

## Each Plan Has Advantages and Disadvantages

Both Florida Retirement System (FRS) retirement plans have advantages and disadvantages. The plan that's best for you will depend on your personal situation. Following are some pros and cons to consider for each plan.

### The Investment Plan

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>You are vested<sup>1</sup> after 1 year of service.</li> <li>If you are a younger employee, your account balance has more time to grow.</li> <li>Your account could grow significantly if the underlying investments do well.</li> <li>You have a diversified choice of investment funds, including retirement date funds, stock funds, bond funds, a real assets fund, and a money market fund. A Self-Directed Brokerage Account (SDBA) is also available.</li> <li>If you leave your job, you can keep your benefit growing by leaving it in the FRS or rolling it over to another qualified retirement plan.</li> <li>Flexible distribution options are available.</li> <li>If you have a retirement plan benefit from a former employer, you may be able to roll it over to the Investment Plan.</li> <li>If you meet Health Insurance Subsidy (HIS) requirements, you may be eligible for the HIS.</li> <li>You may be eligible for disability benefits and In-Line-of-Duty survivor benefits (if employed in a Special Risk Class position).</li> <li>You have access to the free, unbiased MyFRS Financial Guidance Program resources.</li> </ul>	<ul style="list-style-type: none"> <li>Your benefit may decrease in value if the investments you've chosen don't perform well.</li> <li>You must have enough discipline to take a long-term approach to investing.</li> <li>You need to actively monitor your investments.</li> <li>If you're an older employee, you may not have enough time to accumulate a large account balance before you retire.</li> <li>You could outlive your benefit if you don't plan carefully or buy an annuity that provides a guaranteed monthly payment option for life.</li> <li>You're not eligible for DROP<sup>2</sup>.</li> <li>If you decide to use your 2<sup>nd</sup> Election to change to the Pension Plan, your Investment Plan account balance may not be sufficient to fully fund your Pension Plan account. You will be responsible for making up the difference using your personal resources.</li> <li>You are not eligible to apply for the Health Insurance Subsidy (HIS) until you have retired (received any distribution) and have met the normal retirement age or service requirements of the Pension Plan for your class of membership.</li> <li>You are not eligible for In-Line-of-Duty survivor benefits (if employed in a non-Special Risk Class position).</li> </ul>

<sup>1</sup> You are always fully vested in your own contributions, as long as you remain in the retirement plan you chose as a new employee. How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2<sup>nd</sup> Election to change plans. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

<sup>2</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

## Each Plan Has Advantages and Disadvantages – *continued*

### The Pension Plan

Advantages	Disadvantages
<ul style="list-style-type: none"> <li>You can earn a substantial benefit if you spend your full career as a Pension Plan member or start your FRS service later in life.</li> <li>The SBA is responsible for managing the Pension Plan trust fund's investments.</li> <li>After you are vested, you may receive a benefit even if you retire early (benefit may be reduced).</li> <li>You cannot outlive your benefit.</li> <li>You can participate in DROP<sup>1</sup> if you're eligible.</li> <li>You are eligible for the Health Insurance Subsidy (HIS).</li> <li>You may be eligible for disability and In-Line-of-Duty survivor benefits.</li> <li>A cost-of-living adjustment will be applied to the portion of your benefit that is based on any service earned prior to July 1, 2011.</li> <li>You have access to the free, unbiased MyFRS Financial Guidance Program resources.</li> </ul>	<ul style="list-style-type: none"> <li>If you're a younger employee, it may take many years of service to build a large benefit.</li> <li>If you leave FRS-covered employment before you are vested,<sup>2,3</sup> you will have no benefit.</li> <li>You have no say in how the money is invested.</li> <li>Benefits are paid monthly. There are no lump sums (except under DROP<sup>1</sup>).</li> <li>Your benefit is reduced if you choose early retirement.</li> <li>If you decide to use your 2<sup>nd</sup> Election to transfer to the Investment Plan, the money transferred from the Pension Plan to the Investment Plan will not be vested until you have 8 years<sup>2,3</sup> of FRS service credit. If you terminate employment with fewer than 8 years<sup>2,3</sup> of service credit, the amount transferred from the Pension Plan may be forfeited.</li> <li>During years when the Pension Plan is determined to be less than 100% actuarially funded, the Florida Legislature may take steps to improve the funding level by increasing employee or employer contributions or to lower Plan costs by reducing future Pension Plan benefits.</li> <li>Service earned after July 1, 2011 will have no cost-of-living adjustment.</li> </ul>

<sup>1</sup> Deferred Retirement Option Program. Visit [MyFRS.com](http://MyFRS.com) for details.

<sup>2</sup> If you have any Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. If you join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service, you are subject to 8-year vesting.

<sup>3</sup> You are always fully vested in your own contributions, as long as you remain in the retirement plan you chose as a new employee. How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2<sup>nd</sup> Election to change retirement plans in the future. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.