



Rollovers From Former Investment Plan Members Now Permitted

Effective January 1, 2007, former FRS Investment Plan members (retirees) who terminated FRS employment and took a distribution from their Investment Plan account will be permitted to roll eligible funds back into the FRS Investment Plan. They will have immediate access to these funds, even if they return to FRS-covered employment.

Retirees who roll their funds back into the Investment Plan will be able to take advantage of the Investment Plan's low-cost investment funds and access the financial planners provided by the FRS to help manage their retirement account. Fees for Investment Plan funds are typically lower than they are through some other plans.

Below are the answers to some of the questions you and your employees might have:

- 1. Q: What is the effective date of this change?**
A: The change is effective January 1, 2007.
- 2. Q: Who can I call to discuss my questions concerning this new opportunity to roll funds into the Investment Plan?**
A: You can call the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 1, and speak to one of the unbiased financial planners.
- 3. Q: Are all former Investment Plan members eligible for the rollover?**
A: Yes. All former Investment Plan members (considered retirees) who terminated FRS employment and took a distribution from their Investment Plan account are eligible to rollover funds to the FRS Investment Plan. The money being rolled into the Investment Plan must come from another qualified retirement plan (see question 4 below).
- 4. Q: What types of funds can be rolled into the Investment Plan?**
A: You may roll pre-tax and after-tax funds into the Investment Plan only if they are from a qualified retirement plan that is an eligible plan as provided by the IRS (includes IRA, 401(k), 401(a), 403, and 457 retirement plans, and the Federal Thrift Savings Plan).

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5. **Q: If I took a cash lump sum distribution to myself from the Investment Plan am I eligible to rollover funds to the Investment Plan?**
- A: Yes, all former Investment Plan members are eligible to roll qualified money into the Investment Plan (see question 4 above).
6. **Q: If I roll funds into the Investment Plan, will I pay account management fees?**
- A: Yes. You will pay the investment management fees for the fund(s) in which you choose to invest. You will also pay the quarterly plan administrative fee of \$6 (\$24 annually). These fees will be reflected on your quarterly statement from the Investment Plan. Total fees paid in the Investment Plan are likely to be less than those paid in other plans, but you should review all fees carefully.
7. **Q: Is there a minimum amount I can roll over to the Investment Plan?**
- A: Yes. Your rollover must be more than \$1,000. There is no maximum limit on the amount that may be rolled over.
8. **Q: Is there a minimum account balance I must keep in my Investment Plan account?**
- A: Yes. If your account value falls below \$1,000, you will receive a mandatory distribution of your full balance in the Investment Plan.
9. **Q: If I roll funds into the Investment Plan, will I have to pay any taxes?**
- A: Your funds will not be taxed at the time you roll it over to the Investment Plan. It will only be taxed when you decide to take a distribution from your Investment Plan account, and then only on the amount you take as a distribution.
10. **Q: A portion of my original Investment Plan distribution was based on contributions I made for the purchase of additional service in the Pension Plan prior to entering the Investment Plan. As such, I received a check representing these contributions when I took a distribution from the Investment Plan. Can I roll over this distribution amount?**
- A: No. Any Investment Plan distributions you received which are based on your after-tax personal contributions are not eligible to roll over to the Investment Plan. Please note that after-tax funds may be rolled over to the Investment Plan only if they are from a qualified retirement plan that is an eligible plan (see question 4 above).

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11. **Q: If I roll my previous Investment Plan distribution into the Investment Plan, will I be subject to the reemployment-after-retirement restrictions of the Investment Plan?**
- A: No. Rolling funds back into the Investment Plan will not subject you to the reemployment after retirement provisions. You will have immediate access to your rollover funds regardless of whether you return to FRS-covered employment in the future, subject to any applicable Internal Revenue Codes.
12. **Q: If I rollover previous Investment Plan funds into the Investment Plan, am I eligible to also roll other retirement monies I have from other sources to the Investment Plan?**
- A: Yes. You may roll other retirement monies into the Investment Plan if they are from a qualified retirement plan that is an eligible plan as provided by the IRS (includes IRA, 401(k), 401(a), 403, and 457 retirement plans, and the Federal Thrift Savings Plan). An *FRS Investment Plan Employee Rollover Deposit Form* ("IP-Rollover") must be completed in order to facilitate the transfer. This form is available on the MyFRS.com website under "Resources" in the "Forms" gallery or by calling the MyFRS Financial Guidance Line and selecting Option 4.
13. **Q: If I roll my previous Investment Plan funds into the Investment Plan, will those funds be subject to the minimum required distribution rules of the IRS (i.e., minimum payments beginning at age 70½)?**
- A: Yes.
14. **Q: How many funds are in the Investment Plan and what are the fees?**
- A: There are 20 funds available in the Investment Plan with annual fees as low as 0.02%. There are also three balanced funds available to make your investing easy. You can see the funds and fees by logging on to **www.MyFRS.com** and clicking on the green "\$" button in the upper right corner of the home page. You can also call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 1, and speak to one of the financial planners. They can talk with you about all the funds and help you choose funds you feel best fit your goals and circumstances.
15. **Q: What paperwork will I have to complete in order to roll my previous Investment Plan funds into the FRS Investment Plan?**
- A: An FRS Investment Plan Employee Rollover Deposit Form ("IP-Rollover") must be completed in order to facilitate the transfer. This form is available on the

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MyFRS.com website under "Resources" in the "Forms" gallery (Form #1) or by calling the MyFRS Financial Guidance Line and selecting Option 4. Send it to the Investment Plan Administrator, ING, for processing.

ING will send you a confirmation letter. In order to access your account and take distributions you will need your Investment Plan personal PIN. If you have misplaced your PIN, you may request a PIN reminder online or by calling the MyFRS Financial Guidance Line and selecting Option 4.

16. Q: If I choose to roll my previous Investment Plan funds back to the Investment Plan, but fail to designate an investment fund for its deposit what will happen to my money?

A: If you do not choose one of the investment options listed on the rollover enrollment form, your funds will be initially invested in the FRS Select Yield Plus Money Market Fund. After your account has been reestablished you will then have access to move your money to any of the 20 available funds offered in the Investment Plan.

17. Q: How do I take a distribution from the FRS Investment Plan?

A: To take a distribution (you have immediate access to your rollover funds), call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 4, and speak to an ING representative. Be sure to have your PIN number available prior to calling. If you do not have a PIN, you may request a PIN reminder online or by calling the MyFRS Financial Guidance Line and selecting Option 4.

18. Q: If I roll funds into the Investment Plan, will the previous beneficiary I named under the Investment Plan become my beneficiary for my rollover money invested in the Investment Plan?

A: No. If you roll over funds to the Investment Plan, you will need to name new beneficiaries to receive any benefits due at your death. Otherwise, your benefits will be paid out according to Florida Law.

19. Q: If I roll funds into the Investment Plan and later return to FRS-covered employment as a renewed member, and join the Investment Plan as my retirement option, can I name a different beneficiary than the beneficiary I named for my rollover funds?

A: No. Your named beneficiary under the Investment Plan will pertain to all investment accounts you have under the plan.

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20. Q: If I roll funds into the Investment Plan, what services will I get from the FRS?

A: You will continue to have access to the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, where you can talk to experienced and unbiased financial planners from Ernst & Young. They can help you manage your retirement benefits and help you with any financial questions you may have. You will also have access to the MyFRS.com website where you can log in to your account to make asset allocation changes.

21. Q: Can the FRS Investment Plan receive rollovers from Roth IRAs?

A: No.

22. Q: If I am age 50 when I roll my funds to the Investment Plan, could I be subject to the 10% tax penalty if I wait to take a lump sum distribution at age 55?

A: Yes. You cannot age into penalty exemptions. You are subject to the 10% tax penalty for plans like the FRS (and deferred compensation plans) based on your age at FRS-covered employment termination. You would need to wait until age 59½, unless you qualify for an exemption as defined under IRS section 72(t). For example, taking distributions as substantial and equal periodic payments over your lifetime; this method would allow you to avoid the 10% penalty.

23. Q: If I rollover funds to the Investment Plan and begin taking equal installments over my lifetime prior to age 55, say age 54, to avoid the 10% tax penalty, can I change my payment amount after 2 years?

A: No. You cannot change your payment amount until the later of 5 years or age 59½. So, the earliest you could change your payment amount if you began distributions at age 54 would be age 59½. Should you change your payment schedule prior to the later of 5 years or age 59½ all payments received may be retroactively charged the 10% excise tax.

We hope you find these questions and answers helpful, and encourage you to share them with your employees. If you have additional questions, please call the MyFRS Employer Assistance Line toll-free at 1-866-377-2121, Option 1. Your employees may call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 with additional questions.

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