



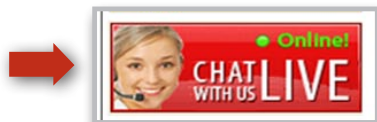
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Online Live Chat Is Now Live

You can now chat live with an Ernst & Young financial planner right from the *MyFRS.com* home page. Since mid-December when the live chat feature was rolled out, usage has increased and feedback has been positive. If you haven't used chat yet, give it a try by clicking on the chat box on the *MyFRS.com* home page (see screenshot below).

While using chat, you can get answers to general questions. Detailed or personal questions may require the Ernst & Young financial planner to contact you directly. Currently, chat is only available for limited hours, Monday through Friday.



Reemployment After an Investment Plan Distribution Could Cost You

Are you thinking about coming back to work with an FRS-covered employer after taking an Investment Plan distribution? *If you come back too soon, you might have to repay the entire distribution or quit your new job.* Here are some important things you should know about reemployment after retirement.



When am I considered to be a retiree?

The law states that **anyone** who takes a distribution from the Investment Plan is a retiree, regardless of age or years of service.

What happens if I take an Investment Plan distribution and then return to work?

It depends on when you return to work with an FRS-covered employer, as explained below.

If you return to work with an FRS-covered employer:

Within 6 calendar months

Then:

You will be required to either repay the distribution or terminate your employment. **THERE ARE NO EXCEPTIONS.** If you terminate employment, you can return to employment after satisfying the 6-calendar-month period.

During calendar months 7 to 12

You can keep any distributions you have already received, but you will not be able to take any further distributions from the Investment Plan until either you terminate employment or 12 calendar months have passed from the date you originally became a retiree.

After 12 calendar months

No restrictions apply. You won't be required to repay any prior distributions, and you can continue receiving Investment Plan distributions.

How are the waiting periods determined?

The waiting period begins during the month you take the distribution and ends on the last day of the last month of the period. For example, if you receive a distribution on July 5, 2013, your "6-calendar-month period" would end on January 31, 2014; the 7th calendar month would begin on February 1, 2014. The 12th calendar month would end on July 31, 2014, and there would be no restrictions on your reemployment as of August 1, 2014.

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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.

Telecommunications Relay Service 711

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

Quarterly Fund Performance Summary

Overview

The Performance Summary is organized by these asset classes: money market funds, inflation-protected securities funds, bond funds, U.S. stock funds, and foreign funds. A special asset class, balanced funds, provides a diversified mixture of various asset classes.

Asset classes are groups of similar investments whose values react to changes in the economy the same basic way. Organizing funds according to asset classes is a way to simplify how you invest and improve the odds of meeting your retirement goals. Investing in a mix of asset classes (also called "diversifying") helps you control your risk, because the different asset classes typically react to market volatility in different ways.¹

Before you select any investment funds or make an election, you should also review the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the "Investment Funds" section at *MyFRS.com*.

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, which 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 1% 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, which 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 and Global 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.

¹ 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 about diversifying your account, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, or call the Telecommunications Relay Service (TRS 711), or visit *MyFRS.com*. Additional information about 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.

- **Long-Term Fees** are the value in today's dollars of the total fees that would be charged over 30 years, assuming a \$1,000 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 March 31, 2013

P = Passively Managed Type

A = Actively Managed Type

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

		Fees per \$1,000		Annual Average Investment Returns After Deducting Fees ¹			
Refer to page 2 for a definition of these asset classes.		Annual Fees ²	Long-Term Fees	Previous Quarter ³	Previous Year	Previous 5 Years	Previous 10 Years
BALANCED FUNDS							
FRS Select Moderate Balanced Fund (A20)	A	\$0.43	\$13	4.15%	8.60%	3.78%	7.53%
PB: Moderate Balanced Aggregate Index		---	---	4.17%	8.23%	3.29%	7.31%
FRS Select Aggressive Balanced Fund (A30)	A	\$0.47	\$14	5.99%	10.60%	3.16%	8.39%
PB: Aggressive Balanced Aggregate Index		---	---	6.17%	10.59%	3.10%	8.52%
FRS Select Conservative Balanced Fund (A10)	A	\$0.55	\$17	1.11%	4.36%	3.34%	5.34%
PB: Conservative Balanced Aggregate Index		---	---	1.08%	3.92%	2.97%	4.83%
MONEY MARKET FUNDS							
FRS Select Yield Plus Money Market Active Fund (M10)	A	\$0.57	\$17	0.06%	0.28%	0.53%	1.99%
PB: Institutional Money Market Average Index		---	---	0.01%	0.06%	0.59%	2.01%
INFLATION-PROTECTED SECURITIES FUNDS							
FRS Select U.S. Treasury Inflation-Protected Securities Index Fund (T10)	P	\$0.20	\$6	-0.35%	5.80%	5.99%	6.37%
PB: Barclays Capital TIPS Index		---	---	-0.36%	5.68%	5.89%	6.32%
BOND FUNDS							
FRS Select U.S. Bond Enhanced Index Fund (B15)	P	\$0.50	\$15	-0.04%	3.96%	5.76%	5.22%
PB: Barclays Capital Aggregate Bond Index		---	---	-0.12%	3.77%	5.47%	5.02%
Pyramis Intermediate Duration Pool Fund (B35)	A	\$1.08	\$33	0.41%	4.38%	5.31%	4.78%
PB: Barclays Capital Intermediate Aggregate Bond Index		---	---	0.15%	3.04%	4.94%	4.69%
FRS Select High Yield Fund (B50)	A	\$4.60	\$148	2.17%	10.60%	10.83%	9.23%
PB: Barclays Capital US HiYld Ba/B-1% Issuer Cap ⁴		---	---	2.38%	12.50%	11.79%	9.44%
PIMCO Total Return Fund (B20)	A	\$5.70	\$187	0.57%	7.78%	7.62%	6.51%
PB: Barclays Capital Aggregate Bond Index		---	---	-0.12%	3.77%	5.47%	5.02%

Performance Summary as of March 31, 2013 – continued

P = Passively Managed Type

A = Actively Managed Type

		Fees per \$1,000		Annual Average Investment Returns After Deducting Fees ¹			
		Annual Fees ²	Long-Term Fees	Previous Quarter ³	Previous Year	Previous 5 Years	Previous 10 Years
U.S. STOCK FUNDS							
FRS Select U.S. Stock Market Index Fund (S10)	P	\$0.20	\$6	11.08%	14.64%	6.42%	9.23%
PB: Russell 3000 Index		---	---	11.07%	14.56%	6.32%	9.15%
FRS Select U.S. Large Value Stock Active Fund (S25)	A	\$1.93	\$60	12.34%	17.10%	5.41%	9.89%
PB: Russell 1000 Value Index		---	---	12.31%	18.77%	4.85%	9.18%
FRS Select U.S. Large Growth Stock Active Fund (S30)	A	\$3.24	\$102	7.54%	5.73%	7.34%	8.15%
PB: Russell 1000 Growth Index		---	---	9.54%	10.09%	7.30%	8.62%
Prudential Mid-Cap Quantitative Core Equity Fund (S40)	A	\$3.50	\$111	14.26%	20.16%	10.88%	13.48%
PB: S&P Mid-Cap 400 Index		---	---	13.45%	17.83%	9.85%	12.45%
Fidelity Growth Company Fund (S80)	A	\$5.90	\$194	8.55%	6.38%	8.33%	12.20%
PB: Russell 3000 Growth Index		---	---	9.82%	10.42%	7.44%	8.84%
Fidelity Low-Priced Stock Fund ⁵ (S90)	A	\$7.10	\$238	10.44%	15.05%	8.95%	13.25%
PB: Russell 2500 Value Index		---	---	13.35%	21.17%	8.81%	12.14%
Pioneer Fund (S20)	A	\$7.20	\$242	11.50%	11.86%	3.95%	8.23%
PB: S&P 500 Index		---	---	10.61%	13.96%	5.81%	8.53%
American Beacon Small-Cap Value Fund (S99)	A	\$8.30	\$284	13.71%	17.75%	9.21%	12.71%
PB: Russell 2000 Value Index		---	---	11.63%	18.09%	7.29%	11.29%
T. Rowe Price Small-Cap Stock Fund (S97)	A	\$9.20	\$320	12.52%	17.02%	12.71%	12.41%
PB: Russell 2000 Index		---	---	12.39%	16.30%	8.24%	11.52%
FOREIGN AND GLOBAL STOCK FUNDS							
FRS Select Foreign Stock Index Fund ⁶ (F10)	P	\$0.20	\$6	4.03%	10.81%	-0.37%	10.21%
PB: MSCI World ex U.S. Index		---	---	4.70%	10.43%	-0.75%	9.95%
American Funds EuroPacific Growth Fund ⁶ (F20)	A	\$5.00	\$162	2.93%	9.60%	1.17%	11.77%
PB: MSCI All Country World ex U.S. Index		---	---	3.27%	8.87%	-0.61%	10.07%
American Funds New Perspective Fund ⁶ (F40)	A	\$5.30	\$173	6.27%	13.05%	4.51%	11.90%
PB: MSCI All Country World Index ⁷		---	---	6.50%	10.99%	2.07%	8.93%

¹ The performance information presented reflects past performance. Past performance is not necessarily an indication of future performance.

² Fees and expenses are only one of several factors that you should consider when making investment decisions.

³ Not annualized.

⁴ In June 2012, the benchmark was changed from Barclays Capital US HiYld Ba-2% Issuer Cap Index to Barclays Capital US HiYld Ba/B-1% Issuer Cap Index. For periods prior to June 30, 2012, the performance benchmark reflects the Barclays Capital US HiYld Ba-2% Issuer Cap Index.

⁵ This fund was closed to new money effective August 1, 2004.

⁶ These funds may have restrictions on your ability to trade. Please review the Excessive Fund Trading Policy.

⁷ In November 2012, the benchmark was changed from MSCI World Index to MSCI All Country World Index (ACWI). For periods prior to November 30, 2012, the performance benchmark reflects the MSCI World Index.

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.

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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-covered 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, your 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.

Beneficiary Designation Reminder

Your enclosed FRS Quarterly Investment Plan Statement lists your current Investment Plan account beneficiary(ies). Please review these beneficiary(ies) to ensure they are correct. You can change your beneficiaries by logging in to *MyFRS.com* and clicking "Manage My Benefits" and then "Manage Investments." Or you can complete an FRS Investment Plan Beneficiary Designation Form (IPBEN-I), which is also available online. You can also update your beneficiaries by calling the FRS Investment Plan Administrator at 1-866-446-9377, Option 4 (TRS 711).

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*.

Can I rejoin the FRS after becoming an FRS retiree?

No. Once you take an Investment Plan distribution, you can **NEVER** renew membership in the FRS nor will you be eligible to earn additional benefits under the FRS.

What if I am hired by a private employer?

If you are hired by a private employer or a non-FRS public employer, none of the reemployment restrictions apply.

Questions?

Before taking a distribution from your Investment Plan account or returning to work for an FRS-covered employer, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

How Proposed 2013 Retirement Legislation May Affect the FRS and You

The Florida Legislature is currently considering a number of bills that will change the Florida Retirement System's programs and processes. The following bills may have an impact on you:

Mandatory Investment Plan Membership/Expands Investment Plan Investment Options – HB 7011

If implemented, this bill would place all newly hired employees into the Investment Plan starting January 1, 2014 and expand the investment options available in the Investment Plan to include:

- A brokerage account, which may allow you to purchase individual stocks, exchange-traded funds, and mutual funds.
- Investment products developed and managed internally by the State Board of Administration (the state agency that invests the Pension Plan Trust Fund assets and administers the Investment Plan).

Changes Default Election for New Hires/Reduces Investment Plan Employee Contributions – SB 1392

If implemented, this bill would default all newly hired employees who fail to make an election during their initial election period into the Investment Plan instead of the Pension Plan (except Elected Officers' Class and Senior Management Service Class members who would be compulsory Investment Plan members). It would also lower the employee contributions paid by all Investment Plan members from 3% to 2% of gross salary. Employer contributions would increase by 1% so the overall amount contributed to Investment Plan members' accounts would remain the same.

If either of these bills becomes law, the FRS will provide you with detailed information in a future newsletter. It is still relatively early in the legislative session, and any retirement plan decisions will not be finalized until the session ends on May 3, 2013.

2013 Employee Workshop Webcasts

The FRS offers free financial planning workshop webcasts for FRS-covered employees. The remaining 2013 schedule is shown below. You can attend as many workshops as you wish. Register by calling 1-866-446-9377, Option 2, or register online as follows:

1. Go to myfrs-workshops.com and register and/or log in.
2. Click the "Select County" drop-down and select "EMPLOYEE WEBINARS."
3. Click "Select Workshop" and select the webinar you would like to attend.
4. Click "Find Open Time Slots" and "Select" the webinar date you would like to attend.
5. Finalize your registration by clicking "Finalize Workshop."

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

2013 Dates 10:00 a.m. to Noon ET

1:00 to 3:00 p.m. ET

April 30	Using the FRS to Plan for Retirement	Education Planning: Funding the Future
May 1	Nearing Retirement in the FRS	Estate Planning: Protecting Your Family
July 23	Using the FRS to Plan for Retirement	Cash and Debt Management: Smart Spending and Saving for Retirement
July 24	Nearing Retirement in the FRS	FRS Investment Plan: Understanding Your Benefits
October 22	Using the FRS to Plan for Retirement	Investment Planning for Everyone: The Details
October 23	Nearing Retirement in the FRS	New Employee Retirement Plan Choice

Lifetime Annuity Quotes – \$100,000 Premium

Annuity Type	Monthly Benefit
Single Life ¹	\$518.61
Joint and Survivor ²	\$444.32

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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 March 7, 2013. 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," and 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.



Make Your Money Last
a Lifetime