

Education Planning –

Funding the Future



Florida Retirement System



*Successful retirement planning includes
planning for all aspects of one's
financial life.*



The Reasons We Are Here!

- Learn a process for education funding
 - **6 simple steps**
- Review the resources available to you
 - **Through the FRS and your Employer**
- Create an easy to follow action plan
 - **Customized to meet your education funding goals**



Resources Available to You - FREE

MyFRS Financial Guidance Program



MyFRS.com
Advisor Service
Choice Services
FAQ's, Calculators



Toll-free MyFRS
Financial Guidance Line,
staffed by
Ernst & Young financial
planners and the Division
of Retirement



Employee workshops:
Visit MyFRS.com for an
updated list of workshops,
locations and dates



Print and e-mail
communications

**All resources are available to FRS
Pension & Investment Plan Members**



Personal Action Plan

Action Steps	Done
	<input type="checkbox"/>
	<input type="checkbox"/>
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	<input type="checkbox"/>

Action Step

- See Appendix A to start your own Personal Action Plan



What Is The Education Planning Process?

- Step 1:** What are your goals?
- Step 2:** What will you need?
- Step 3:** What will you have?
- Step 4:** Is there a gap?
- Step 5:** What should you do?
- Step 6:** How can you stay on track?



The Education Planning Process

Step 1: What are your goals?

Step 2: What will you need?

Step 3: What will you have?

Step 4: Is there a gap?

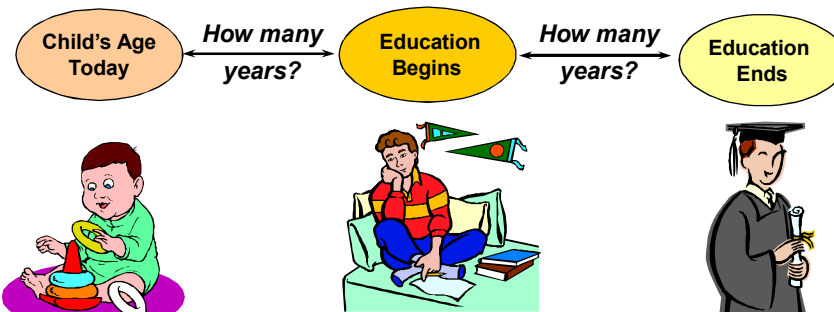
Step 5: What should you do?

Step 6: How can you stay on track?

- When will you need the funds for education?
- What is your financial commitment to your child's education?



When Will You Need Education Funds?





The Education Planning Process

Step 1: What are your goals?

Step 2: What will you need?

Step 3: What will you have?

Step 4: Is there a gap?

Step 5: What should you do?

Step 6: How can you stay on track?

- What are the costs of education
- What type of school: public or private?
- What are the effects of inflation?



What Are The Costs Of Education?

<i>Annual Estimated Costs</i>	
Tuition, room and board	\$17,860
Books and supplies	\$1,200
Travel home or commuting	\$1,110
Telephone bills, extracurricular activities, and miscellaneous costs	\$2,091
<i>Total Annual Estimated Cost</i>	<i>\$22,261</i>

Source: Information from The College Board 2012 Trends in College Pricing, Figure 1 (assumes 4 year Public College costs for in-state resident).



What Type Of School?

- Public In-State University –
 - \$22,261/year *
- Public Out-Of-State University –
 - \$35,312/year *
- Private University–
 - \$43,289/year *



* Source: The College Board 2012 Trends in College Pricing, Figure 1.



What Will You Need? *Tuition + Room & Board + Other*

<i>Current Age</i>	<i>Age 7</i>	<i>Age 1</i>
Year 1	\$42,300	\$60,000
Year 2	\$44,800	\$63,600
Year 3	\$47,500	\$67,400
Year 4	\$50,300	\$71,400
Total Cost	\$184,900	\$262,400

Projections based on inflation rate of 6% each year. Assumes child begins college at age 18.
Figures are rounded to the nearest hundred. Current cost used is \$22,261.

Source: The College Board 2012 Trends in College Pricing, Figure 1
(assumes 4 year Public College costs for in-state resident).



The Education Planning Process

Step 1: What are your goals?

Step 2: What will you need?

Step 3: What will you have?

Step 4: Is there a gap?

Step 5: What should you do?

Step 6: How can you stay on track?

- What are your education funding sources?



What Are Your Education Funding Sources?

- Personal Savings and Investments
 - Qualified Tuition Programs
 - Individual Retirement Accounts (IRAs)
 - Other Tax-Favored Investments
- Financial Aid

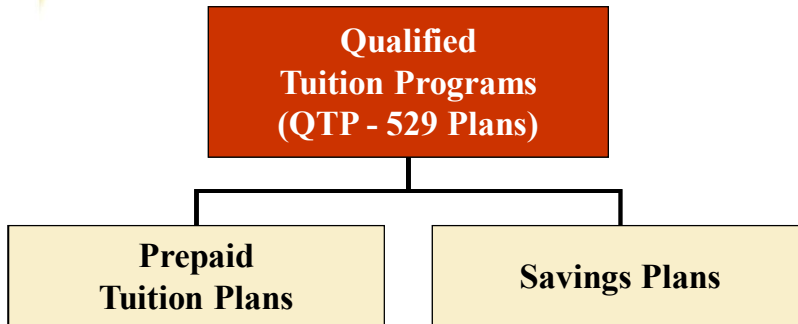
Action Step

- See Appendix B to see what you have saved so far





Personal Savings and Investment Alternatives



Action Step

- Visit www.saveforcollege.com



Personal Savings and Investment Alternatives

- Prepaid Tuition Plans
 - Lock in tuition at current rates
 - Funds may be used for colleges not covered by the Plan
 - Contributions grow at least as much as tuition inflation
 - Florida Prepaid College Plan

Action Step

- See Appendix C for additional information on the Florida Prepaid College Plan



Personal Savings and Investment Alternatives

- Savings Plans
 - Some guarantee a minimum annual rate of return
 - Florida's 529 does not
 - Investment alternatives vary by state
 - Florida has 4 static and 5 age-based options
 - Fees vary by state
 - .75% for Florida
 - Florida College Investment Plan

Action Step

- See Appendix D for additional information on the Florida College Investment Plan



Personal Savings and Investment Alternatives

Consideration	Coverdell ESA	Roth IRA
Contribution limit	<ul style="list-style-type: none">• \$2,000 annual contribution	<ul style="list-style-type: none">• \$5,500 annual contribution (\$6,500 for individuals age 50 or older by end of the year)
Deductibility of contribution	<ul style="list-style-type: none">• Not deductible	<ul style="list-style-type: none">• Not deductible
Taxability of earnings	<ul style="list-style-type: none">• No tax on amounts used qualified higher education expenses	<ul style="list-style-type: none">• Earnings are taxable unless requirements are met• No 10% penalty
Eligibility to contribute	<ul style="list-style-type: none">• Eligibility phased out for Adjusted Gross Income:<ul style="list-style-type: none">• Single: \$95,000-\$110,000• MFJ: \$190,000-\$220,000	<ul style="list-style-type: none">• Eligibility phased out for Adjusted Gross Income:<ul style="list-style-type: none">• Single: \$112,000-\$127,000• MFJ: \$178,000-\$188,000



Personal Savings and Investment Alternatives

- US Government Series EE Bonds
 - Purchased at 100% of face value
 - Interest is exempt from state and local income tax
 - Interest may be exempt from federal tax
 - Protection of principal

Action Step

- Visit www.treasurydirect.gov



The Education Planning Process

Step 1: What are your goals?

Step 2: What will you need?

Step 3: What will you have?

Step 4: Is there a gap?

- Will you have enough?

Step 5: What should you do?

Step 6: How can you stay on track?



What Are Your Education Funding Sources?

- Personal Savings and Investments
- Financial Aid
 - Federal and state grants
 - Student loans
 - State and local aid
 - Work-study programs
 - College scholarships and grants



Action Step

- Visit www.studentaid.ed.gov



What Types Of Financial Aid Are Available?

- Grants
 - Federal Pell Grant
 - Federal Supplemental Education Opportunity Grant
 - Teacher Education Assistance for College and Higher Education Grant (TEACH)
- Loans
 - Federal Perkins Loan
 - Direct Subsidized/Unsubsidized Loan
 - Direct PLUS Loan

Action Step

- Call the MyFRS Financial Guidance Line to learn more



What Types Of Financial Aid Are Available?

- Aid
 - State Aid
 - *Florida Bright Futures Scholarship Program*
 - Local Aid
- Federal Work-Study
- College Scholarships

Action Step

- See Appendix E for additional information on the Florida Bright Futures Scholarship Program



Will You Qualify For Financial Aid?

**Estimate Future Cost
Of Education**

Minus

**Your Family Contribution
(Expected Family Contribution)**

Equals

**Your Need
(Financial Aid Eligibility)**



What is Expected Family Contribution (EFC)?

- Your EFC is the annual dollar amount that your family is expected to provide toward a student's education
- Based on information provided on Federal Application for Student Aid (FAFSA) which reflects your financial situation and your child's financial status
- The EFC is calculated separately for parents and child and then combined

Action Step

- Visit www.finaid.com



What Determines Annual EFC?

- | | |
|----------------------------------|--|
| • Parent/Student AGI | • Parents Ages |
| • Parent/Student Income | • Grants Received |
| • Tax Paid | • Current Value of Investments and Real Estate |
| • Parent/Student Savings | • Child Support |
| • Number of Dependents in Family | • Social Security Benefits |
| • Number Children in College | • Contributions to Tax-Deferred Plans |



What Should You Do? Applying for Financial Aid

- Arrange to receive a copy of FAFSA in October of child's senior year in high school
- Contact the Department of Education
 - (800) 433-3243 or (334) 206-7400
 - www.fafsa.ed.gov
- Get an estimate of your income by December for submission in early January



What Should You Do? Applying for Financial Aid

- After receiving a Student Aid Report (SAR)
(in approximately 3-4 weeks):
 - Check the amount of EFC listed on SAR
 - Check for Pell grant eligibility
 - Check to see that each college financial aid office you apply to received a SAR



What Are Some Alternatives To Traditional Financial Aid Vehicles?

- Private Scholarships
 - Private foundations
 - Religious organizations
 - Contact high school guidance counselor



What Are Some Alternatives To Traditional Financial Aid Vehicles?

- Home Equity Loans
- Cash-Value Life Insurance Loan
- Employer sponsored retirement plans (if allowed)





The Education Planning Process

Step 1: What are your goals?

Step 2: What will you need?

Step 3: What will you have?

Step 4: Is there a gap?

Step 5: What should you do?

Step 6: How can you stay on track?

- Establish an education spending program
- Apply for financial aid when the time arrives
- Determine your investment and savings strategy



Sample Savings Program to Fund 50% of Education Costs

Current Age of Child	Age 7	Age 1
Estimated Total Education Costs	\$184,900	\$262,400
50% Education Goal	\$92,450	\$131,200
Estimated Annual Savings Required	\$5,700 *	\$4,200 *
Estimated Monthly Savings Required To Age 18	\$475 *	\$350 *

- Key Considerations**
- Determine Need
 - Determine Savings
 - Determine Expected Family Contribution

* Assumes a 7% rate of return and no financial aid.
Monthly savings rounded up to nearest \$25.

Action Step

- See Appendix F to figure education savings into your budget



Structuring Your Savings and Investment Strategies

- Ownership
 - Custodial Account in Child's Name
 - Parent's Name
 - Trust



Action Step

- See Appendix G for the advantages and disadvantages of different investment strategies



The Education Planning Process

Step 1: What are your goals?

Step 2: What will you need?

Step 3: What will you have?

Step 4: Is there a gap?

Step 5: What should you do?

Step 6: How can you stay on track?

- Monitor your expenses annually
- Monitor your asset value
- Review your goals annually
- Perform annual reality check



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- Review the resources available to you
 - **Through the FRS and your Employer**
- Create an easy to follow action plan
 - **Customized to meet your education funding goals**



Resources Available to You - FREE

MyFRS Financial Guidance Program



MyFRS.com
Advisor Service
Choice Services
FAQ's, Calculators



Toll-free MyFRS
Financial Guidance Line,
staffed by
Ernst & Young financial
planners and the Division
of Retirement



Employee workshops:
Visit MyFRS.com for an
updated list of workshops,
locations and dates



Print and e-mail
communications

**All resources are available to FRS
Pension & Investment Plan Members**



Next Steps: Personal Action Plan

<i>Action Steps</i>	<i>Done</i>
	<input type="checkbox"/>
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	<input type="checkbox"/>



Questions and Answers



Education Planning –

Funding the Future



APPENDICES

Education Planning Workshop

Appendix	Description	Page
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PERSONAL ACTION PLAN

[illegible]

MY NET WORTH

As of _____

What You Own (Assets)

What You Owe (Liabilities)

Cash and Equivalents

Checking account \$ _____
 Savings account _____
 Money market _____
 Certificates of Deposit (CDs) _____
 Other _____

Investments

Government issues (e.g., bonds, notes, and Treasury bills) _____
 Corporate & Municipal bonds _____
 Stocks _____
 Mutual funds _____
 Investment real estate _____
 Life insurance cash value _____
 Other _____

Retirement Assets

IRAs _____
 Annuities _____
 Deferred Compensation _____
 Vested profit sharing/
 savings plan balances _____
 Vested pension benefit _____
 Other _____

Personal Assets

Primary residence _____
 Second residence (summer home) _____
 Automobile 1 _____
 Automobile 2 _____
 Household furnishings _____
 Collectibles _____
 Jewelry/Antiques _____
 Other _____

Additional Assets

Other _____

Total Assets \$ _____ (A)

Housing Debt

Mortgage loan balance (primary) \$ _____
 Mortgage loan balance (secondary) _____
 Home equity loan balance _____
 Property taxes _____
 Maintenance loan (other than
 through home equity loan,
 e.g., for roofing, major repairs) _____
 Other _____

Loans

Automobile 1 _____
 Automobile 2 _____
 Other auto debt _____
 Education loans _____
 Other _____

Installment Debt

Department store 1 debt _____
 Department store 2 debt _____
 Gas credit card debt _____
 National credit card 1 debt _____
 National credit card 2 debt _____
 National credit card 3 debt _____
 Other _____

Additional Debt

Other _____
 Other _____

Total Liabilities \$ _____ (B)

Your Total Assets (A) \$ _____

minus (-)

Your Total Liabilities (B) \$ _____

equals (=)

YOUR NET WORTH (A-B) \$ _____

FLORIDA PREPAID COLLEGE PLAN

What is it?

The Florida Prepaid College Plan allows you to prepay the cost of college tuition, local fees and dormitory housing today. What you pay now is guaranteed – no matter how much college costs increase in the future!

When your child is ready for college, the plan covers the actual cost at any Florida public college, or you can transfer the value of the plan to most private colleges in Florida, select technical schools and most out-of-state colleges.

Who is eligible?

To qualify, the beneficiary – the student who will use the plan – must be a child and must currently be in the 11th grade or younger. And the beneficiary or the parent/guardian of the beneficiary must have been a Florida resident for the last 12 consecutive months.

What is the cost for starting this program?

There is a \$50 non-refundable application fee.

How many Prepaid Plans are available?

The Florida Prepaid College Plan offers four different tuition plans, and a dormitory plan.

TUITION PLAN – The tuition plan covers the basic cost for classes, including the matriculation, building, capital improvement and financial aid fees. You can choose from three different tuition plans:

- **2-Year Florida College Plan** – Covers 60 public college credit hours.
- **4-Year Florida College Plan** – Covers 120 public college credit hours.
- **2+2 Florida Plan** – Covers 60 public college credit hours and 60 university undergraduate credit hours.
- **4-Year Florida University Tuition Plan** – Covers 120 university undergraduate credit hours.

Appendix C (continued)

When your child is ready for college, the plan covers the actual cost at any of Florida's 12 public universities or 28 public colleges. Or you can transfer the value of the plan to most private colleges in Florida, select technical schools and most out-of-state colleges.

The different tuition plans are flexible, allowing you to use university credit hours at a public college and vice versa.

The tuition plan may be purchased for a child who is currently in the 11th grade or younger.

DORMITORY PLAN – The dormitory plan covers the cost of a standard, double-occupancy, air-conditioned dormitory room at a Florida university. The dormitory plan can be used toward the cost of other university-held housing, including some fraternity and sorority houses, and at select community colleges.

The dormitory plan can be purchased in one-year increments up to a total of five years. You can purchase a dormitory plan for a child with a four-year university tuition plan or a 2+2 tuition plan. If you purchase a 2+2 tuition plan, you can only purchase the one-year dormitory plan or the two-year dormitory plan. You cannot purchase a dormitory plan for a child with a two-year community college tuition plan.

The dormitory plan is only offered for children in the eighth grade or younger.

PLEASE NOTE! The universities determine which dorms are designated for Florida Prepaid students. Not all dorms are offered. Rooms are assigned first-come, first-served, so there is no guarantee that the student will receive a room assignment. If the student applies for housing but does not get a room assignment, the account owner will receive a refund equal to the average dormitory rate for a standard, double-occupancy, air-conditioned dormitory room at the university the student is attending. The dormitory plan cannot be used during the summer term.

Appendix C (continued)

How much are the contract prices?

In the 2012-2013 enrollment, lump sum prices ranged from as little as \$8,331 for a two-year community college tuition contract for a newborn to as much as \$53,121 for a four-year university contract.

Which schools are covered under the plan?

You can use the Florida Prepaid College Plan at any public Florida university or public college, most private colleges in Florida, select technical schools and most out-of-state colleges.

The plan guarantees to cover the cost - when your child is ready- at Florida's 12 public universities and 28 public colleges.

If your child attends an approved private colleges in Florida, technical school or out-of-state college, the plan will pay the *same rate* it pays a public college in Florida.

How do I pay for the cost of the plan?

There are three ways to pay for your Florida Prepaid College Plan:

- **Lump-Sum Payment Plan** – A single, one-time payment.
- **5-Year Payment Plan** – A total of 55 equal monthly payments.
- **Monthly Payment Plan** – Equal monthly payments ending in October of the year the child is expected to start college.

What happens if the child does not attend college?

The designated account owner of a contract can not be transferred, that is, ownership of the contract may not be sold or given away. The account owner may change the beneficiary (student) on the account by submitting a written request. The account owner must sign the request. A beneficiary change to a family member is a non-taxable event and is not subject to federal income tax or the additional 10 percent federal tax. The plan does not charge a fee to change the beneficiary.

If the beneficiary uses the funds for non-qualified higher education expenses, the earnings will be subject to ordinary income taxes plus a 10% penalty.

Where can I go to enroll and get answers to additional questions?

Please visit <http://www.myfloridaprepaid.com/> to enroll online or for more answers to your questions.

You may also call 1-800-552-GRAD (4723) Monday - Friday, 8 am - 6 pm, EST

FLORIDA COLLEGE INVESTMENT PLAN

What is it?

It is a College Savings 529 Plan that allows you to save for college tuition, fees and housing, and for other college expenses on a tax-deferred basis.

Who is eligible to participate in the plan?

Anyone - parents, grandparents, other relatives, friends and even businesses - can open an account.

The account owner and beneficiary (student) do not have to be residents of Florida to participate in the Florida College Investment Plan.

The account owner and beneficiary must be citizens or resident aliens of the United States and have a social security number.

If the account owner is an entity, such as a business, trust or organization, the entity must be organized under the laws of the United States and have a federal taxpayer identification number.

The account owner and beneficiary do not have to be related.

How much can be contributed?

For lump-sum contributions, the initial contribution must be at least \$250 and subsequent contributions must be at least \$25; contributions under an automatic investment plan must be at least \$25.

The account will continue to accept contributions until all Florida account balances for the same beneficiary reach \$394,000.

What are the costs associated with the plan?

There is a \$50 non-refundable application fee.

Additionally, there is a .75% annualized asset-based management fee.

Appendix D (continued)

What investment options are available to me?

There are 5 investment options available; 4 asset based funds and an age based/years to enrollment fund.

Asset based funds include:

- “Fixed Income Investment Option” investing in various bonds.
- “US Equity Investment Option” investing in mostly large cap stocks.
- “Balanced Investment Option” investing 50% in each of the funds listed above.
- “Money Market Investment Option” investing in short-term fixed securities.

Age Based/Years to Enrollment Funds include:

- Age 0-4 / 14 or More Years to Enrollment
- Age 5-8 / 10-13 Years to Enrollment
- Age 9-12 / 6-9 Years to Enrollment
- Age 13-15 / 3-5 Years to Enrollment
- Age 16 & Above / 0-2 Years to Enrollment

The Age Based/Years to Enrollment Investment Option allocates your contributions between the Fixed Income Investment Option and the U.S. Equity Investment Option based on the beneficiary's age or number of years to college enrollment. The younger the student, the higher the percentage invested in equities. As the student approaches college enrollment, the percentage invested in equities decreases and the percentage invested in fixed income increases.

Which funds can I choose and how often can I change them?

The Florida College Investment Plan offers five investment options. You can select one or any combination of the investment options.

You can change the allocation of new contributions as often as you want, and you can transfer money already invested from one investment option to another investment option once per calendar year or upon a change of beneficiary.

Appendix D (continued)

At which schools can I use these funds and for which expenses?

The Florida College Investment Plan can be used at any public or private accredited university, public college or technical school, anywhere in the country, and even at some schools abroad.

You can use your Florida College Investment Plan for any qualified college expense including tuition, fees, room and board.

Does the Plan accept rollovers from other accounts?

You can rollover another 529 college savings plan, a qualified U.S. Savings Bond, a Coverdell Education Savings Account or transfer an UTMA/UGMA to the Florida College Investment Plan without penalty.

What are the Income Tax benefits by saving to this plan?

With the Florida College Investment Plan, your investment grows tax-deferred, and when the student is ready for college, withdrawals for qualified college expenses are exempt from federal income tax. Earnings on your account are also exempt from State of Florida taxes.

What about Gift and Estate Tax benefits?

Federal law allows you to contribute up to \$70,000 in a lump-sum amount per beneficiary (student) or up to \$140,000 for married couples in one year, without incurring any gift taxes. While other contributions within five years will be subject to the gift tax, your account can continue to grow and is no longer considered an asset in your federal taxable estate. Withdrawals for qualified college expenses are not a taxable gift.

The federal gift tax exclusions are periodically adjusted for inflation. If a contributor makes a lump-sum gift and dies before the end of the five-year period, the money may remain in the Florida College Investment Plan, but a portion of the contribution may be subject to federal estate taxes. Consult your own tax advisor.

Appendix D (continued)

Are there risks associated with the Florida College Investment Plan?

Yes. The Florida College Investment Plan is not guaranteed. Principal and investment returns will fluctuate, you could lose all or a portion of your money invested in the Florida College Investment Plan and you may not have enough money to cover the qualified higher education expenses of the beneficiary (student). Investments in the Florida College Investment Plan are not deposits or obligations of, or insured or guaranteed by the State of Florida, the U.S. government, the Florida Prepaid College Board, the FDIC, or any other governmental agency or financial institution.

Who manages the plan?

The Florida Prepaid College Board manages both the Florida College Investment Plan and the Florida Prepaid College Plan.

Who manages the investments?

The Florida Prepaid College Board partners with top professional money managers to manage the plan investments. The investment partners include: Columbia Management Advisors LLC, Quantitative Management Associates LLC, Fiduciary Management Inc., Northern Trust Investments N.A., and Federated Investment Counseling.

Where can I enroll and get answers to additional questions?

Please visit <http://www.myfloridaprepaid.com/> to enroll online or for more answers to your questions.

You may also call 1-800-552-GRAD (4723)

Monday - Friday, 8 am - 6 pm, EST

FLORIDA BRIGHT FUTURES SCHOLARSHIP PROGRAM

What is it?

In 1997, the Florida Legislature created the Florida Bright Futures Scholarship Program. This Florida Lottery-funded scholarship rewards students for their academic achievements during high school by providing funding for them to pursue postsecondary educational and career goals in Florida.

How many students benefit from this program?

During the 2011-12 award year, over 170,000 Florida students received funding for a Florida Bright Futures Scholarship.

How much did the state disburse to students for this program?

Florida Bright Futures Scholarship disbursements for the 2011-2012 academic school year were over \$436 million.

What must be done to be considered for this scholarship?

1. Apply for a Florida Bright Futures Scholarship by completing the Florida Financial Aid Application (FFAA)* during his/her last year in high school. A student may apply online at www.FloridaStudentFinancialAid.org beginning December 1st of his/her last year in high school. This application gives the Department of Education (DOE) permission to evaluate his/her high school transcripts for eligibility for a Florida Bright Futures Scholarship.
2. Earn a Florida standard high school diploma or its equivalent.
3. Not have been found guilty of, or plead nolo contendere to, a felony charge.
4. Meet Academic Requirements for the award a student would like to earn.

What awards are available?

The Florida Bright Futures Scholarship Program consists of the three awards listed below. Each award has its own academic eligibility requirements, award amounts and funding length. A student may receive funding for only one award. The highest award earned by the student will be selected.

There are various requirements and ways to qualify for each award. Below is just a quick reference guide looking at only GPA and SAT scores.

Appendix E (continued)

1) Florida Academic Scholars Award (FAS)

Award Level:

- \$100 per semester hour, or
- \$67 per quarter hour

Academics: GPA of 3.5 and SAT of 1280 or 28 ACT

2) Florida Medallion Scholars Award (FMS)

Award Level:

- \$75 per semester hour, or
- \$50 per quarter hour

Academics: GAP of 3.0 and SAT of 1020 or 22 ACT

3) Florida Gold Seal Vocational Scholars Award (GSV)

Award Level:

- \$75 per semester hour, or
- \$50 per quarter hour

Academics: GPA of 3.0 and SAT of 440 in Reading and 440 in Math

Appendix E (continued)

What are the requirements to receive the funds?

To receive funds after meeting all application and academic requirements, you must:

1. Be a Florida resident and a U.S. citizen or eligible non-citizen.
NOTE: The college or university you attend is responsible for verifying your Florida residency and citizenship status.
2. Be accepted by and enrolled in an eligible Florida public or private college or vocational school as a degree-seeking or certificate-seeking student.
3. Be enrolled for at least six semester credit hours, or the equivalent in quarter or clock hours, per term.
4. Begin using the award in the year following your high school graduation or apply for reinstatement within three years of high school graduation.

Note: Eligibility for the award begins in the fall term of each academic year.

How long may a student use their Bright Futures Scholarship?

Students may receive up to 132 semester hours towards completion of a certificate if they are Florida Academic and Medallion Scholars.

Florida Gold Seal Vocational Scholars may receive a maximum of 90 semester hours.

At which institutions may I use my scholarship?

Please visit <http://www.floridastudentfinancialaid.org/SSFAD/bf/> for a list of eligible public and private schools.

What GPA is needed to be maintained to keep my award?

Florida Academic Scholars need to maintain a GPA of 3.0. All others need to maintain a 2.75

Where can I go for additional information about the Bright Futures Scholarship Program?

Please visit <http://www.floridastudentfinancialaid.org/SSFAD/bf/> or call the Bright Futures Hotline toll-free at 1-888-827-2004.

CASH FLOW WORKSHEET

	Monthly		Annual	
<u>Income</u>				
Salary	\$		\$	
Bonuses				
Dividends				
Capital gains				
Interest				
Net rents and royalties				
Self-employment income				
Social Security				
Distributions from trusts or partnership				
Pension income				
Other income _____				
Total cash available (A)	\$	(A)	\$	

Appendix F (continued)

CASH FLOW WORKSHEET

	Monthly		Annually	
<u>Expenditures</u>				
Home mortgage (or apartment rent)	\$		\$	
Utilities				
Gas/oil				
Electricity				
Water				
Sewer				
Home maintenance				
Property taxes				
Car payments				
Car/commuting expenses				
Maintenance and repairs				
Gas				
Commuting fees/tolls				
Credit card/loan payments				
Insurance premiums				
Life				
Health				
Disability				
Car				
Home				
Liability				
Other				
Income taxes				
Employment taxes (Social Security & Medicare)				
Clothing				
Child care				
Food				
Medical expenses				
Education				
Vacations				
Entertainment				
Alimony				
Charitable contributions				
Gifts				
Personal items				
Savings/investments				
Company savings plans				
Emergency fund				
Investment fund				
Other payments _____				
Total cash expenditures	\$	(B)	\$	
Net cash inflow/(outflow)	\$	(A-B)	\$	

STRUCTURING INVESTMENT STRATEGIES

<i>Ownership</i>	<i>Advantages</i>	<i>Disadvantages</i>
Custodial Account in Child's Name	<ul style="list-style-type: none"> Income Tax <ul style="list-style-type: none"> If 18 or older → at child's rate If over 18 and under 24 <i>and</i> financially dependent <i>and</i> full-time students → at child's rate (first \$2,000)* → at parents' rate (above \$2,000)* If under age 18 → at child's rate (first \$2,000)* → at parents' rate (above \$2,000)* Funds excluded from parents' estate if parent is not custodian 	<ul style="list-style-type: none"> Limited Control <ul style="list-style-type: none"> At age of termination child must receive property Financial Aid <ul style="list-style-type: none"> Up to 20% of child's assets may be considered in determining eligibility
Parents' Name	<ul style="list-style-type: none"> Parent has control Financial Aid <ul style="list-style-type: none"> 5.6% of parents' assets considered in determining financial aid 	<ul style="list-style-type: none"> Income Tax <ul style="list-style-type: none"> Taxed at parents' rate Funds included in parents' estate
Trusts	<ul style="list-style-type: none"> Initial control <ul style="list-style-type: none"> You establish trust provisions Financial Aid <ul style="list-style-type: none"> Funds not considered parents' or child's assets If irrevocable, funds not included in parents' estate 	<ul style="list-style-type: none"> Legal Fees Trustee's fee and ongoing administrative costs Income taxed as trust tax rates If irrevocable, no longer have control after trust is executed

****Indexed for inflation***

WEBSITES OF INTEREST

Site Name	Web Address (URL)
FinAid! The SmartStudent Guide to Financial Aid	www.finaid.com
The Independent Higher Education Network	www.fihe.org
College and University Home Pages - Alphabetical Listing	www.mit.edu/people/cdemello/univ.html
College Search	http://collegesearch.collegeboard.com/search/index.jsp
Campus Tours.com	www.campustours.com
The Princeton Review	www.Princetonreview.com
CNN Money	www.money.cnn.com
College Savings Plans Network	www.collegesavings.org
CollegeNet	www.collegenet.com
FastWeb!	www.fastweb.com
USNews.com Education	www.usnews.com/sections/education/index.html
The Scholarship Page!	www.scholarship-page.com
Federal Consumer Information Center - Pueblo, Colorado	www.pueblo.gsa.gov
Florida Student Financial Aid	www.floridastudentfinancialaid.org
Florida Bright Futures Scholarship	www.floridastudentfinancialaid.org/SSFAD/bf/
Florida 529 Plans	www.florida529plans.com

NOTICE TO FRS EMPLOYEES

Dear Employee:

The FRS has engaged Ernst & Young LLP to provide financial planning education workshops to its employees. We expect that you will find Ernst & Young's services to be valuable, but we think it is also important that you understand the scope of these services. The following explains what financial education workshops can and cannot do for you, particularly as regards investment planning.

General Financial Planning Considerations

Here are points to understand regarding your personal financial planning and your participation in financial planning workshops:

- Ernst & Young has prepared certain financial planning materials and is providing other services for your personal use as an employee of the FRS.
- The financial education program includes historical financial information and well-accepted financial planning strategies. It may also include information on Social Security benefits and your FRS benefit plans. This information is based on sources that Ernst & Young believes to be reliable. However, Ernst & Young cannot guarantee its accuracy.
- Past performance, which may be referenced in the program, is not a guarantee or even necessarily an indication of future results.
- The financial planning materials you receive will not change or affect your rights under the FRS plans. In all cases, the FRS plans govern.
- As you plan your financial future, you will need to make assumptions about future financial trends (such as inflation and rates of return), laws and regulations, and apply these to your particular circumstances. Your results can be significantly affected by even small changes in your assumptions, your individual circumstances or laws and regulations, as well as the extent to which your assumptions ultimately vary from actual financial conditions. You may need to reevaluate your financial planning strategy and your decisions from time to time to determine if any changes have occurred that would necessitate amendments to your assumptions or plan.
- A financial education program provides only some of the resources for assisting you in preparing your financial planning strategies. Financial education does not provide accounting, tax or legal advice and does not involve recommendation of specific investments.
- You need to decide on your own whether to consult with a financial advisor or other professional regarding your personal circumstances. If you do, please be aware, you may incur additional costs.
- In providing financial education, Ernst & Young may help you decide on your asset allocation or help you make informed assumptions about rates of return and other investment issues. While Ernst & Young will help you understand what you need to do, you are responsible for making and acting on these decisions. Ernst & Young cannot provide you with all information that may be relevant nor can any materials provided address every possible scenario in connection with such decisions.
- Neither Ernst & Young nor your employer will make any financial planning decisions for you or assume any responsibility for decisions you make.
- Ernst & Young may provide audit or other accounting services to the investments or service providers discussed. The provision of other services will not be a determining factor whether to discuss or recommend an investment or service provider.

Appendix I (continued)

Privacy of Information Provided to Ernst & Young

In the event Ernst & Young collects nonpublic personal information about you from you or other sources authorized by you, Ernst & Young will not disclose such information to third parties, except as permitted by law or as otherwise authorized by you. Ernst & Young maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

Further Considerations

All services are provided “as is,” and there are no warranties of any kind or nature, whether express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose or use. In addition, neither Ernst & Young nor its affiliates nor any of their partners, officers, directors or employees shall be liable to you for any services performed or omitted or for any errors of judgment, or for consequential, incidental, indirect, punitive or special damages in connection with providing the services described above. Federal securities laws impose liabilities under certain circumstances on certain persons, even those who act in good faith, and therefore nothing in this notice constitutes a waiver or limitation of any rights that you may have under these laws.

If you should have any kind of claim or dispute with Ernst & Young as a result of this program, these will be resolved in accordance with Ernst & Young’s Alternative Dispute Resolution Procedures (“Procedures”) in effect on the date of this notice. You may receive a copy of the Procedures by requesting them from the Compliance officer of Ernst & Young, at the following address:

200 Plaza Drive
Suite 2222
Secaucus, NJ 07094

* * * * *

If, after considering the issues discussed above, you do not want to participate in financial education and counseling in conjunction with this program, please contact your employer’s Human Resource office as soon as possible.

FOR INFORMATIONAL PURPOSES ONLY

DISCLOSURE STATEMENT

**Ernst & Young LLP
Ernst & Young Investment Advisers LLP
Employee Financial Services**

Please note that this disclosure statement provides a summary of the investment advisory services provided by Ernst Young LLP. Please note that a full copy of ADV Part 2A can be located at this link www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx¹

Ernst & Young LLP (“E&Y”), under the supervision of Ernst & Young Investment Advisers LLP (“EYIA”), provides Employee Financial Services (“EFS”), including investment education and counseling services to employees, members of associations, unions or other large groups (“Participants”) pursuant to engagements by corporate employers, pension plan trustees, or other entities formed for the benefit of such Participants (“Sponsors”). Such services are provided through E&Y’s Personal Financial Services Practice, a functional specialty within the firm’s Tax Department. EYIA is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and maintains its main office at 200 Plaza Drive, Suite 2222, Secaucus, NJ 07094 (telephone: 800-273-0588).

Employee Financial Services (“EFS”)

E&Y’s services to Participants are rendered to such persons in a manner determined by their Sponsors. E&Y services to Participants may include some or all of the following:

1. Enabling Participants to access a toll-free “EY Financial Planner Line®”, staffed by E&Y planners or consultants, for assistance with personal financial planning matters.
2. Designing or presenting workshops for Participants concerning the financial planning process and alternatives available under the Sponsor’s benefit plans.
3. Providing access to a financial planning website (“EY Financial Planning Center”) for use by Participants.
4. Providing various personal finance and tax-related publications, in print form or by audio or other visual means.
5. Making available to Participants and survivors of Participants, financial education and counseling assistance with respect to retirement plan distributions; company benefit and compensation plans; estate settlements and planning; life insurance policies; and other related issues.
6. Providing in-person personal financial advisory services to Participants pursuant to an engagement by a Sponsor.

As part of the personal financial advisory services, both in-person and via the EY Financial Planner Line®, E&Y may prepare personal asset allocation targets (based on modern portfolio theory and using E&Y’s own or other approved financial planning tools) for such Participants after obtaining and evaluating information concerning their individual

¹ From this webpage follow these steps to view the most current Form ADV: a) select Firm, b) enter CRD #110921, c) click Investment Adviser Firm, d) click SEC, e) Brochure link is on the left under Part 2.

circumstances provided by each Participant in response to an E&Y questionnaire. Participant specific advice (i.e., personal asset allocation targets) will generally be confirmed in writing.

Appendix I (continued)

E&Y does not recommend, and should not be deemed to have recommended, any particular investment as an appropriate investment for the Participants and discussions of various investments should not be construed as such a recommendation.

E&Y's advisory services also may be offered by a Sponsor to Participants in tandem with the personal advisory services of another registered investment adviser designated by the Sponsor that is not affiliated with E&Y ("Other Adviser"). In some EFS engagements, the Sponsor contemplates that E&Y will refer individual Participants to the Other Adviser for specific recommendations and/or implementation of the Participant's investment decisions. Such referrals by E&Y do not constitute a recommendation of the Other Adviser by E&Y to Participants, and, in such cases, E&Y does not perform any quantitative or qualitative screening procedures with respect to the Other Adviser.

E&Y, in certain circumstances, is contracted solely to help train employees of financial institutions seeking to offer financial and tax planning services to clients. Such services do not involve E&Y providing advice directly to the clients of such financial institutions, but rather entails training a financial institution's counselors on financial and tax planning topics and such other support as is mutually agreed upon by E&Y and the financial institution.

All Selections and Investments Are Made Solely by the Participating Employee

E&Y's investment education and counseling does not include recommendations concerning the purchase or sale of particular investments or particular industry sectors. E&Y may provide counseling on the purchase or sale in the context of providing tax, compensation and benefits, or estate planning services, but that counseling does not reflect a view as to the intrinsic merits of the investment. All decisions to invest in or dispose of particular investments are made solely by the participating Participant in the exercise of his or her own discretion.

Fees

Fees for EFS Services generally are negotiated between E&Y and the Sponsors of such groups on a case-by-case basis. They usually are based upon (i) a "per capita" eligible employee or member amount, (ii) a "usage by Participants" amount, (iii) the volume of calls by Participants to the EY Financial Planner Line®, (iv) the number of workshops designed and presented by E&Y, or (v) other negotiated factors. E&Y's fees in such engagements may be paid wholly or partially either by the Sponsor or by Participants, whose payments for services received (if any) may be collected by the Sponsor through payroll deductions and remitted to E&Y. Participants also may incur expenses for fees to any other investment adviser they may consult and will be responsible for transaction charges imposed by broker-dealers through or with whom they effect transactions for their accounts. Generally E&Y's contracts with Sponsors for services to Participants are terminable by either party in accordance with a specified notice period. In addition, Participants receiving advisory services by E&Y (including a Participant who pays in whole or in part for the services rendered to such Participant) may terminate participation at any time. If such a contract or participation is terminated at a time other than the end of the quarter, a pro rata portion of any quarterly or other fee paid in advance is refunded.

Investment Advisers

All personal investment advice, and most impersonal investment advice, typically is given only by E&Y Financial Planners. Financial Planners are persons who spend all or substantial portions of their time on financial planning. Typically, all of these professionals have at least a degree from a four-year college or university and must meet such other standards as EYIA may establish from time to time. Those standards may include participation in continuing education programs each year and maintaining what E&Y regards as significant involvement in financial counseling engagements. Moreover, Financial Planners must satisfy applicable State investment adviser representative registration requirements or pass the Series 65 Uniform Investment Adviser Exam of the National Association of Securities Dealers, Inc. In some instances, E&Y may retain consultants to assist in providing workshops and staffing the EY Financial Planner Line®. Generally, consultants are subject to the same requirements as E&Y Financial Planners. However, consultants are not subject to the same public accounting independence requirements as E&Y Financial Planners and their continuing education programs differ in some respects.

Appendix I (continued)

Monitoring, Reviews and Reports

In the case of EFS engagements that extend beyond one year and involve the provision of personal advisory services to Participants, Participants are asked questions concerning any changes in their relevant individual circumstances. E&Y will take into account the changed circumstances of any Participant of which it has notice in the event that Participant seeks additional personal advisory services from E&Y.

Miscellaneous

Clients and prospective clients of E&Y also should be aware of the following additional information concerning E&Y and EYIA:

Custody of Securities or Funds. E&Y does not manage participant accounts on a discretionary basis and does not take custody of participant securities or participant funds.

Other Financial Industry Activities. As noted above, EYIA is responsible for supervising the investment advisory services provided by E&Y. E&Y and Ernst & Young (U.S.) are general partners of EYIA. In consideration of EYIA's supervising the rendering of investment planning services provided by E&Y, E&Y provides EYIA with office and filing space, staff and other assistance. All of EYIA's time is spent supervising the compliance and operations of the investment planning services provided by E&Y.

Other Business Activities. E&Y is a public accounting firm which spends substantially all of its time providing accounting, audit, tax, and business advisory services.

Education and Business Background. Below are the backgrounds and five year business histories of each EYIA Advisory Board member: (1) Name, (2) year of birth, (3) education and (4) business background for preceding five years of EYIA Advisory Board members:

1. Glenn H. Hascher – (Chair)/2. 1961
3. B.S., Economics, Rutgers University, New Brunswick, NJ
4. November 1988 to date, Ernst & Young LLP

1. R. Lynn Pettus/2. 1968
3. B.A., Accounting, Converse College, Spartanburg, SC
4. 1997 to date, Ernst & Young LLP

1. Kym M. Hubbard/2. 1957
3. B.A., Accounting, Bradley University, Peoria, IL
4. 2004-2007 Illinois State Board of Investment, 2007-2008 Illinois Finance Authority, 2008 to date, Ernst & Young LLP

1. Robert J. Porter/2. 1964
3. B.S., Siena College, Loudonville, NY
4. 1998 to date, Ernst & Young LLP

1. Greg Rosica/2. 1964
3. University of Florida, Gainesville, FL, BS Accounting with Honors 1986; University of Florida, Gainesville, FL, MS Accounting 1988
4. 2002 to date, Ernst & Young LLP; 1988 to 2002 Arthur Andersen LLP

1. James G. Wolf/2. 1955
3. University of Notre Dame, South Bend, IN, BBA Finance; University Of Texas, Austin, TX, MBA
4. 1985 to date, Ernst & Young LLP

1. David E. Boyle / 2. 1955
3. B.S., Georgetown University, 1977; The University of Michigan, MBA, 1979

4. November 1988 to date, Ernst & Young LLP