



Florida Retirement System

YOUR Money YOUR Choice



# INVESTMENT PLAN

## Quarterly Newsletter

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### Financial Planners Not Endorsed by FRS

On January 2, 2014, the FRS Investment Plan began offering members access to a Self-Directed Brokerage Account (SDBA). This option allows members access to different investment choices in addition to the Investment Plan's investment funds.

It has come to our attention that some members are providing their personal financial planners with trading authorization for their SDBA. Such agreements, which are permissible, are made directly between the member and the financial planner.

The FRS has a contract with EY to provide **free, unbiased financial planning and counseling services to FRS members**. EY does not sell any investment or insurance products. No other financial planners or financial institutions or firms are affiliated with nor endorsed by the Florida Retirement System, by Hewitt Financial Services, or by Aon Hewitt, the Investment Plan Administrator.

We recommend you be very cautious before providing trading authorization, your PIN, or your *MyFRS.com* user ID or password to any outside party. You should monitor your Investment Plan account closely to review any trades made on your behalf and ensure no unauthorized distributions have been made. Also, you should be aware of any fees outside planners are charging you to manage your account.

If you have any questions, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

## 2015 Employee Workshop Webcasts

The FRS will offer free financial planning workshop webcasts for FRS-covered employees according to the 2015 schedule shown below. They will be conducted both in person in Tallahassee and by live broadcast over the Internet. You may attend as many workshops as you wish. Register by calling 1-866-446-9377, Option 2.

2015 Dates	10:00 a.m. to Noon ET	1:00 to 3:00 p.m. ET
April 20	Using the FRS to Plan for Retirement	FRS Investment Plan: Understanding Your Benefits
April 21	Nearing Retirement in the FRS	Nearing Retirement in the FRS (SPANISH)
July 21	Using the FRS to Plan for Retirement	Cash and Debt Management: Smart Spending and Saving for Retirement
July 22	Nearing Retirement in the FRS	Education Planning: Funding the Future
October 20	Using the FRS to Plan for Retirement	Investment Planning for Everyone – The Basics
October 21	Nearing Retirement in the FRS	New Employee Retirement Plan Choice

## “Nearing Retirement” Spanish Webcast

The “Nearing Retirement in the FRS” webcast that will be conducted on April 21 at 1:00 p.m. ET will be broadcast in Spanish. The workshop slides will also be translated into Spanish. Register by calling 1-866-446-9377, Option 2 (Spanish-speaking planners are available to take your call). We will also record the workshop and post it online.

## Taller en Español a través del internet

El taller “Acercandose a la jubilación en el FRS” que se llevará a cabo el 21 de abril a la 1:00 p.m. será transmitido en español a través del internet. La presentación del taller también será traducida en español. Puede inscribirse llamando al 1-866-446-9377, opción 2 (planificadores que hablan español están disponibles para atender su llamada). El taller será grabado y estará disponible por internet.



# Quarterly Fund Performance Summary

## Overview

The Performance Summary is organized by asset classes: Retirement Date Funds, money market funds, real assets funds, bond funds, U.S. stock funds, and foreign and global funds. Retirement Date Funds are a special asset class that provides a diversified mixture of various asset classes. A Self-Directed Brokerage Account (SDBA) is also available.

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.<sup>1</sup>

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 on *MyFRS.com*. The asset class descriptions below are general in nature and should not be relied on as your sole source of information regarding a specific fund(s).

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, including the Self-Directed Brokerage 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.

## Retirement Date Funds

These funds are particularly good for “one-stop shopping.” Each Retirement Date Fund is a diversified portfolio of other FRS Investment Plan funds and uses an asset allocation concept called “target date funds.” The mix of funds in each Retirement Date Fund is based on the amount of time you have before retirement, and the mix gradually changes as you approach retirement. This gradual change follows a careful investment strategy called a “glide path.” Each Retirement Date Fund’s glide path was developed for the FRS by a global investment consulting firm and a fiduciary to the FRS.

## 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.

## Real Assets Funds

These funds invest in a diversified array of assets that may help offset inflationary pressures. The funds seek long-term real (net of inflation) returns to preserve the future purchasing power of accumulated assets. You could lose money over short or long periods by investing in this fund. The fund’s price and return will vary over a wide range.

## 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 investing in stocks has been much higher than bonds. However, over long periods of time, stocks have generally done better than bonds, which is 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 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.

## The Self-Directed Brokerage Account

The Self-Directed Brokerage Account (SDBA) allows you to invest in thousands of different investments in addition to the Investment Plan’s primary investment funds. An SDBA is **not** suitable for all members, and you assume the full risk and responsibility for the investments you select. Additional information on the SDBA is available in the “Investment Funds” section on *MyFRS.com*.

<sup>1</sup> 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 Retirement Date 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](http://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.

**Total Index** is a combination of all the market benchmarks in each market sector and is based on the asset amounts of each fund in each market sector.

**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, 2015

**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 <sup>1</sup>			
		Annual Fees <sup>2</sup>	Long-Term Fees	Previous Quarter <sup>3</sup>	Previous Year	Previous 5 Years	Previous 10 Years
<b>TOTAL FRS INVESTMENT PLAN</b>		—	—	2.54%	5.96%	8.11%	6.21%
PB: Investment Plan Total Index		—	—	2.16%	5.60%	7.74%	5.70%
<b>RETIREMENT DATE FUNDS</b>		—	—	2.49%	—	—	—
PB: Total Retirement Custom Index		—	—	1.67%	—	—	—
FRS 2055 Retirement Date Fund <sup>4</sup> (2055)	<b>A</b>	\$0.80	\$24	2.89%	5.65%	—	—
PB: 2055 Retirement Custom Index		—	—	2.64%	5.35%	—	—
FRS 2050 Retirement Date Fund <sup>4</sup> (2050)	<b>A</b>	\$0.80	\$24	2.89%	5.65%	10.03%	—
PB: 2050 Retirement Custom Index		—	—	2.64%	5.35%	9.81%	—
FRS 2045 Retirement Date Fund <sup>4</sup> (2045)	<b>A</b>	\$0.80	\$24	2.89%	5.65%	10.03%	—
PB: 2045 Retirement Custom Index		—	—	2.64%	5.35%	9.81%	—
FRS 2040 Retirement Date Fund <sup>4</sup> (2040)	<b>A</b>	\$0.80	\$24	2.89%	5.65%	10.03%	—
PB: 2040 Retirement Custom Index		—	—	2.64%	5.35%	9.81%	—
FRS 2035 Retirement Date Fund <sup>4</sup> (2035)	<b>A</b>	\$0.80	\$24	2.85%	5.64%	9.97%	—
PB: 2035 Retirement Custom Index		—	—	2.62%	5.35%	9.75%	—
FRS 2030 Retirement Date Fund <sup>4</sup> (2030)	<b>A</b>	\$0.90	\$27	2.65%	5.45%	9.09%	—
PB: 2030 Retirement Custom Index		—	—	2.45%	5.18%	8.85%	—
FRS 2025 Retirement Date Fund <sup>4</sup> (2025)	<b>A</b>	\$1.20	\$37	2.45%	5.07%	8.28%	—
PB: 2025 Retirement Custom Index		—	—	2.23%	4.58%	8.01%	—
FRS 2020 Retirement Date Fund <sup>4</sup> (2020)	<b>A</b>	\$1.50	\$46	2.23%	4.60%	7.54%	—
PB: 2020 Retirement Custom Index		—	—	2.00%	3.98%	7.21%	—
FRS 2015 Retirement Date Fund <sup>4</sup> (2015)	<b>A</b>	\$1.80	\$56	2.03%	4.16%	6.72%	—
PB: 2015 Retirement Custom Index		—	—	1.77%	3.36%	6.37%	—
FRS Retirement Income Fund <sup>4</sup> (2000)	<b>A</b>	\$2.00	\$62	1.95%	3.99%	6.53%	—
PB: Retirement Income Custom Index		—	—	1.67%	3.08%	6.03%	—
<b>MONEY MARKET FUND</b>							
FRS Money Market Fund (60)	<b>A</b>	\$0.62	\$19	0.04%	0.15%	0.23%	1.71%
PB: iMoneyNet Money Fund Average		—	—	0.00%	0.02%	0.06%	1.71%
<b>REAL ASSETS FUND</b>							
FRS Real Assets Fund <sup>4</sup> (300)	<b>A</b>	\$4.50	\$145	1.39%	0.91%	4.34%	—
PB: FRS Custom Real Assets Index		—	—	0.69%	-1.52%	3.16%	—



## Performance Summary as of March 31, 2015 – continued

**P** = Passively Managed Type

**A** = Actively Managed Type

	Fees per \$1,000		Annual Average Investment Returns After Deducting Fees <sup>1</sup>			
	Annual Fees <sup>2</sup>	Long-Term Fees	Previous Quarter <sup>3</sup>	Previous Year	Previous 5 Years	Previous 10 Years
<b>BOND FUNDS</b>						
PB: Investment Plan Total Bond Index	—	—	1.83%	4.73%	4.65%	5.33%
FRS U.S. Bond Enhanced Index Fund <sup>4</sup> (80) <b>P</b>	\$0.50	\$15	1.64%	5.92%	4.55%	5.14%
PB: Barclays Capital Aggregate Bond Index	—	—	1.61%	5.72%	4.41%	4.93%
Pyramis Intermediate Duration Pool Fund <sup>4</sup> (90) <b>A</b>	\$1.19	\$37	1.48%	3.65%	3.99%	4.56%
PB: Barclays Capital Intermediate Aggregate Bond Index	—	—	1.32%	4.24%	3.62%	4.54%
FRS Core Plus Fixed Income Fund <sup>4</sup> (310) <b>A</b>	\$2.40	\$75	2.06%	4.66%	5.91%	—
PB: FRS Custom Core Plus Fixed Income Index	—	—	2.13%	4.98%	5.93%	—
<b>U.S. STOCK FUNDS</b>						
PB: Investment Plan Total U.S. Equities Index	—	—	2.47%	11.59%	14.70%	8.55%
FRS U.S. Stock Market Index Fund <sup>4</sup> (120) <b>P</b>	\$0.20	\$6	1.81%	12.44%	14.77%	8.45%
PB: Russell 3000 Index	—	—	1.80%	12.37%	14.71%	8.38%
FRS U.S. Large Cap Equity Fund <sup>4</sup> (320) <b>A</b>	\$3.90	\$124	2.37%	12.82%	15.70%	—
PB: Russell 1000 Index	—	—	1.59%	12.73%	14.73%	—
FRS U.S. Small/Mid Cap Equity Fund <sup>4</sup> (330) <b>A</b>	\$6.40	\$212	4.84%	11.12%	16.64%	—
PB: FRS Custom Small/Mid Cap Index	—	—	4.18%	9.57%	12.53%	—
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>						
PB: Investment Plan Total Foreign/Global Equities Index	—	—	3.37%	-0.47%	6.23%	5.04%
FRS Foreign Stock Index Fund <sup>4</sup> (200) <b>P</b>	\$0.30	\$9	4.23%	-1.27%	6.05%	5.32%
PB: MSCI ACWI ex US IMI Index	—	—	3.55%	-1.57%	5.69%	5.01%
American Funds EuroPacific Growth Fund <sup>4</sup> (220) <b>A</b>	\$4.90	\$159	5.97%	2.80%	7.12%	7.68%
PB: MSCI ACWI ex US Index	—	—	3.59%	-0.57%	5.29%	4.83%
American Funds New Perspective Fund <sup>4</sup> (210) <b>A</b>	\$4.90	\$159	4.65%	8.10%	11.27%	9.10%
PB: MSCI All Country World Index	—	—	2.31%	5.42%	9.24%	6.06%

<sup>1</sup> The performance information presented reflects past performance, which is not necessarily an indication of future performance. The most recent quarter, 1-, 5-, and 10-year performance returns are shown. The following applies to "FRS" labeled funds with an inception date of 7-1-2014: 1) the 5-year history, if available, is considered the return since inception; and 2) 1-year and 5-year historical performance is based on the target weight of the underlying managers/funds that would have been in place if the funds had been in place during these time periods.

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

<sup>3</sup> Not annualized.

<sup>4</sup> This fund is subject to an Excessive Fund Trading Policy, which may limit your ability to make investment changes involving this fund. The policy is available on the "Investment Funds" page of MyFRS.com.



## New Investment Plan Distribution Feature Can Help Avoid Delays

### Did You Know?

Young people entering the workforce today are usually not overly concerned with saving for retirement. Even though retirement may be a long way off, it is more beneficial to start saving now than later. Just a small amount saved each month will reap big rewards. Many helpful tools are available on *MyFRS.com*, and speaking with an EY planner will help get you started. Call today — it's never too soon!

### Keep Up With 2015 Legislation

You can keep up with the status of all proposed retirement bills by clicking on "2015 Legislation" in the "Alerts & Hot Topics" box on the *MyFRS.com* home page.

### 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.

You can now submit a request for a distribution from your Investment Plan account up to one and a half months **prior** to the date you are eligible to take the distribution. These "pending" distribution requests will help you avoid long wait times that sometimes occur on the first business day of each month. The request can be made no earlier than the 15<sup>th</sup> calendar day of the month. Here's an example:

Date Terminated	Eligible for Distribution	Eligible to Make Pending Request
April 20, 2015	First business day of August 2015	June 15, 2015*

\* Requests can be made no earlier than the 15<sup>th</sup> calendar day of the month.

These requests can be made **only** by calling the Investment Plan Administrator at 1-866-446-9377, Option 4. This feature is not currently available on *MyFRS.com*. You will need to provide the Investment Plan Administrator your PIN. You can make changes to your pending distribution up until 4:00 p.m. ET on the pending distribution date.

If you return to employment with an FRS participating employer during the pending distribution period, you must notify the Investment Plan Administrator to cancel your distribution. Also, if your employment status changes on the FRS database from "Terminated" to "Active" during this period, the pending distribution will be canceled.

**REMINDER:** If you meet the Investment Plan's normal retirement requirements, you can receive a one-time distribution of up to 10% of your account balance after 1 calendar month; you can receive the remainder after 3 calendar months. If you do not meet the normal retirement requirements, you must be off all payrolls with FRS-covered employers for 3 full calendar months before you can receive any distribution.

If you have any questions, please call the Investment Plan Administrator at 1-866-446-9377, Option 4 (or TRS 711).

## Best Browsers for MyFRS.com

For the best experience on *MyFRS.com*, including better security, encryption, and privacy, use any of the following browsers:

- Google Chrome: 36 and above
- Safari: 6.1.5 and above
- Internet Explorer: 8 and above
- iOS: 7.0 and above
- Firefox: 30.0 and above
- Android: 2.3 and above

Older browsers and beta versions may pose a security risk to your computer, may not allow you to access *MyFRS.com*, or may prevent site features from working correctly.

Please feel free to send feedback and any compatibility issues to [supportmyfrs@idhasoft.com](mailto:supportmyfrs@idhasoft.com).

## Lifetime Annuity Quotes – \$100,000 Premium (As of 03/31/2015)

Annuity Type	Monthly Benefit
Single Life	<b>\$483.16</b>
Joint and Survivor	<b>\$412.38</b>

### Beneficiary Designation Reminder

Your enclosed quarterly FRS Investment Plan Account 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](http://MyFRS.com) and clicking “Manage My Benefits” and then “Manage Investments.” Or you can complete an FRS Investment Plan Beneficiary Designation Form (IPBEN-1), 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).

**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 MetLife, the FRS Investment Plan’s annuity provider.

The **Single Life Annuity** example assumes a female, aged 62. By choosing a single life annuity, she will receive fixed payments in the amount of \$483.16 for the rest of her life, no matter how long she lives. All income payments will cease upon her death and no further benefit payments will be due.

The **Joint and Survivor Annuity** example assumes a female, aged 62, has chosen her spouse, aged 62, as her survivor. By choosing a joint and survivor annuity, she will receive \$412.38 for the rest of her life. When she dies, if her spouse is still alive, then the spouse will continue to receive the \$412.38 for the rest of the spouse’s life, no matter how long the spouse lives. You may name anyone as your survivor when you purchase a joint and survivor annuity.

Your actual annuity quotes may vary based on your individual data and other circumstances. Please note other annuity payment options and features are also available to you.

To find out if an annuity is right for you, or to purchase an annuity from MetLife, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).

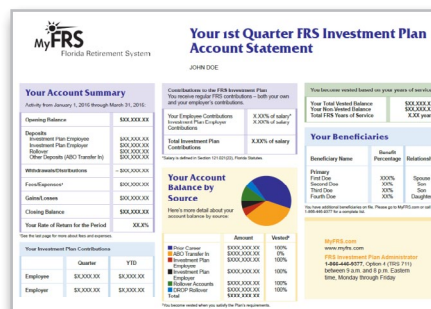
## Redesigned Quarterly Investment Plan Account Statement

Your quarterly Investment Plan Account Statement, enclosed with this newsletter, has been redesigned to make it easier for you to find and read the information you want most. For help understanding your Statement, download the “How to Read Your Quarterly Investment Plan Account Statement” brochure from [MyFRS.com](http://MyFRS.com). Click “Resources,” then “Publications,” and then scroll down to “Miscellaneous.”

If you have any questions about your Statement, call the FRS Investment Plan Administrator at 1-866-446-9377, Option 4.

### 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.



Scan the code with your smartphone to access the “How to Read Your Quarterly Investment Plan Account Statement” brochure now!