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IRS-Required Tax Form

If you took a distribution from your Investment Plan account between December 30, 2010 and December 28, 2011, a 1099-R form(s) will be mailed to your address of record by Tuesday, January 31, 2012. Please allow two or three weeks to receive your form. If you don't receive your form or misplace it, you can request a replacement form by calling Aon Hewitt at 1-866-446-9377, Option 4, starting February 15, 2012.

Telecommunications Relay Services 711

Members who are deaf, hard of hearing, or speech-impaired can communicate with the FRS using a national service called Telecommunications Relay Services (TRS) 711.

Make 2012 a Year of Good Financial Health

Start 2012 off right with a free financial checkup that will help you feel confident that you are on track to meet your financial and retirement goals. Experienced and unbiased financial planners from Ernst and Young can help you set up a plan for your financial future. Already have a financial plan in place? These advisors can also help you review your plan against your goals and confirm that you're headed in the right direction. If you need to make adjustments, they can give you advice about that too.

Call the toll-free MyFRS Financial Guidance Line and talk with an Ernst & Young financial planner who can help you answer these questions and many others.

- Is the money I have in the Investment Plan invested in the right funds or should I make changes?
- Am I getting the most from my employer's deferred compensation (457, 403(b), or 401(k)) supplemental retirement plan?
- Is my named beneficiary the person I want to receive any benefits if I die?
- How can I better manage my debt, especially as I receive holiday bills?

Begin this new year by preparing for your future. Get your free financial checkup and the peace of mind that comes with it. Call the MyFRS Financial Guidance line at 1-866-446-9377, Option 2. You will speak with one of the expert financial planners who can help you get 2012 off to a year of good financial health!

Don't Let Your Money Run Out on You!

Did you know?

- **63%** ➡ The odds that either you or your spouse will live to 90.*
- **36%** ➡ The odds that either you or your spouse will live to 95.*

* Assumes a couple who is 65 years old today. Source: Society of Actuaries Annuity 2000 Mortality Tables.

Make sure you don't outlive your money. Consider using some or all of your Investment Plan account balance to purchase an annuity at retirement. An annuity pays a set amount to you on a periodic basis, usually monthly.

The Investment Plan offers both fixed and variable annuity options through Hartford Life. The following chart shows the lifetime monthly income you would receive by purchasing a Single Life Annuity or a 100% Joint and Survivor Fixed Annuity, assuming a \$100,000 premium.

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Members' Social Security Numbers

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 to ensure the SBA has the ability to identify Investment Plan members properly and definitively.

Quarterly Fund Performance Summary

Overview

This Performance Summary is organized by 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. Investing in a mix of asset classes, or diversifying, helps you control your risk.* In this Summary, we use five asset classes: money market, inflation-protected securities, bonds, U.S. stocks, and foreign stocks. We also have a special category called balanced funds that provide a diversified mixture of various asset classes.

Balanced Funds

These 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 risk. 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 provide updated investment fund mixes to the FRS that they believe will provide the best balance between expected risk and return.

Money Market Funds

These 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, returns have been modest, basically keeping pace with inflation. Money market funds are not FDIC insured or guaranteed.

Inflation-Protected Securities Funds

These funds invest in United States Treasury inflation-protected securities (TIPS). TIPS provide two types of return. First, there's a fixed interest rate that's been around 2% to 4% since TIPS were first issued in 1997. Second, there's a return of principal (the starting amount of your investment) and interest (the additional earnings you get over time) 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%. The day-to-day value of inflation-protected securities varies with changes in inflation and interest rates, but these funds offer a promise of keeping up with inflation that is unique to this type of investment.

Bond Funds

These funds invest primarily in bonds, which are like IOUs – a company or government agency borrows money and pays it back with interest to the bondholder (the entity 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 bonds goes down because they pay a fixed rate of interest (the market sees other investments as being more attractive). Therefore, bonds and bond funds don't always protect the value of your retirement savings against inflation.

U.S. Stock Funds

These funds invest primarily in equity shares or stocks issued by U.S. companies. The short-term risk of stocks has been much higher than bonds. However, over long periods of time, stocks have generally done better than bonds, 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

These funds invest primarily in equity shares or stocks issued by foreign companies. 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 risk (differences in the relative value of domestic and foreign money). Over the long term, foreign stocks have not done quite as well as U.S. stocks, but they have provided diversification benefits.

* Note that there can be risk in holding a large portion of your account balance in a single fund (unless that fund is a reasonably diversified fund, such as a balanced fund). For further information on diversifying your account, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, or Telecommunication Relay Service (TRS 711), or visit MyFRS.com. Additional information on investing and diversification can be found on the U.S. Department of Labor's website at www.dol.gov/ebsa/investing.html.



What's in the Summary?

Below you'll find a brief description of the information in the Performance Summary.

- **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.
- **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.
- **"PB"** stands for Performance Benchmark. It allows you to see how well the fund is doing relative to the performance of the market sector it is trying to beat. Note that index funds are designed to approximate the returns of their benchmarks. Benchmarks do not have costs.
- **Management Type** is the type of investment strategy used by a fund.
 - **P Passively Managed** (or Index) funds follow a strategy to produce the same level and pattern of investment returns generated in a market index (such as the S&P 500® index) by buying and holding the same securities as the index itself. Index funds carry a very low fee.
 - **A Actively Managed** funds try to predict securities price movements in order to beat a market index. The higher fees associated with Actively Managed funds are used to support the research needed to predict market changes.

Performance Summary as of December 31, 2011

P = Passively Managed Type

A = Actively Managed Type

Refer to page 2 for a definition of these asset classes.

	Fees Per \$10,000 Account		Annual Average Investment Returns After Deducting Fees ††			
	Annual Fees †	Long-Term Fees	Previous Quarter*	Previous Year	Previous 5 Years	Previous 10 Years
BALANCED FUNDS						
Core Balanced Funds						
FRS Select Conservative Balanced Fund (A10) A	\$5	\$161	1.73%	3.87%	3.75%	4.29%
<i>PB: Conservative Balanced Aggregate Index</i>	---	---	1.84%	3.98%	3.25%	3.83%
FRS Select Moderate Balanced Fund (A20) A	\$5	\$141	4.51%	1.16%	1.31%	4.81%
<i>PB: Moderate Balanced Aggregate Index</i>	---	---	4.56%	1.32%	0.81%	4.60%
FRS Select Aggressive Balanced Fund (A30) A	\$4	\$127	6.19%	-0.91%	-0.44%	4.23%
<i>PB: Aggressive Balanced Aggregate Index</i>	---	---	6.27%	-0.79%	-0.63%	4.37%
MONEY MARKET FUNDS						
Core Money Market Funds						
FRS Select Yield Plus Money Market Active Fund (M10) A	\$6	\$174	0.06%	0.23%	1.69%	2.19%
<i>PB: Institutional Money Market Average Index</i>	---	---	0.01%	0.05%	1.85%	2.23%
INFLATION-PROTECTED SECURITIES FUNDS						
Core Inflation-Protected Securities Funds						
FRS Select U.S. Treasury Inflation-Protected Securities Index Fund (T10) P	\$2	\$60	2.55%	13.58%	8.04%	7.57%
<i>PB: Barclays Capital TIPS Index</i>	---	---	2.69%	13.56%	7.95%	7.57%
BOND FUNDS						
Core Bond Funds						
FRS Select U.S. Bond Enhanced Index Fund (B15) P	\$5	\$151	1.05%	7.89%	6.82%	5.94%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	1.12%	7.84%	6.50%	5.78%
PIMCO Total Return Fund (B20) A	\$60	\$1,979	2.19%	4.03%	7.95%	6.63%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	1.12%	7.84%	6.50%	5.78%

P = Passively Managed Type
A = Actively Managed Type

Fees Per \$10,000 Account

Annual Average Investment Returns After Deducting Fees ††

	Annual Fees †	Long-Term Fees	Previous Quarter*	Previous Year	Previous 5 Years	Previous 10 Years
BOND FUNDS - continued						
Specialty Bond Funds						
Pyramis Intermediate Duration Pool Fund (B35) A	\$11	\$337	0.98%	5.89%	5.75%	5.44%
<i>PB: Barclays Capital Intermediate Aggregate Bond Index</i>	---	---	0.91%	5.97%	6.09%	5.39%
FRS Select High Yield Fund (B50) A	\$46	\$1,483	5.80%	6.02%	8.37%	8.52%
<i>PB: Barclays Capital US HYield Ba-2% Issuer Cap</i>	---	---	5.75%	6.90%	8.67%	8.55%
U.S. STOCK FUNDS						
Core U.S. Stock Funds						
FRS Select U.S. Stock Market Index Fund (S10) P	\$2	\$60	12.18%	1.04%	0.10%	3.58%
<i>PB: Russell 3000 Index</i>	---	---	12.12%	1.03%	-0.01%	3.51%
Pioneer Fund (S20) A	\$74	\$2,496	11.40%	-4.22%	-0.75%	3.06%
<i>PB: S&P 500 Index</i>	---	---	11.82%	2.11%	-0.25%	2.92%
Specialty U.S. Stock Funds						
FRS Select U.S. Large Value Stock Active Fund (S25) A	\$19	\$595	12.80%	1.62%	-1.81%	4.99%
<i>PB: Russell 1000 Value Index</i>	---	---	13.11%	0.39%	-2.64%	3.89%
Prudential Mid-Cap Quantitative Core Equity Fund (S40) A	\$35	\$1,109	14.84%	0.10%	3.82%	8.11%
<i>PB: S&P Mid-Cap 400 Index</i>	---	---	12.98%	-1.73%	3.32%	7.04%
FRS Select U.S. Large Growth Stock Active Fund (S30) A	\$36	\$1,131	8.05%	1.19%	2.68%	2.61%
<i>PB: Russell 1000 Growth Index</i>	---	---	10.61%	2.64%	2.50%	2.60%
Fidelity Growth Company Fund (S80) A	\$68	\$2,272	7.79%	0.92%	4.21%	5.01%
<i>PB: Russell 3000 Growth Index</i>	---	---	10.94%	2.18%	2.46%	2.74%
Fidelity Low-Priced Stock Fund** (S90) A	\$74	\$2,496	9.42%	0.19%	2.26%	8.85%
<i>PB: Russell 2500 Value Index</i>	---	---	15.45%	-3.36%	-0.58%	7.16%
American Beacon Small-Cap Value Fund (S99) A	\$82	\$2,802	18.38%	-4.05%	0.87%	8.22%
<i>PB: Russell 2000 Value Index</i>	---	---	15.97%	-5.50%	-1.87%	6.40%
T. Rowe Price Small-Cap Stock Fund (S97) A	\$92	\$3,195	16.80%	-0.09%	3.73%	7.08%
<i>PB: Russell 2000 Index</i>	---	---	15.47%	-4.18%	0.15%	5.62%
FOREIGN STOCK FUNDS						
Core Foreign Stock Funds						
FRS Select Foreign Stock Index Fund*** (F10) P	\$2	\$60	3.61%	-11.80%	-3.75%	5.43%
<i>PB: MSCI World ex U.S. Index</i>	---	---	3.51%	-12.21%	-4.09%	5.14%
American Funds Euro-Pacific Growth Fund*** (F20) A	\$50	\$1,623	4.61%	-13.29%	-1.11%	6.79%
<i>PB: MSCI All Country World ex U.S. Index^</i>	---	---	3.77%	-13.33%	-4.02%	5.26%
Global Stock Funds						
American Funds New Perspective Fund*** (F40) A	\$53	\$1,728	6.35%	-7.37%	0.89%	6.34%
<i>PB: MSCI World Index</i>	---	---	7.59%	-5.54%	-2.37%	3.81%

Prior to July 2002, actual historical performance data has been adjusted for fees and/or designs for multiple manager designs specific to the FRS.

* Not annualized.

** This fund was closed to new money effective August 1, 2004.

*** These funds may have restrictions on your ability to trade. Please review the excessive fund trading policy.

† Fees and expenses are only one of several factors that you should consider when making investment decisions.

†† The performance information presented reflects past performance. Past performance is not necessarily an indication of future performance.

^ In January 2010, the benchmark was changed from the MSCI EAFE Index to the MSCI ACWI ex U.S. Index to reflect the revised primary benchmark listed in the Fund's prospectus. For periods ending prior to January 31, 2010, the performance benchmark reflects the MSCI EAFE Index.



Continued from page 1

Keep Your Name and Address Current

Please be sure to report any change in your name or mailing address to your employer to ensure you receive important information from your employer and the FRS. All active FRS employees must change their personal information through their FRS employer. Inactive or retired Investment Plan members can make an address change online.

For name changes, send a letter to Aon Hewitt, the Investment Plan Administrator. The letter should include your old name, new name, the last four digits of your Social Security number, and a copy of the court order, marriage certificate, or driver's license reflecting your new name.

Lifetime Annuity Quotes – \$100,000 Premium

Annuity Type	Monthly Benefit	Annuity Type	Monthly Benefit
Single Life ¹	\$533.35	Joint and Survivor ²	\$463.49

Assumptions: The monthly benefits listed in the examples above assume you used \$100,000 of your FRS Investment Plan balance to purchase a lifetime fixed annuity from Hartford Life, the FRS Investment Plan's annuity provider. The Single Life Annuity example assumes a male, age 62; the Joint and Survivor Annuity example assumes a female spouse, age 62. Cost of living increases are not included in these examples. The above examples are as of 11/17/11. Your actual annuity quotes may vary based on your individual data and circumstances (e.g., age, marital status), the movement in the fixed income investment markets, and the date you purchase the annuity. A variety of fixed and variable annuities are available for you to choose. Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for additional details.

¹ By choosing a Single Life Annuity, your monthly benefits are payable for your lifetime only. Upon your death, the annuity ends. Your survivors receive no further benefits.

² By choosing a 100% Joint and Survivor Annuity, monthly benefits are payable for your lifetime and the lifetime of your surviving joint annuitant. Upon your death, your surviving joint annuitant will receive a lifetime monthly benefit payment in the same amount (100%) as you were receiving.

To find out more about how an annuity might fit into your financial future, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711), and receive free, unbiased assistance. You may also want to read the online brochure "Make Your Money Last a Lifetime" located on *MyFRS.com* by clicking Resources, then clicking Publications, then scrolling down to Planning for Retirement. If you have a Smartphone, use the QR code (also known as a quick response code) shown at right.



Get Smarter About Your Money Without Leaving Your Desk

2012 Employee Workshop Webcasts: Want to get smarter about your financial health, but don't have a lot of time to spare? Good news! The FRS offers free financial planning workshop webcasts for FRS-covered employees that you can attend right from your desk. Below is the schedule for 2012. You may attend as many workshops as you wish. Register by calling 1-866-446-9377, Option 2.

If you cannot attend one of the live webcasts, you can access recorded webcasts as well as videos, by clicking the "FRS Video Library" link on the *MyFRS.com* homepage. Topics include new hire plan choice, financial planning, plan provisions, and more.

2012 Employee Workshop Webcast Schedule

Date in 2012	10:00 a.m. to Noon ET	1:00 to 3:00 p.m. ET
January 31	Using the FRS to Plan for Retirement	FRS Investment Plan: Understanding Your Benefits
February 1	Nearing Retirement in the FRS	Income Tax Planning: Smart Planning for Your Taxes
April 24	Using the FRS to Plan for Retirement	New Employee Retirement Plan Choice
April 25	Nearing Retirement in the FRS	Investment Planning for Everyone: The Basics
July 24	Using the FRS to Plan for Retirement	Cash and Debt Management: Smart Spending & Saving for Retirement
July 25	Nearing Retirement in the FRS	Estate Planning: Protecting Your Family
October 23	Using the FRS to Plan for Retirement	Investment Planning for Everyone: The Details
October 24	Nearing Retirement in the FRS	Insurance Planning: Protecting Your Loved Ones

Excessive Fund Trading Policy

The SBA has an Excessive Fund Trading Policy to help protect all Investment Plan members by preventing any short-term excessive fund trading within the FRS Investment Plan. The policy is available on the “Investment Funds” page of MyFRS.com.

About Fund Transfers

The FRS Investment Plan generally permits you to change your investment options daily (some funds restrict your ability to move your money under certain circumstances under an excessive fund trading policy). Transfer requests processed before 4:00 p.m. Eastern time (or market close, if earlier) will be effective on the day the request is made. Transfer requests received after that time will be processed the next business day. You may change or cancel your request at any time before market close by logging onto MyFRS.com or calling the FRS Investment Plan Administrator at 1-866-446-9377, Option 4. If your completed request is delayed for any reason, it will be processed as soon as administratively feasible.

Inactive Account Maintenance Fee

Inactive FRS Investment Plan members with account balances over \$1,000 are subject to a \$6 per quarter account maintenance fee. If applicable, this fee will appear on your quarterly statement after it has been applied to your FRS Investment Plan account. Further information is available in the Investment Plan Summary Plan Description on MyFRS.com.

We're Back Online

Good news, the online tools are again available via MyFRS.com. Due to 2011 legislative changes, the factors used to project benefits were changed. As a result, access to the MyFRS.com online tools, including the CHOICE Service and 2nd Choice Service, was suspended from May through December.

These tools have been tested extensively and have been updated. We encourage you to use these valuable planning tools. If you have any questions, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 1 (TRS 711).

Update Your Beneficiary Designation

Keeping your beneficiary designation is more important than ever.

Your employee contributions became effective July 1, 2011. And your employee contributions may be immediately vested.¹ However, if you end your employment before you are vested in your retirement benefit, you may be able to receive a distribution of your employee contributions after you satisfy a three-month waiting period. This means that employee contributions are available after relatively short periods of service. If something happened to you, are you certain that your benefit will be paid to the correct person in the event of your death?

How do I designate a beneficiary? If as a new hire you completed a retirement plan election form, you agreed to designate your beneficiary per Florida law.² However, you may not want your benefits paid per Florida law. Therefore, you may want to designate a specific person as your beneficiary, as follows:

- **Online:** Log into MyFRS.com, click on Manage My Benefits, then Manage Investments. On the landing page, click on Personal Information, then Beneficiaries.
- **Form:** The Investment Plan Beneficiary Form (IPBEN-1) can be accessed from the MyFRS.com home page under Frequently Used Forms in the right column. Complete the form and mail or fax it to Aon Hewitt, the FRS Investment Plan Administrator.
- **Phone:** Call Aon Hewitt at 1-866-446-9377, Option 4 (TRS 711). Representatives are available Monday through Friday, 9:00 a.m. to 8:00 p.m. ET. When you call, have the name of each of your beneficiaries, the designation percentages, and designation levels (primary or contingent). You should also be prepared to provide each beneficiary's Social Security number, date of birth, and address.

¹ You are always fully vested in your own contributions as long as you remain enrolled in the plan you chose as a new employee. How your employee contributions are distributed to you depends on a number of factors, especially if you use your 2nd Election to switch plans in the future.

² Per Florida law, the beneficiary shall be the spouse of the deceased, if living. If the participant's spouse is not alive at the time of his or her death, the beneficiary shall be the living children of the participant. If there are no surviving children, the beneficiary shall be the participant's father or mother, if living; otherwise, the beneficiary shall be the participant's estate.

This Performance Summary 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, incorporate 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.