



FRS EMPLOYER Newsletter

YOUR Money YOUR Choice

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Legislative Update

The Florida Legislature completed its 2010 session and passed several bills affecting the Florida Retirement System. These bills had not been signed into law by the date this newsletter was issued. You can follow the status of these bills on the *MyFRS.com* home page by selecting the “2010 Legislation” link in the Alerts and Hot Topics box. The effective date for the following bills is July 1, 2010, unless noted otherwise.

House Bill 5607 (DROP and Employer Contributions)

This bill provides the following:

DROP Interest Rate

Changes the interest rate earned in the Pension Plan’s Deferred Retirement Option Program (DROP) from 6.5% to 3%. This change is effective for all FRS members who enter DROP on or after July 1, 2010. **Members who established a DROP effective date prior to July 1, 2010 will retain the 6.5% interest rate for the entire period they remain in DROP.** Please communicate this important information to your DROP-eligible employees.

Employer Contribution Rates

Changes the employer contribution rates effective July 1, 2010, as shown in Tables 1 and 2 on page 2. In addition, this bill lowers the Investment Plan administrative and educational contribution from .05% to .03% (also included in House Bill 1307). No change was made to the allocation made to Investment Plan member accounts (i.e., 9% for Regular Class, 20% for Special Risk Class, etc.).

See the tables on page 2 for rates.

House Bill 1307 (miscellaneous Investment Plan and State Board of Administration changes)

This bill provides the following:

Investment Plan Technical Changes

Clarifies practices and policies being used in administration of the Plan since the Plan began. Changes include:

- A number of definitions in s. 121.4501, Florida Statutes, were revised, added, or deleted.
- A member who transfers from the Investment Plan to the Pension Plan and retains an excess balance in the Investment Plan after the buy-in cannot receive this excess balance until the member retires from the Pension Plan. The excess amount can be rolled to the Pension Plan to purchase service credit or upgrade service in the Pension Plan.
- Clarifies that members can file a complaint against the Investment Plan, the third party administrator, or any program vendor or provider.

Telecommunications Relay Services 711 Reminder

The MyFRS Financial Guidance Line’s dedicated TTY line (1-888-429-2160) is being discontinued on June 30, 2010. Members who are deaf, hard of hearing, or speech-impaired can now communicate with the FRS using a national service called Telecommunications Relay Services (TRS) 711.

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Members' Social Security Numbers

All Investment Plan members are notified of the following in every quarterly Investment Plan Newsletter:

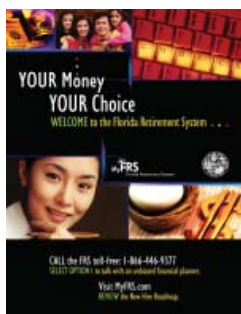
FRS Investment Plan member records are filed according to the member's Social Security number. The State Board of Administration of Florida (SBA) collects member Social Security numbers because it is imperative for the SBA to have the ability to identify Investment Plan members properly and definitively.

Because all FRS member records are filed by Social Security number, please be sure to enter your employees' Social Security numbers accurately on the monthly retirement payroll report. The number entered must be identical to the number on the employee's Social Security I.D. Card. Incorrect numbers can delay election processing, and affect the accuracy of service credit, and salary history.

Orientation Brochure for New Employees

Are you giving your new employees a copy of the orientation brochure: *Your Money Your Choice: Welcome to the Florida Retirement System*? If not, you should be. This publication is a quick and easy way to get your new hires up to speed on the important retirement plan

decision they need to make. You can request free copies of this brochure by calling the Employer Assistance Line at 1-866-377-2121 or ordering them via the Employer home page of MyFRS.com.



- The third party administrator will be required to retain all participant records for at least 5 years for use in resolving member complaints. The SBA, third party administrator, or a provider will not be required to produce documentation or audio recordings for member complaints that occurred 5 or more years before the complaint was submitted.
- Formalizes the establishment of a forfeiture account to hold assets forfeited by members.
- Lowers the Investment Plan administrative and educational contribution from .05% to .03% (also included in House Bill 5607, as noted above).
- Changes the number of days from 10 to 30 that an employer has to remit any loss of earnings amount owed to the Division of Retirement.
- Market losses are not payable to Investment Plan members if employer contributions are not posted timely due to acts of God that are beyond the control of the Division of Retirement, SBA, or the third party administrator.

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TABLE I Current Employer Contribution Rates

Membership Class	Retirement	Administrative and Education	Health Insurance Subsidy	Total
Regular Class	8.69%	0.05%	1.11%	9.85%
Special Risk Class	19.76%	0.05%	1.11%	20.92%
Special Risk Admin	11.39%	0.05%	1.11%	12.55%
Elected Officers (Judges)	18.40%	0.05%	1.11%	19.56%
Elected Officers (Legislative/Cabinet/Public Defender/State Attorney)	13.32%	0.05%	1.11%	14.48%
Elected Officers (County)	15.37%	0.05%	1.11%	16.53%
Senior Management Service Class	11.96%	0.05%	1.11%	13.12%
DROP Class	9.80%	0%	1.11%	10.91%

TABLE 2 Proposed Employer Contribution Rates Effective July 1, 2010

Membership Class	Retirement	Administrative and Education	Health Insurance Subsidy	Total
Regular Class	9.76%	0.03%	1.11%	10.90%
Special Risk Class	22.15%	0.03%	1.11%	23.29%
Special Risk Admin	11.24%	0.03%	1.11%	12.38%
Elected Officers (Judges)	19.39%	0.03%	1.11%	20.53%
Elected Officers (Legislative/Cabinet/Public Defender/State Attorney)	14.38%	0.03%	1.11%	15.52%
Elected Officers (County)	16.62%	0.03%	1.11%	17.76%
Senior Management Service Class	11.70%	0.03%	1.11%	12.84%
DROP Class	10.07%	0%	1.11%	11.18%

Legislative Update (continued)

House Bill 1307 (continued)

State Board of Administration

- A number of governance changes were made, including:
 - An audit committee was created to assist the SBA in its oversight responsibilities.
 - Requires minimum qualifications for the position of SBA Executive Director and as an Investment Advisory Council member.
 - The Investment Advisory Council was expanded from 6 to 9 members effective February 2011 and must meet at least quarterly.
 - Ethics and disclosure requirements are defined for investment advisers and managers.
- Changes the amount the SBA may invest in foreign equity for the FRS Pension Plan from 25% to 35% of total FRS assets.
- The SBA is permitted to secure trademarks, copyrights, and patents on behalf of the FRS or any other fund under its jurisdiction.
- Expands the local government investment pool to allow additional investment mandates. This change will allow the consolidation of several smaller funds managed by the SBA.
- Clarifies the types and amount of bonds that can be purchased by the SBA, including Build America Bonds, Qualified School Bonds, and certain tax-exempt bonds.

House Bill 1193 (Special Risk membership)

Redefines “special risk member” to include a Special Risk Class member employed in law enforcement, firefighting, or criminal detention who:

- Suffers a qualifying in-line-of-duty injury,
- Reaches maximum medical improvement on or after August 1, 2008, and
- Returns to work in a non-special risk position with the same employer he or she was employed by at the time of the accident.

Special Risk Class membership is retained only for as long as he/she remains employed by the employer at the time of the accident and Special Risk Administrative Support Class membership is not allowed. The qualifying in-line-of-duty injury includes total and permanent loss of use of at least two limbs or 75 percent loss of motor function in at least two limbs due to a physical injury to the brain. An employer is not required to create a position to accommodate a member under these circumstances and this bill does not create new rights not already provided under current state or federal law. HB 1193 also provides for death benefit payments under s. 112.191, F.S., to the survivors of firefighters killed while participating in a training exercise on or after November 1, 2003.

The State Board of Administration and the Division of Retirement will continue to review the new legislation to determine its potential effect on you and your employees. Details will be provided in upcoming editions of this newsletter and in separate mailings. For more information on legislation passed during the 2010 session, please visit MyFRS.com, click on the “Resources” tab, and scroll to the “Legislation, The Law & Public Records” link.

Online FRS Employer Training Workshops a Success!

On April 14th and 15th, SBA staff conducted the FRS Investment Plan Employer Training Workshop live via the Internet. Except for some access issues and technical problems, the two broadcasts were successful and most employers were pleased with the workshops. Employers who participated said:

- “Fabulous webinar session.”
- “The online workshop was really convenient, and except for a few technical difficulties, it went very well.”
- “Glad to not have to travel.”
- “Really appreciate access online. Much more cost effective as a webinar!”

Once the technical issues have been resolved, the FRS will begin scheduling online workshops on a regular basis. Thank you to all those employers who participated in these workshops. Look for information about upcoming broadcasts in the future.

Two More Chances to Attend Employer Training in Tallahassee This Year

Workshop Dates	Workshop Topics
September 8	Investment Plan
September 9	Pension Plan
October 13	Investment Plan
October 14	Pension Plan

To register for Pension Plan training, please call Kristina Corbally in the Division of Retirement’s Bureau of Retirement Calculations (toll-free at 1-888-738-2252 or 850-414-7032 in the Tallahassee area). To register for Investment Plan training, please call the toll-free FRS Employer Assistance Line (1-866-377-2121, Option 1), and ask for either Chris Winter or Christie Petrosi.

Additional information about the workshops can be found at MyFRS.com within the “Employers” section of the website.

Keep Employees' Names and Addresses Current

Please encourage your employees to report any changes to their name or mailing address to ensure they continue to receive important information from you and the FRS.

- **Active FRS Pension Plan or Investment Plan members.** Information is updated in the FRS database after you submit your agency's monthly payroll report.
- **Inactive or retired Investment Plan members:**
 - Can make an address change online (name changes cannot be made online). Details about how this can be done are found on the *MyFRS.com* home page by clicking the "?" graphic, then "Knowledge Base," then entering "address change" in the search box.
 - Can request a name change form by calling the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 and selecting Option 4 for Hewitt Associates. Members will need to complete and sign the form, and mail it (P.O. Box 785027, Orlando, FL 32878-5027) or fax it (1-888-310-5559) to Hewitt along with any required supporting documentation.
 - Instead of a name change form, members can mail (P.O. Box 785027, Orlando, FL 32878-5027) or fax (1-888-310-5559) a letter to Hewitt. The letter must include the member's old name, new name, last 4 digits of their Social Security number, and a copy of the court order, marriage certificate, or driver's license reflecting the member's new name.
- **Inactive or retired Pension Plan members.** Inactive members should contact the Division of Retirement's Calculations Section toll-free at 1-888-738-2252 (or 1-850-488-6491). Retired members should contact the Division's Retired Payroll Section toll-free at 1-888-377-7687 (or 1-850-488-4742).

Important New Hire Enrollment Deadlines

All enrollment forms must be mailed or faxed (1-888-310-5559) directly to Hewitt Associates, the FRS Plan Choice Administrator. To be considered to have been filed in a timely manner, Hewitt must receive all initial election forms by 4:00 p.m. ET on the last business day of an employee's enrollment deadline month. The 4:00 p.m. deadline is also applicable to those Regular and Special Risk Class members making their elections electronically via *MyFRS.com* or by calling the MyFRS Financial Guidance Line. Below are the retirement plan enrollment deadlines for new FRS employees for the next 12 months.

Enrollment Deadlines

If Hired in This Month...	Retirement Plan Choice Deadline is...
December 2009	May 28, 2010
January 2010	June 30, 2010
February 2010	July 30, 2010
March 2010	August 31, 2010
April 2010	September 30, 2010
May 2010	October 29, 2010
June 2010	November 30, 2010
July 2010	December 31, 2010
August 2010	January 31, 2011
September 2010	February 28, 2011
October 2010	March 31, 2011
November 2010	April 29, 2011

Employer Resources

- *MyFRS.com* website.
- Toll-free FRS Employer Assistance Line at 1-866-377-2121.
- Ernst & Young and Hewitt Associates representatives are available from 9:00 a.m. to 8:00 p.m. ET, Monday through Friday, except holidays.
- Division of Retirement staff is available 8:00 a.m. to 5:00 p.m. ET, Monday through Friday, except holidays.