

# Is a 2<sup>nd</sup> Election RIGHT FOR YOU?

July 2023



Florida Retirement System

As a Florida Retirement System (FRS) member, you have a one-time opportunity to change from your current FRS retirement plan to the other.<sup>1</sup> That means you can transfer from the Pension Plan to the Investment Plan, or from the Investment Plan to the Pension Plan. Making this change is called a 2<sup>nd</sup> Election. You must be actively employed in an FRS-covered position, earning salary and service credit, the month you make a 2<sup>nd</sup> Election. Depending on which plan you're changing to, there could be an out-of-pocket cost to you. Once your 2<sup>nd</sup> Election is finalized,<sup>2</sup> you must remain in the plan you changed to until your FRS-covered employment ends and you retire.

To determine whether a 2<sup>nd</sup> Election is right for you, start with the plan you're in now. If you're not sure which plan you're in, call the MyFRS Financial Guidance Line at 1-866-446-9377 (toll-free), Option 1 (TRS 711).

## I'm in the FRS Pension Plan Now

**How the 2<sup>nd</sup> Election Works.** The present value of your Pension Plan benefit<sup>3</sup> will become your opening account balance in the Investment Plan. This transfer amount will be "locked in" the 1<sup>st</sup> of the month following the day your 2<sup>nd</sup> Election request form is received or your online request is confirmed by the FRS Plan Choice Administrator. There is no out-of-pocket cost to you for transferring into the Investment Plan.

**How It Affects Vesting.** Your opening Investment Plan account balance will vest (become yours) once you have a total of 8 years of combined service credit under both FRS plans.<sup>4,5</sup> If your employment ends and you take any distribution from the Investment Plan before you complete 8 years of service, you could forfeit the money you transferred from the Pension Plan. Money contributed to your Investment Plan account after your transfer will vest once you've completed 1 year of combined FRS-covered employment. If you already completed 1 year of service before completing the 2<sup>nd</sup> Election, your new Investment Plan contributions will be 100% vested.

**What You Need to Do.** When you change to the Investment Plan, you will need to select among the available investment funds. If you don't choose any funds, a Retirement Date Fund will be chosen for you based on your current age. Before selecting any investment funds or making an election, review the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the "Investment Funds" section on MyFRS.com.

## I'm in the FRS Investment Plan Now

**How the 2<sup>nd</sup> Election Works.** To change to the Pension Plan, you have to "buy in" using your Investment Plan balance and possibly your own money from another source (which can include funds rolled over from another qualified retirement plan). Your buy-in cost is calculated as of the 1<sup>st</sup> of the month following the day your 2<sup>nd</sup> Election request form is received by the FRS Plan Choice Administrator. If you have previous Pension Plan service, the buy-in cost is a present-value calculation using all your FRS-covered service. This is called a return accumulated benefit obligation, or return ABO. If you do not have previous Pension Plan service, the buy-in cost is the total cost to provide a Pension Plan benefit up to the time of your buy-in. This is called an actuarial accrued liability. The buy-in cost increases monthly.

If your Investment Plan balance doesn't cover your buy-in cost, you will receive a notification letter and invoice stating the amount you owe. Your payment will be due within 60 days of the date of the letter.

If your Investment Plan balance is greater than your buy-in cost, the surplus will remain in the Investment Plan. You will continue to manage your Investment Plan account as you did before, but this money will not be available to you until you retire and begin receiving your Pension Plan benefit.

**How It Affects Vesting.** You will be vested in the Pension Plan upon completing 8 years of service.<sup>4,5</sup> The years of service you completed while in the Investment Plan will count toward this vesting requirement.

**What You Need to Do.** Once you change to the Pension Plan, there is nothing more you need to do. You will not need to choose any investment funds.

# Is a 2<sup>nd</sup> Election **RIGHT FOR YOU?**

## How to Make Your 2<sup>nd</sup> Election

You must be actively working in an FRS-covered position, earning salary and service credit, at the time your form is received or your online election is confirmed by the FRS Plan Choice Administrator. For example, if your last day of work in an FRS-covered position is July 1 (whether you terminated voluntarily or were forced to terminate FRS-covered employment), your request must be received or confirmed prior to 4:00 p.m. ET on July 1. If you are on an unpaid leave of absence or if you are an employee of an educational institution on a summer break, you cannot use your 2<sup>nd</sup> Election until you return to work.

### 2<sup>nd</sup> Election Choice Service

**Online election available only if you are changing from the Pension Plan to the Investment Plan; otherwise, a form is required.**

Log in to MyFRS.com and select the 2<sup>nd</sup> Election Choice Service.

Your election will be processed the same day if it is entered before 4:00 p.m. ET.

### Election Form

Go to MyFRS.com > Forms and either complete the online 2<sup>nd</sup> Election Retirement Plan Enrollment Form or download the 2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form or 2<sup>nd</sup> Election Retirement Plan Enrollment Form. Or, you can ask that the form be sent to you by contacting the FRS Plan Choice Administrator toll-free at 1-866-446-9377, Option 4 (or TRS 711). Mailing address and fax number are on the form.

## Get Help Deciding for Free

Don't let an outside salesperson talk you into using your 2<sup>nd</sup> Election. Make an informed decision with free, unbiased help from the FRS.

### MyFRS Financial Guidance Line

1-866-446-9377 (toll-free), Option 1 (TRS 711)

Speak with an EY financial planner who can provide personalized information based on your individual situation.

### MyFRS.com

Use the 2<sup>nd</sup> Election Choice Service to see your projected retirement benefits under both plans.\*

\* Choice Service retirement benefit projections may not be available to some members.

<sup>1</sup> Reemployed retirees enrolled July 1, 2017 or after are not eligible to use a 2<sup>nd</sup> Election.

<sup>2</sup> Your decision is final unless, on or before 4:00 p.m. ET on the last business day of the election effective month, you notify the MyFRS Financial Guidance Line that you wish to cancel your election.

<sup>3</sup> An accumulated benefit obligation, or ABO.

<sup>4</sup> If you were first hired before July 1, 2011, you will vest in the Pension Plan after you have 6 years of FRS-covered service.

<sup>5</sup> You are always fully vested in your own contributions. 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. Call the MyFRS Financial Guidance Line for more information.