



# FRS EMPLOYER Newsletter

**YOUR Money YOUR Choice**

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## Answers to Members' Questions About the Volatile Financial Markets

The MyFRS Financial Guidance Line is receiving calls from FRS members who are worried about how the current economic situation will affect their FRS Pension Plan and FRS Investment Plan benefits. Following are the three most frequently asked questions and our answers.

**Q Why doesn't the FRS Investment Plan contain any investment funds that are insured by the Federal Deposit Insurance Corporation (FDIC)?**

**A** The FDIC protects against the loss (currently \$250,000 per depositor) of certain deposits if an FDIC-insured bank or savings association fails. FDIC insurance covers funds in deposit accounts, including checking and savings accounts, money market deposit accounts, and Certificates of Deposit (CDs).

FDIC insurance does not cover:

- Investments in mutual funds (stock, bond, or money market mutual funds), regardless of whether the funds were purchased through a bank, brokerage, or dealer.
- Stocks, bonds, U.S. Treasury securities or other investment products, regardless of whether they were purchased through a bank or a broker/dealer.
- Annuities (underwritten by insurance companies, but sold through some banks).

FRS Investment Plan funds cannot be FDIC insured because they do not meet the requirements for coverage under federal law. Please note that FRS Investment Plan funds are not insured against a loss in value. The value of members' funds can increase or decrease with the market.

**Q Is the FRS Select Yield Plus Money Market Active Fund covered under the U.S. Treasury's Temporary Guarantee Program for Money Market Mutual Funds?**

**A** No. That program, which guarantees investors will receive \$1 for each share held in an eligible money market fund, specifically requires (among other requirements) that the fund be regulated under Rule 2A-7 of the Investment Company Act of 1940. Because the FRS Select Yield Plus Money Market Active Fund is not a Rule 2A-7 registered fund, but rather a commingled trust that operates like a money market fund, it is not eligible to be covered under that program.

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## Making Sound Financial Decisions

In times like these, it can be difficult to maintain a long-term investment strategy. But a diversified investment portfolio, held for the long-term, is still the best way to accumulate wealth. The FRS' diversified approach to selecting investments means the failure of a single company will not put the member's portfolio at risk. Members can limit their risk by investing in a well-diversified portfolio.

If you know of an employee who is contemplating making a move or who is concerned about their investments, remind them about the excellent resources available to all FRS members. FRS members can:

- Call the MyFRS Financial Guidance Line to speak with a financial planning and retirement professional, Monday through Friday from 9:00 a.m. to 8:00 p.m. ET at 1-866-446-9377, Option 2 (TTY 1-888-429-2160).
- Get an updated Retirement Forecast and personalized recommendations by logging onto *MyFRS.com* to see what their Investment Plan might be worth in the future.
- Use the Advisor Service powered by Financial Engines®, an online service that walks members through retirement planning, step by step. Members will receive personalized and objective guidance on how to invest their Investment Plan account balance.

## Q Are my FRS Pension Plan benefits safe?

A Yes. Florida law guarantees Pension Plan members' accrued benefits will be paid regardless of investment performance.

The FRS Pension Plan is conservatively managed by the State Board of Administration of Florida (SBA) for long-term performance. The recent financial market turmoil has not compromised the plan's ability to meet its obligations. The plan is diverse, holding about 14,000 securities and no one security or sector represents a large percentage of the fund's holdings. The long-term approach and broad diversification is intended to provide growth and protection against weakness in individual investment categories. Last year, a study by the Pew Charitable Trusts called Florida's retirement and pension investments "a national leader" as one of only five states whose pension is fully funded, meaning it has saved enough money to cover its pension bill.

Detailed financial information is available on the SBA's website at [www.sbafla.com](http://www.sbafla.com).

Source: Florida Retirement System, Federal Deposit Insurance Corporation ([www.fdic.gov](http://www.fdic.gov)).

## Managing Your January and February Deadlines

Over 16,000 new FRS-covered employees will reach their enrollment deadlines over the next few months. Those employees who were hired in August 2008 have until January 30, 2009 to make a retirement plan election, while those hired in September 2008 have until February 27, 2009 (see back page for schedule).

Two reminder letters will be mailed during the deadline month to members who have not yet made an election. These letters contain the employee's Personal Identification Number (PIN) which allows them to log onto *MyFRS.com* or enroll by phone (Regular and Special Risk Classes only). Targeted postcards may also be mailed to select employees.

With such a large group coming toward a deadline, there is the potential for bottlenecks. The FRS encourages you to provide your own reminder directing new employees to use the free FRS educational resources and to enroll before the last week of the deadline month.

- **CALL** the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TTY 1-888-429-2160) and select Option 2; or

- **VISIT** *MyFRS.com* to review the New Hire Roadmap and use the Choice Service.

Lastly, all enrollment forms should be mailed or faxed (1-888-310-5559) directly to ING, the FRS Plan Choice Administrator. FRS enrollment forms submitted to your office but not received by ING by 4:00 p.m. ET on the last business day of the deadline month will not be processed.

## Reporting Employee Termination Dates

Please be sure to report the termination dates of terminated employees on the next monthly retirement payroll report you send to the Division of Retirement. FRS Investment Plan members will not be able to receive a distribution of any vested account balance unless a termination date is on file.

For example, let's say Mary Jones terminated from your agency on October 27th. Because Mary has not reached the Pension Plan's normal retirement requirements, she must wait 3 calendar months to receive a distribution. If she calls ING, the FRS Investment Plan Administrator, on February 1st and requests a distribution, ING will first determine whether she is vested and then check to see if a termination date has been recorded. If a termination date is on file, the distribution will be paid. If a termination date is not on file, Mary will be told the termination date was not reported by your agency and that a distribution cannot be made. A frustrated Mary will then be directed to contact you, as her former employer, and have an Employment Termination Form\* completed. Once this form has been completed by both Mary and your agency, it must be submitted to ING. After ING has determined that the form is in good order, Mary will be able to request a distribution.

Remember, you can submit the termination date on the monthly payroll file even if there is no salary to be reported. If you have questions about the payroll reporting process, please telephone the Division of Retirement, Contributions Section, toll-free at 1-877-377-1266 or, if a local call, at 488-6011. Any questions regarding the Employment Termination Form should be directed to ING at 1-866-377-2121, Option 3.

## Members' Social Security Numbers

All Investment Plan members are notified of the following in every quarterly Investment Plan Newsletter:

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 because it is imperative for the SBA to have the ability to identify Investment Plan members properly and definitively.

Because all FRS member records are filed by Social Security number, please be sure to enter your employee's Social Security numbers accurately on the monthly retirement payroll report. The number entered must be identical to the number on the employee's Social Security I.D. Card. Incorrect numbers can delay election processing, the accuracy of service credit, and salary history.

## Are You Using Outdated Forms?

The forms available on *MyFRS.com* are updated periodically (quarterly for enrollment forms) to reflect legislative changes, revised investment fund fees, etc. Whenever you need a form, please be sure to print it from *MyFRS.com* to be certain you are using the most up-to-date version. Do not print forms until you need them.

\*Note that the Employment Termination Form (available on *MyFRS.com*) should not be used as your agency's regular method of reporting termination dates; this should be done via the monthly payroll report. The form should only be submitted under the following two circumstances:

1. You neglected to report a member's termination date via the monthly payroll report and more than 3 calendar months have passed since the member terminated; or
2. A member has met the normal retirement requirements of the FRS Pension Plan and is eligible to receive a one-time distribution of up to 10% of his account balance, one calendar month after termination. Under this situation, you may not have enough time to submit the termination date via the monthly payroll report so it gets recorded prior to the date the 10% distribution can be paid. Be sure to wait one calendar month after the member has terminated before submitting the form (either by fax or U.S. mail).

### Keep Employees' Names and Addresses Current

Please encourage your employees to report any changes to their name or mailing address to ensure they continue to receive important information from you and the FRS.

- **Active FRS Pension Plan or Investment Plan members.** Information is updated in the FRS database after you submit your agency's monthly payroll report.
- **Inactive or retired Investment Plan members.**
  - Can make an address change online (name changes cannot be made online). Detailed information on how this can be done is found on the MyFRS.com home page under the heading "Address Changes Online."
  - Can request a name/address change form by calling the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 and selecting Option 4 for ING. They will need to complete and sign the form, and mail it (P.O. Box 56290, Jacksonville, FL 32241-6290) or fax it (1-888-310-5559) to ING along with any required supporting documentation.
  - Instead of a form, they can mail (P.O. Box 56290, Jacksonville, FL 32241-6290) or fax (1-888-310-5559) a letter to ING. The letter must include:
    - The member's Social Security number.
    - Both the old and new addresses.
    - A copy of the court order (if changing member's name).
- **Inactive or retired Pension Plan members.** Inactive members should contact the Division of Retirement's Calculations Section toll-free at 1-888-738-2252 (or 1-850-488-6491). Retired members should contact the Division's Retired Payroll Section toll-free at 1-888-377-7687 (or 1-850-488-4742).

## Important New Hire Enrollment Deadlines

All enrollment forms must be mailed or faxed (1-888-310-5559) directly to ING, the FRS Plan Choice Administrator. To be considered to have been filed in a timely manner, ING must receive all initial election forms by 4:00 p.m. ET on the last business day of an employee's deadline month. The 4:00 p.m. deadline is also applicable to those Regular and Special Risk Class members making their elections electronically via *MyFRS.com* or by calling the MyFRS Financial Guidance Line. Below are the retirement plan enrollment deadlines for new FRS employees for the next 12 months.

### Enrollment Deadlines

If Hired in This Month ...	Retirement Plan Choice Deadline is ...
July 2008	December 31, 2008
August 2008	January 30, 2009
September 2008	February 27, 2009
October 2008	March 31, 2009
November 2008	April 30, 2009
December 2008	May 29, 2009
January 2009	June 30, 2009
February 2009	July 31, 2009
March 2009	August 31, 2009
April 2009	September 30, 2009
May 2009	October 30, 2009
June 2009	November 30, 2009

### Employer Resources

- MyFRS.com website.
- Toll-free FRS Employer Assistance Line at 1-866-377-2121.
- Ernst & Young and ING representatives are available from 9:00 a.m. to 8:00 p.m. ET, Monday through Friday, except holidays.
- Division of Retirement staff is available from 8:00 a.m. to 5:00 p.m. ET, Monday through Friday, except holidays.