intended for use by other investors. Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporates the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

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You can get:

- Free guidance and in-depth information on all investment funds offered under the FRS Investment Plan, including Financial Engines’ Fund Score Cards and the Fund Profiles, Fund Details, and Investment Fund Summary, are updated regularly. These reports describe the fees, investment strategies, and other factors that may significantly affect the fund’s performance.
- The status of investment funds under the investment manager monitoring guidelines.
- The Excessive Fund Trading Policy, including transfer restrictions.