

Florida Retirement System

# INVESTMENT PLAN EMPLOYER HANDBOOK

July 2024

Florida Retirement System



## FRS Investment Plan Employer Handbook Contents

As an employer, you play an important role in helping your employees make the most of their FRS retirement benefits. This handbook is intended to explain the administration of the retirement plan choice process and the FRS Investment Plan in nontechnical language. For detailed information about the FRS Pension Plan, refer to the [FRS Pension Plan Employer Handbook](#).

### FRS Employer Assistance Line

1-866-377-2121, Option 3

8:00 a.m. to 6:00 p.m. ET, Monday through Friday (except holidays)

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## About the Investment Plan

The FRS Investment Plan is similar to a 401(k) plan. Members own all employer contributions and earnings in their Investment Plan account after completing 1 year of service. Employee contributions are immediately vested. The Investment Plan is designed primarily for employees who want greater control over their retirement plan and who want flexibility in how their benefit is paid at retirement.

The Investment Plan is known as a “defined contribution” plan. That’s because contributions — the employee’s and the employer’s — to the Plan are defined by law. The benefit, however, is not defined. The benefit the member ultimately receives from the Plan will depend on how much is contributed to the member’s account, the performance of investments over time, and the impact of account fees and expenses. When a member is ready to withdraw money, they will have a variety of payout options to choose from.

For more information about the Investment Plan, and to compare it with the Pension Plan, visit the [New Hire page](#) and [ChooseMyFRSplan.com](#).

## FRS Investment Plan Profile

|   |  |
|---|--|
| <b>Official Plan Name</b>   | Florida Retirement System Investment Plan  |
| <b>Common Plan Name</b>   | FRS Investment Plan  |
| <b>Type of Plan</b>   | Defined contribution retirement plan qualified under Section 401(a) of the Internal Revenue Code   |
| <b>Federal Employer Identification Number</b>   | 59-6001872   |
| <b>Plan Number</b>  | 002  |
| <b>Plan Sponsor</b>   | State Board of Administration of Florida (SBA). The SBA is charged with establishing and administering this Plan.  |
| <b>Plan Trustees</b>  | Executive Director, State Board of Administration of Florida, representing the Governor, the Chief Financial Officer, and the Attorney General as the Trustees of the Board.<br><br>Executive Director<br>State Board of Administration of Florida<br>1801 Hermitage Blvd., Suite 100<br>Tallahassee, Florida 32308-7743<br><br>Trustees of the Board<br>The Capitol<br>Tallahassee, Florida 32399 |
| <b>Plan documents are the Florida Statutes and the rules of the State Board of Administration establishing the Plan</b> | Chapter 121, Florida Statutes (F.S.), and the rules of the State Board of Administration of Florida (SBA) in Chapter 19, Florida Administrative Code (F.A.C.)  |
| <b>Source of Benefit Payments</b>   | All benefits payable under the Investment Plan shall be paid solely from the member’s individual retirement account within the Florida Retirement System Investment Plan Trust Fund.   |

|  |   |
|--|---|
| <b>Agent for Service of Legal Process</b>                          | Executive Director, State Board of Administration of Florida,<br>1801 Hermitage Blvd., Suite 100, Tallahassee,<br>Florida 32308-7743  |
| <b>Name of Plan Administrator</b>                                  | Alight Solutions, FRS Investment Plan Administrator, P.O. Box<br>785027, Orlando, Florida 32878-5027; toll-free telephone<br>number: 1-866-446-9377, Option 4 (Telecommunications Relay<br>Service [TRS] 711)   |
| <b>Plan Effective Date</b>   | The Plan became effective July 1, 2000, although the first<br>members in the Plan were effective July 1, 2002.  |
| <b>Name of Employer</b>  | FRS employing agency  |
| <b>Plan Year</b>   | July 1 through June 30  |
| <b>Plan Year — Limit Monitoring</b>                                | January 1 through December 31   |
| <b>Employee Assistance Line:<br/>MyFRS Financial Guidance Line</b> | 1-866-446-9377<br>TRS 711<br>Representatives are available 8:00 a.m. – 6:00 p.m. ET,<br>Monday – Friday (except holidays).<br><br><b>Option 1:</b> Speak with experienced EY financial planners about<br>making an initial or 2 <sup>nd</sup> Election, or get assistance with your<br><a href="http://MyFRS.com">MyFRS.com</a> PIN or with other information available on<br><a href="http://MyFRS.com">MyFRS.com</a> .<br><br><b>Option 2:</b> Speak with experienced EY financial planners about<br>any issue you think is important to your financial future.<br><br><b>Option 3:</b> Speak with the Division of Retirement about your<br>Pension Plan account.<br><br><b>Option 4:</b> Speak with the Investment Plan Administrator about<br>your Investment Plan account. |
| <b>Internet Address</b>  | <a href="http://MyFRS.com">MyFRS.com</a>  |

## Eligibility

### Have All New Employees Sign This Form

Have all new hires sign and date a [Florida Retirement System \(FRS\) - Certification Form](#). This form could protect your agency from having to repay any retirement benefits paid to a retiree whom you employ in violation of the reemployment-after-retirement provisions.

By signing this form, the new employee is certifying that they have/have not retired from any State of Florida-administered retirement plan or have not concluded participation in the DROP. Keep the signed form, along with the instruction page, in the employee's personnel file. Do not send it to the FRS unless you are asked to do so.

For clarification of the rules and laws regarding reemployed retirees, contact an EY financial planner (for Investment Plan members) or the Division of Retirement (for Pension Plan members).

## First-Time, Regular Employees

An employee who is hired in a regularly established FRS-covered position, and has never completed an [FRS choice period](#), is eligible to participate in the Investment Plan or Pension Plan, unless they are a:

- Participant in the Deferred Retirement Option Program (DROP)  
*Terminated DROP members can roll over their DROP accumulation into the Investment Plan.*
- Participant in the Mandatory State University System Optional Retirement Program (SUSORP)  
*Faculty, including clinical faculty, in a college at a state university that has a faculty practice plan are mandatory participants of the SUSORP.*
- Participant in the Teachers' Retirement System  
*This plan is closed to new members.*
- Participant in the State and County Officers' and Employees' Retirement System  
*This plan is closed to new members.*
- Retiree of the Pension Plan who is initially reemployed with an FRS employer on or after July 1, 2010.
- Retiree of the Investment Plan, SUSORP, Senior Management Service Optional Annuity Program (SMSOAP), or State Community College System Optional Retirement Program (SCCSORP) who is initially reemployed with an FRS employer on or after July 1, 2017 in a position which is covered by the SUSORP or SCCSORP plan.

## Rehired Members

Terminated Investment Plan members who are later rehired will return to the Investment Plan. Rehired members who previously participated in the Pension Plan will return to the Pension Plan as long as they have not started receiving a monthly retirement benefit.

Investment Plan members who take a distribution or rollover from the Investment Plan (excluding a *de minimis* distribution or a Required Minimum Distribution) will be considered retired. (For more information, refer to [Benefit Payouts](#).) Once retired, members lose any non-vested Investment Plan or prior Pension Plan service and benefit.

The Division of Retirement is responsible for determining retirement membership eligibility and whether a member is eligible for continued FRS membership. Refer to the Division's [Pension Plan Employer Handbook](#) for information about employee eligibility and retirement contribution file reporting requirements and format.

### Retirees Reemployed Prior to July 1, 2010

Retired members who were rehired in an FRS-covered position prior to July 1, 2010 are considered "reemployed retirees" and are subject to the rules and laws governing such members. These reemployed retirees were treated like first-time, regular employees and were given a new election period. However, reemployed retirees are not entitled to certain benefits under the FRS, including Special Risk Class membership, disability benefits, and the Deferred Retirement Option Program (DROP).

### Investment Plan Retirees Employed on or After July 1, 2017

Effective July 1, 2017, retirees of the Investment Plan, State University System Optional Retirement Program (SUSORP), Senior Management Service Optional Annuity Program (SMSOAP), and State Community College System Optional Retirement Program (SCCSORP) are eligible for renewed membership. They must be employed in an FRS-covered position on or after July 1, 2017 to gain renewed membership. However, these renewed members are not eligible to participate in the Pension Plan or DROP, receive disability benefits, or use the 2<sup>nd</sup> Election to change to the Pension Plan.

It is important to note that this provision does not provide renewed membership retroactively for the period of July 1, 2010 to June 30, 2017.

## Determining Membership Class

To determine an employee's membership class, refer to the Division's [Pension Plan Employer Handbook](#) for more information.

## Eligibility Review

An employee's enrollment in the Investment Plan is subject to eligibility review at any time. If the enrollment is determined to be ineligible, the election and any associated benefit transfers, retirement contributions, and any earnings on these funds will be reversed. The employee will receive a letter explaining the reason for the reversal. The following are a few examples of reasons an employee's enrollment may be reversed:

- Employee terminated prior to receipt of election form.
- Employee did not earn service credit in the month the election form was received.
- Employee is in a position not eligible for membership in the FRS.

## Enrollment (1<sup>st</sup> Election)

The 1<sup>st</sup> Election is the employee's opportunity to choose an FRS retirement plan before they are automatically enrolled in their default option. Having a choice between two employer-provided retirement plans is not common and many employees may not realize they need to take action. As an employer, you have an important role to play in the 1<sup>st</sup> Election. Help your new employees realize they have a choice to make and encourage them to take advantage of the [member services](#) available to help them make that choice.

## Default Option

For FRS-covered employees in all membership classes, except Special Risk, hired on or after January 1, 2018, the default option is the Investment Plan.

For FRS-covered employees in the Special Risk class hired on or after January 1, 2018, the default option is the Pension Plan.

For all new FRS-covered employees hired prior to January 1, 2018, the default option was the Pension Plan.

## Plan Choice Period (Plan Choice Deadline)

For all new FRS-covered employees hired on or after January 1, 2018 or who did not complete an election window before January 1, 2018, the plan choice deadline is 4:00 p.m. ET on the last business day eight months after their month of hire.

For all new FRS-covered employees hired prior to January 1, 2018, the plan choice deadline was 4:00 p.m. ET on the last business day five months after their month of hire.

The FRS sends reminders directly to new employees during their choice period to the email address and mailing address provided on the retirement file. You can help your employees make a timely and informed decision by sending your own reminders and directing them to [ChooseMyFRSplan.com](#). Employees in the Special Risk Class should be directed to use the 1<sup>st</sup> Election Choice Service or call the MyFRS Financial Guidance Line).

Any elections received after the plan choice deadline will be invalid.



## Reporting During the Plan Choice Period

All new FRS-covered employees are reported under the Pension Plan on your monthly retirement report sent to the Division. Once an employee makes an election, (either active or default), they are then reported, beginning on their effective date, under the appropriate plan.

For members who default to the Investment Plan, employee and employer contributions paid through the date of default will be paid into the Investment Plan at the blended contribution rate and placed in an age-appropriate Retirement Date Fund. Any time after their account is activated, the member can change to any of the Plan's available investment options.

## Enrollment Process

1. Candidate signs [Florida Retirement System \(FRS\) - Certification Form](#).
2. Employer verifies that the candidate has not retired from the FRS.
3. Candidate is hired.
4. Employer determines membership class.
5. If the employee is a new FRS member, the employer reports the employee as Pension Plan under the correct membership class on the first available retirement contribution file to the Division of Retirement.
6. If the employee is:
  - **A new FRS member:** A Benefit Comparison Statement (BCS) is generated and mailed to the new member's address on file and includes the member's [Personal Identification Number](#) and plan choice deadline date. The BCS should arrive within 30 to 60 days of the monthly retirement report on which the employee is first reported. The BCS may be delayed if there are errors in reporting the new member or if the address reported is incorrect.
  - **A retiree of the Investment Plan, SUSORP or SCCSORP:** A confirmation of renewed enrollment and a welcome flyer are generated and mailed to the reemployed retiree's address on file within 30 to 60 days of the retirement report on which the employee is first reported. The member can access their Investment Plan account by logging in to [MyFRS.com](#) by using their previous User ID and Password. If the member does not remember the User ID and Password or never logged in to [MyFRS.com](#), they can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.
7. Employers help educate new employees about plan choice by conducting [New Hire Orientation](#), directing the employee to [ChooseMyFRSplan.com](#) and the MyFRS Financial Guidance Line, and providing the [Choose Your FRS Retirement Plan orientation brochure](#).
8. Employee's retirement file data is submitted to the Division of Retirement for processing. An eligible employee's plan choice cannot be processed before their data is processed. Until their retirement file data is processed, elections by phone cannot be performed and elections submitted by form (online or hard copy) will be pended.
9. New FRS members will receive plan choice reminder emails and letters, distributed by the FRS.
10. The employee makes an active 1<sup>st</sup> Election choice by their plan choice deadline or is automatically enrolled in their default option.
11. A confirmation letter is mailed to the employee's address on file indicating their plan choice. At this point, the 1<sup>st</sup> Election is considered final even if the employee did not submit an election and was automatically enrolled in their default option.

## Getting Help Choosing a Plan

The FRS offers members a variety of services to help them make an informed plan election. Refer members to these services:

- [ChooseMyFRSplan.com](#) – Employees can answer several questions using this guided experience to learn which plan may make the most sense for them. They can view a series of “people like me” video and review other resources while on the site. (Not applicable for Special Risk members.)
- MyFRS Financial Guidance Line – Members can call 1-866-446-9377, Option 2 (or TRS 711) and speak with a financial planner 8:00 a.m. to 6:00 p.m. ET, Monday through Friday, except holidays.
- 1<sup>st</sup> Election Choice Service – Employees can compare estimated benefits for each retirement plan. The employee can access the tool when they log in on [MyFRS.com](#) with their PIN that was sent to them with the new hire kit.
- New Hire Orientation - Conducted by the employer; see the [New Hire Orientation Presentation](#).

## How to Submit a Plan Choice

Membership classification determines how the employee can enroll. Enrollment forms are available in the [Forms](#) section of this website.

### Regular Class and Special Risk Class Employees

1. [Online Retirement Plan Enrollment Form](#). This is an online enrollment form most members can complete without logging in to [MyFRS.com](#). Online enrollments submitted before 4:00 p.m. ET are processed within 24 hours and are effective on the date the election is submitted (excluding weekends and holidays). If submitted after 4:00 p.m. ET, but before the member’s plan choice deadline, the election will be effective the next business day (excluding holidays).
2. [Printable EZ Enrollment Form or General Retirement Plan Enrollment Form](#). These forms can be downloaded from [MyFRS.com](#). Complete, accurate and signed enrollment forms received by the Plan Choice Administrator before the member’s plan choice deadline are processed within two business days of receipt (excluding holidays) and the enrollment is effective on the day the form is received (excluding holidays).
3. [MyFRS.com](#). The employee must log in to the site. Online enrollments submitted before 4:00 p.m. ET are processed within 24 hours and are effective on the date the election is submitted (excluding weekends and holidays). If submitted after 4:00 p.m. ET, but before the member’s plan choice deadline, the election will be effective the next business day (excluding holidays).
4. MyFRS Financial Guidance Line (1-866-446-9377, Option 4 | TRS 711). Telephone enrollments made before 4:00 p.m. ET are processed within 24 hours and are effective on the date the election is submitted (excluding holidays). If submitted after 4:00 p.m. ET, but before the member’s plan choice deadline, the election will be effective the next business day (excluding holidays).

### All Other Membership Classes

Employees in all other membership classes can enroll using the applicable [enrollment form](#) for their membership class. Complete, accurate and signed enrollment forms received by the Plan Choice Administrator are processed within two business days of receipt (excluding holidays), and the enrollment is effective on the date the forms are received (excluding holidays), unless it is submitted after 4:00 p.m. ET on the member’s choice period deadline.

## Investment Plan Membership Effective Date

Investment Plan membership is retroactive to a new employee's date of hire. This includes reemployed retirees. The Investment Plan contribution effective date is the 1<sup>st</sup> of the month following the month in which the new employee's enrollment is processed. Enrollments received up to 4:00 p.m. ET each business day (excluding holidays) are processed on the day they are received. Enrollments received after 4:00 p.m. ET are processed on the next business day (excluding holidays), unless it is submitted after 4:00 p.m. ET on the member's choice period deadline.

For more information about contributions prior to the Investment Plan membership effective date, refer to [Plan Funding](#).

## Opening Balance

All [blended contributions and employee contributions](#) made to the Pension Plan on the member's behalf are transferred to the employee's Investment Plan account on the last day of the month in which their election is effective, retroactive to the employee's date of hire.

**If the member does not have prior FRS service in the Pension Plan**, the blended contributions made from the member's date of hire to the date they elect the Investment Plan will be transferred to their Investment Plan account.

**If the member had prior service in the Pension Plan**, the present value amount transferred from the Pension Plan into the Investment Plan is subject to the [Pension Plan's vesting schedule](#). The present value amount will be deposited in the member's Investment Plan account on the last day of the month in which their election is effective. A confirmation letter is mailed to the address on file confirming the deposit of funds.

## How to Monitor Election Status

Employers can monitor the status of their employees' elections (both 1<sup>st</sup> Elections and 2<sup>nd</sup> Elections) via the Division of Retirement's [FRS Online Employer Services application](#). Elections are recorded by the Investment Plan Administrator and provided to the Division. Employers can view and download a file that lists members who have elected the Investment Plan or used their 2<sup>nd</sup> Election to change to the Pension Plan.

## Canceling a 1<sup>st</sup> Election

The member has until 4:00 p.m. ET on the last business day of the election's effective month to call the MyFRS Financial Guidance Line and cancel their election. Default elections cannot be cancelled or reversed.

## Reversing a 1<sup>st</sup> Election

Once the deadline for canceling a 1<sup>st</sup> Election has passed, the 1<sup>st</sup> Election will be final and irrevocable, unless the member uses their 2<sup>nd</sup> Election.

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

FRS members (except for reemployed retirees who were reemployed on or after July 1, 2017) who are actively earning salary and service credit have a one-time opportunity to change from their current FRS retirement plan to the other plan. That means they can transfer from the Pension Plan to the Investment Plan, or from the Investment Plan to the Pension Plan. This change is called a 2<sup>nd</sup> Election and it can be used only once during the member's career.

While the 2<sup>nd</sup> Election gives members flexibility, it is a complex decision with important financial implications. For example, depending on which plan the member is changing to, there could be an out-of-pocket cost to the member.

If employees ask you about the 2<sup>nd</sup> Election, recommend that they call the MyFRS Financial Guidance Line to speak with an unbiased financial planner before making any decisions. You may also share with them the [Is a 2<sup>nd</sup> Election Right for You flyer](#).

## Eligibility

For the 2<sup>nd</sup> Election to be considered valid, the member must be actively employed and earning salary and service credit when the enrollment form is received by the Plan Choice Administrator or when a valid online election is made.

A 2<sup>nd</sup> Election cannot be made if the member:

- Has already used their 2<sup>nd</sup> Election.
- Has retired.
- Is a member of DROP.
- Has terminated FRS-covered employment.
- Is on an unpaid leave of absence.
- Is an employee of an educational institution and is on summer break.
- Is a reemployed retiree hired on or after July 1, 2017.

## Getting Help With a 2<sup>nd</sup> Election

The FRS offers members a variety of services to help them make an informed decision about a 2<sup>nd</sup> Election. Refer members to these services:

- 2<sup>nd</sup> Election Choice Service on [MyFRS.com](#)
- MyFRS Financial Guidance Line (1-866-446-9377, Option 2)
- [2<sup>nd</sup> Election Presentation](#) (conducted by the employer)

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

### *Online*

[MyFRS.com](#). Online enrollment via the 2<sup>nd</sup> Election Choice Service is available only to members changing from the Pension Plan to the Investment Plan. To enroll online, members should log in to [MyFRS.com](#) and select the 2<sup>nd</sup> Election Choice Service. The election will be processed the same day if it is entered before 4:00 p.m. ET each business day.

[Online 2<sup>nd</sup> Election Retirement Plan Enrollment Form](#). This is an online enrollment form members can complete without logging in to [MyFRS.com](#). Online enrollments submitted before 4:00 p.m. ET each business day are processed within 24 hours and are effective on the date the election is submitted (excluding holidays).

### *By Mail or Fax*

Members can download the [2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form](#) or the [2<sup>nd</sup> Election Retirement Plan Enrollment Form](#). Or, they can ask that the form be sent to them by contacting the FRS Plan Choice Administrator toll-free at 1-866-446-9377, Option 4 (TRS 711). The mailing address and fax number are on the form.

## Canceling a 2<sup>nd</sup> Election

The member has until 4:00 p.m. ET on the last business day of the election's effective month to call the MyFRS Financial Guidance Line and cancel the election.

## Reversing a 2<sup>nd</sup> Election

Once the deadline for canceling a 2<sup>nd</sup> Election has passed, the 2<sup>nd</sup> Election will be final and irrevocable. The member must remain in the new plan until their FRS-covered employment ends and they retire.

## How to Monitor Election Status

Employers can monitor the status of their employees' elections (both 1<sup>st</sup> Elections and 2<sup>nd</sup> Elections) via the Division of Retirement's [FRS Online Employer Services application](#). Elections are recorded by the Plan Choice Administrator and provided to the Division. Employers can view and download a file that lists members who have elected the Investment Plan or used their 2<sup>nd</sup> Election to change to the Pension Plan.

## Changing From the Pension Plan to the Investment Plan

### The Process

1. Member submits a 2<sup>nd</sup> Election to the Plan Choice Administrator (by online form or hardcopy form).
2. The Plan Choice Administrator processes the election and notifies the Division.
3. The amount to be transferred to the Investment Plan is "locked in" on the 1<sup>st</sup> of the month following the day the 2<sup>nd</sup> Election request form is received or the online request is confirmed by the Plan Choice Administrator.
4. The Division transfers the accrued value of the member's Pension Plan benefit to the Investment Plan. This transfer occurs on the last business day of the month in which the 2<sup>nd</sup> Election is effective.
5. The 2<sup>nd</sup> Election takes effect on the 1<sup>st</sup> of the month following the month in which the election is made.
6. The transferred amount is reflected in the member's account on the last business day of the effective month.

### Opening Balance (Pension Plan Present Value)

The present value of the member's Pension Plan benefit will become their opening account balance in the Investment Plan. The present value calculation is an actuarial determination of the member's service credit; it is not the total of the employee and employer contributions paid into the Pension Plan. This transfer amount will be "locked in" the 1<sup>st</sup> of the month following the day the 2<sup>nd</sup> Election request form is received or the online request is confirmed by the Plan Choice Administrator. The transfer amount is not segregated by employer and employee contributions. The member's employee contribution total will be reset to zero and will begin accumulating again the month of their Investment Plan effective date. The transfer amount is subject to the Pension Plan vesting requirements.

There is no out-of-pocket cost to the member for transferring into the Investment Plan.

The member can get an estimate of the accrued value of their Pension Plan benefit from the Division by logging in to [MyFRS.com](#) and selecting the 2<sup>nd</sup> Election Choice Service, or by contacting the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

## How It Affects Vesting

Members who take any distribution from the Investment Plan before completing their vesting requirement could forfeit the present value calculation transferred from the Pension Plan. The employee is not eligible for a refund of any employee contributions made under the Pension Plan prior to their transfer to the Investment Plan.

Money contributed to the member's Investment Plan account after the transfer from the Pension Plan will vest once the member has earned one year of combined service credit. For members who completed one year of service before making their 2<sup>nd</sup> Election, new Investment Plan contributions will be 100% vested. Members who terminate with less than one year of total service are eligible to receive only a distribution of their Investment Plan employee contributions, plus earnings, paid after transferring to the Investment Plan.

## Changing From the Investment Plan to the Pension Plan

### *The Process*

1. The member submits a 2<sup>nd</sup> Election to the FRS Plan Choice Administrator (by online form or hardcopy form only).
2. The FRS Plan Choice Administrator processes the election and notifies the Division.
3. The buy-in cost is calculated as of the 1<sup>st</sup> of the month following the month in which the member's 2<sup>nd</sup> Election request form is received by the FRS Plan Choice Administrator.
4. The Division communicates the actual buy-in cost to the FRS Plan Choice Administrator by automated file.
5. The FRS Plan Choice Administrator sends the available Investment Plan balance to the Division.
6. If there is an additional amount due, the Division invoices the member for any balance needed to satisfy the buy-in cost.
7. Any balance needed to satisfy the buy-in cost is due within 60 days of receiving the invoice.
8. If the member's Investment Plan account balance covers the buy-in cost to the Pension Plan, or the buy-in cost is paid by the member, the Division will send the member a statement of account, indicating that the transfer is complete and the member's total service credit.

### *Buy-In Cost*

To change to the Pension Plan, members have to "buy in" using their Investment Plan balance. If the Investment Plan balance is not enough to satisfy the buy-in cost, the member will need to make up the difference with their own money from another source. Funds rolled over from another qualified retirement plan can be applied to the buy-in cost. The buy-in cost is calculated as of the 1<sup>st</sup> of the month following the month in which the member's 2<sup>nd</sup> Election request form is received by the FRS Plan Choice Administrator.

If the member has previous Pension Plan service, the buy-in cost is a present-value calculation using all the member's FRS-covered service. This is called a return accumulated benefit obligation, or return ABO.

If the member does 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 the buy-in. This is called an actuarial accrued liability.

In either case, the buy-in cost is an actuarial calculation; it is not the total of the employee and employer contributions paid into the Investment Plan. Many members fail to understand the calculation of the buy-in cost.

The buy-in cost could be significant, and the longer the member works in an FRS-covered position, the higher the cost typically becomes. A member whose Investment Plan balance does not cover the buy-in cost will receive an invoice for the balance owed.

### ***Buy-In Cost Estimate***

A member can get a buy-in cost estimate from the Division or by logging in to [MyFRS.com](https://myfrs.com) and selecting the 2<sup>nd</sup> Election Choice Service. The actual buy-in cost will be calculated by the Division after receiving notification from the FRS Plan Choice Administrator that the member's 2<sup>nd</sup> Election request has been processed.

### ***Failure to Pay the Buy-In Cost***

The member will have 60 days to remit payment of any additional amount needed to satisfy the buy-in cost. If the payment is not received within 60 days, the 2<sup>nd</sup> Election will be voided. The member will be returned to the Investment Plan and their 2<sup>nd</sup> Election restored. The amount of Investment Plan assets that were liquidated will be returned to the Investment Plan and reinvested at the current market value. The FRS is not responsible for any market gains or losses to the member's account during this process.

### ***Balances Exceeding the Buy-In Cost***

Any Investment Plan balance that exceeds the buy-in cost will remain in the Investment Plan. Members in this situation will continue to manage their Investment Plan accounts as they did before. However, the surplus remaining in the Investment Plan will not be available for a distribution until they retire from the Pension Plan and begin receiving their Pension Plan benefit. Conversely, the surplus may be used to purchase optional service in the Pension Plan via a direct rollover. The member should contact the Investment Plan Administrator for more information.

### ***How It Affects Vesting***

The years of service the member completed while in the Investment Plan will count toward their [Pension Plan vesting requirement](#). Members who terminate employment prior to meeting the Pension Plan vesting requirements will only be eligible to receive a refund of employee contributions (without interest) paid into the Pension Plan after the 2<sup>nd</sup> Election transfer was completed.

As a note, taking a refund of employee contributions, while in the Pension Plan, will cancel the service credit represented by those contributions. This refunded service can only be purchased once the member has earned one year of total service credit after the refund was taken. Refunded service cannot be purchased once the member enrolls in the Investment Plan. The amount due will include 6.5% interest, compounded annually. This is an important consideration if the member ever returns to work for an FRS employer to earn the service credit needed to fully satisfy the Pension Plan's vesting requirement.

## **Choosing the Hybrid Option**

Choosing the Hybrid Option freezes a member's Pension Plan benefit and directs future contributions into an Investment Plan account. The member cannot move frozen Pension Plan account funds into the Investment Plan account at a future date.

### ***Eligibility***

To elect the Hybrid Option, the member must be a Pension Plan participant and have at least eight years of service (five years of service if initially enrolled in the FRS prior to July 1, 2011).

## *Buying Back Into the Pension Plan*

In certain circumstances, a member can participate in the Hybrid Option and still have a 2<sup>nd</sup> Election available. In this case, the member can choose to “buy back” into the Pension Plan at a “present value” cost. Because of the complex nature of the Hybrid Option, please encourage members to call the MyFRS Financial Guidance Line before electing this option.

## Plan Funding

Both retirement plans are funded by mandatory employee and employer contributions. [Contribution rates](#) are set by Florida law. Neither the employee nor the employer can change contribution rates.

## Employee Contributions

Based on Florida law, employees contribute 3% of their pretax salary, beginning with their first paycheck, regardless of which FRS retirement plan they choose.

As required by Section 121.71(2), Florida Statutes, employee contributions are treated for tax purposes as employer-paid employee contributions (commonly called an employer pick-up) under Internal Revenue Code Section 414(h)(2).

## Employer Contributions

Employer contributions are equal to a percentage of the member’s gross monthly salary. The percentage is based on the member’s membership class and is determined by the Florida Legislature. Employers pay the same [contribution rates](#) for Investment Plan and Pension Plan members. Employers begin paying this “blended rate” from the time the employee is reported on the monthly retirement contribution file. See Blended Rate Contributions below.

For information on retirement creditable wages and current contribution rates for each retirement class, refer to the [FRS Pension Plan Employer Handbook, Chapter 2](#).

## Blended Rate Contributions

Even though the benefits from the two FRS retirement plans are determined differently (the Investment Plan benefit is based on contributions and investment performance, and the Pension Plan benefit is based on a formula), employers pay the same contribution rate, regardless of which plan employees choose. This rate is known as the “blended rate.” The blended rate was established by the Florida Legislature to ensure that both FRS retirement plans are properly funded, to fairly distribute the costs of managing each plan, and to avoid making one plan appear less costly or more generous than the other.

The blended rate comprises four distinct amounts:

1. Retirement Uniform Employer Contribution Rate. This is the amount upon which plan benefits are drawn.
2. Retirement Unfunded Actuarial Liability. An unfunded liability does not mean the plan is underfunded. It is based on a projection of future benefits and, like a home mortgage, is paid down over time.
3. Administrative & Education. This amount pays for management of the Investment Plan and for education resources, which help employers and members of both plans understand and use the plans.
4. [Health Insurance Subsidy](#).

For more information, refer to the [current and historical contribution rates](#).



## Employer Contributions to the Investment Plan

Employees who enroll in the Investment Plan may see their own contribution and their employer's contribution on each paycheck. However, some employees may only see the employer contribution amount that is actually deposited into their Investment Plan account while others may see the full amount of the employer's total blended contribution rate, which includes the Unfunded Liability rate, the [Health Insurance Subsidy](#) and the administrative fee. Seeing the full amount may confuse employees because they are only entitled to the employer contribution amount determined by the Florida Legislature. See table below for details.

New hires who elect the Investment Plan during their 1<sup>st</sup> election period will receive the retirement uniform employer contribution rate from their date of hire until their Investment Plan effective date. From the effective date forward, the employee's paycheck will show the Investment Plan employer contribution rate shown below.

| <b>Investment Plan Contributions</b>  |                 |                 |              |
|---|-----------------|-----------------|--------------|
| <b>Membership Class</b>   | <b>Employee</b> | <b>Employer</b> | <b>Total</b> |
| <b>Regular Class</b>  | 3%              | 8.30%           | 11.30%       |
| <b>Special Risk Class</b>   | 3%              | 16.00%          | 19.00%       |
| <b>Special Risk Administrative Support Class</b>                                    | 3%              | 9.95%           | 12.95%       |
| <b>Elected Officers' Class (Judges)</b>   | 3%              | 15.23%          | 18.23%       |
| <b>Elected Officers' Class (Legislature/Cabinet/Public Defender/State Attorney)</b> | 3%              | 11.38%          | 14.38%       |
| <b>Elected Officers' Class (County and Local)</b>                                   | 3%              | 13.34%          | 16.34%       |
| <b>Senior Management Service Class</b>  | 3%              | 9.67%           | 12.67%       |

## Pension Plan Benefit Transfers to the Investment Plan

Employee and employer contributions begin with the employee's first paycheck. All contributions are submitted on the monthly retirement report as Pension Plan. If the employee elects the Pension Plan, the contributions made to date remain in the Pension Plan, and all future contributions are made to the Pension Plan. If the employee chooses the Investment Plan, any contributions made prior to the Investment Plan's effective date will be transferred from the Pension Plan to the Investment Plan.

During the first week of each month, the Division and the Investment Plan Administrator audit employee elections received in the prior month with an effective date of the 1<sup>st</sup> of the current month. The Division sends an accumulated benefit transfer file of all Investment Plan members whose effective date is the 1<sup>st</sup> of the current month to the Investment Plan Administrator. Upon receipt of the file, a final reconciliation of the accumulated benefit transfer file for each member is conducted and deposits are made to the member's account.

### *Pension Plan Benefit Transfers for Members with Prior FRS Service*

A rehired former employee may have an accumulated benefit in the Pension Plan based on prior FRS service. This accumulated benefit will be transferred to the Investment Plan if the rehired employee has not begun receiving a Pension Plan benefit and chooses to enroll in the Investment Plan with the 100% transfer option.

When the Division and the Investment Plan Administrator audit employee elections each month (as described under Pension Plan Benefit Transfers to the Investment Plan above), they identify any members with an accumulated benefit based on prior FRS service. These amounts are included in the monthly accumulated benefit transfer file.

## *Accumulated Benefit True-Up*

The member's initial accumulated benefit transfer from the Pension Plan to the Investment Plan is calculated using available information regarding the member's age, salary, membership class, and years of service. If an agency does not report current and accurate information on the member, the accumulated benefit transfer amount may need to be adjusted. This is known as a "true-up." The true-up amount represents the difference in the estimated and the actual accumulated benefit calculation plus interest. Accumulated benefit true-ups can be a negative or positive amount. By law, the accumulated benefit true-up must be calculated within 60 days of the initial transfer. The Investment Plan member will receive a Confirmation of Benefit Transfer Adjustment letter informing the member about the adjustment.

## Rollover Deposits (Investment Plan Only)

Investment Plan members, including former Investment Plan members (retirees), can deposit eligible rollover funds from other qualified plans into their Investment Plan account. If an employee asks about this option, please refer them to the MyFRS Financial Guidance Line (1-866-446-9377, Option 4) or [MyFRS.com](https://www.myfrs.com).

The member must submit an [Employee Rollover Deposit Form](#) and appropriate documentation directly to the Investment Plan Administrator. Upon receipt of the form and funds, the Investment Plan Administrator will deposit the qualified rollover funds into the member's account. The member can change fund allocations at any time on [MyFRS.com](https://www.myfrs.com) or by calling the toll-free MyFRS Financial Guidance Line, Option 4. Rollover funds are tracked separately from a member's other Investment Plan assets.

**Note:** If an Investment Plan member had past membership in the State University System Optional Retirement Program (SUSORP), the State Community College System Optional Retirement Program (SCCSORP), or the Senior Management Service Optional Annuity Program (SMSOAP) and transfers any of those funds into their Investment Plan account, the member will be considered a "retiree" of the FRS the month following the transaction. Retirees initially reemployed with an FRS employer on or after July 1, 2010 are not eligible for FRS membership from July 1, 2010 through June 30, 2017. Effective July 1, 2017, retirees of the Investment Plan, SUSORP, SCCSORP, and SMSOAP are eligible for renewed membership. They must be employed in an FRS-covered position on or after July 1, 2017 to gain renewed membership. However, as retirees, these renewed members are not eligible to participate in the Pension Plan or DROP, receive disability benefits or use the second election to change to the Pension Plan.

## DROP Member Rollover Deposits (Investment Plan Members)

Pension Plan DROP members, including former DROP members, can roll eligible DROP funds into the Investment Plan and have immediate access to these funds, even if they return to FRS-covered employment. This option allows DROP members to take advantage of the low-cost investment options offered under the Investment Plan. DROP members receive a flyer in their DROP Termination Kit provided by the Division informing them of their ability to use the MyFRS Financial Guidance Program as well as the rollover option. See [Keep Your DROP in the FRS](#) for detailed instructions on the process and forms required to complete this rollover.

## Contribution Limits

Employee contributions are limited by [Section 415](#) of the Internal Revenue Code. The Investment Plan Administrator performs testing on a semiannual basis to ensure compliance with this limit. To properly monitor contribution limits across all eligible employer-sponsored plans in which the member participates, the Investment Plan Administrator must receive accurate, up-to-date reports from employers. See Contribution Limit Monitoring below.

The Investment Plan Administrator will notify the employer when an employee appears to be reaching the allowable limits under the Internal Revenue Code.

No refunds are processed from the Investment Plan. If a member exceeds the Section 415 limit in any calendar year, a refund must be taken from the member's other qualified plans.

## Contribution Limit Monitoring

The Investment Plan Administrator can only perform contribution limit calculations based on the data it receives from employers. The Division and the Investment Plan Administrator do not audit this data in any way. The Investment Plan Administrator may not be able to tell if a member exceeds the limit if it does not receive data from all of the qualified plans a member has contributed to during the year. The reporting of this data is mandatory on the monthly retirement contribution file.

Refer to the [FRS Pension Plan Employer Handbook, Chapter 3](#), for the monthly retirement file-reporting format for limit monitoring.

## Reporting Retirement Contributions

Employers are required to submit one data file and one Contribution Summary Information Form containing information for both the Investment Plan and Pension Plan. For the retirement file format, refer to the [FRS Pension Plan Employer Handbook, Chapter 4](#).

Contributions and retirement report data are due from employers by the 5<sup>th</sup> business day of each month. If the Division does not receive contributions and/or data by this deadline, the employer will be sent a delinquent fee invoice equal to 1% of the total monthly retirement file.

If contributions and/or data are not received within the calendar month they are due, and if that delinquency results in market losses to an Investment Plan member, the employer is responsible for reimbursing the member's account for any market losses. The Investment Plan Administrator will calculate the market loss, and the Division will invoice the employer.

All payments made to employees that meet the definition of compensation as described in Rule 60S-6.001(15)(a), Florida Administrative Code, must be reported to the Division for retirement calculation purposes. Your monthly retirement report should include only wages paid during that month.

## Investment Options

As the Investment Plan's name implies, the money in each participant's account is invested in stocks, bonds, and other types of financial instruments. With a variety of investment options available, the Plan gives participants as much or as little control over their investments as they like.

## Account Transactions

Once an Investment Plan member's account is activated, the member can change their current investment elections and investment allocations anytime by telephone or online, subject to certain restrictions. Refer to [Transactions](#) for more information.

## Investment Plan Funds

The Investment Plan's fund lineup lets members create a unique portfolio from a variety of prescreened high-quality funds.

For more information about the Investment Plan's fund lineup, including Retirement Date Funds and the Self-Directed Brokerage Account (SDBA), visit the [Investment Funds](#) section on [MyFRS.com](#).

## Transactions

The control members have over their Investment Plan account is a key difference between the Investment Plan and the Pension Plan.

Once an Investment Plan member's account is activated, the member can change their current investment elections and investment allocations anytime by telephone or online, subject to certain restrictions set out in the [FRS Investment Plan Summary Plan Description](#) and [Section 19-11.004](#), Florida Administrative Code.

## Choosing Investment Funds for Future Contributions (Investment Elections)

An investment election defines how the member wants future contributions to be allocated among the Investment Plan's investment funds.

New members can make their initial investment fund choices when they first enroll. All account contributions, including the current account balance, future contributions, rollovers, and Pension Plan transfers, will be directed according to these fund choices. If an initial investment fund election is not made, or the member enrolls via the EZ form options, the member's fund allocation will default to an age-appropriate Retirement Date Fund.

Current members can change their investment elections at any time. These changes take effect the next time employee and employer contributions are deposited in the member's Investment Plan account.

Investment elections must be made in 1% increments, totaling 100%.

Regular, Special Risk, and Special Risk Administrative Support Class employees can make investment elections using an appropriate [form](#) when making a retirement plan election by logging in to their Investment Plan account through [MyFRS.com](#) or by calling the MyFRS Financial Guidance Line.

Employees in all other membership classes can make investment elections using the applicable [enrollment form](#) for their membership class when making a retirement plan election by logging in to their Investment Plan account through [MyFRS.com](#) or by calling the MyFRS Financial Guidance Line.

## Reallocating Existing Balances

"Reallocating" means moving some or all of an existing balance from one investment fund to one or more other investment funds.

Members can reallocate existing balances among the plan's various investment funds on [MyFRS.com](#) or by calling the MyFRS Financial Guidance Line, Option 4.

Members can make investment fund allocation changes daily, subject to the Investment Plan's [Excessive Fund Trading Guidelines](#).

Fund allocation changes for existing balances take effect at the close of business on the day the request is made, provided that the request is completed by 4:00 p.m. ET. If the request is completed after 4:00 p.m. ET or on a non-business day, the change will generally take effect at the close of business on the next business day.

## Excessive Fund Trading Guidelines

The [Excessive Fund Trading Guidelines](#) protect Investment Plan members by preventing the frequent movement of money in and out of funds for the purpose of short-term gains. This type of activity can hurt a fund's shareholders by increasing the fund's trading costs, making it harder for the fund's managers to manage the fund, and potentially reducing the fund's investment returns.

The Excessive Fund Trading Guidelines apply to all funds in the Investment Plan except the money market funds and funds within the Self-Directed Brokerage Account (SDBA).

All Investment Plan members, including current members, previous members, members who have rolled over DROP funds into the Investment Plan, surviving beneficiaries and other alternate payees are governed by these guidelines.

These guidelines apply only to transfers of money between funds. They do not apply to administrative transactions, such as depositing employer or employee retirement contributions, processing a payout, or any other exempt administrator-initiated transactions, such as processing a Qualified Domestic Relations Order (QDRO) or mapping funds from terminated products.

Any member who is not in compliance with these guidelines will be notified in writing. The member may be blocked from initiating trades via the internet and may be required to conduct future trades by phone. If the violations continue, the member may be required to conduct trades by submitting paper trading forms via certified/return receipt to the SBA.

## Vesting

Members own all contributions and earnings in their Investment Plan account after completing one year of service. Members who leave FRS employment sooner own only their employee contributions and any earnings on those contributions. Members are always fully vested in all of their employee contributions made while in the Investment Plan. This rapid vesting schedule makes the Investment Plan a good choice for employees who need a more portable benefit or who expect to retire before they qualify for a benefit under the Pension Plan.

Any benefit transferred from the Pension Plan to the Investment Plan is subject to the [Pension Plan's vesting schedule](#). Members are always fully vested in all of their employee contributions made in and after the month in which their transfer was effective. The benefit transferred from the Pension Plan to the Investment Plan is not segregated as employee or employer contributions (the member's records will indicate zero employee and employer contributions). The member will begin to accrue employee and employer contributions after the transfer to the Investment Plan.

## Unvested Account Balances

Any unvested portion of a member's Investment Plan account balance will be transferred to a suspense account within 120 days of no contributions or the member's termination date. While in the suspense account, the unvested balance will earn the same rate of return as the FRS Core Plus Bond Fund (310).

If, at any time, the member requests a distribution of the vested portion of their Investment Plan account balance, including employee contributions, the unvested balance and associated FRS service will be forfeited.

If the member is reemployed in an FRS-covered position within five years of termination and has not taken a distribution of their vested account balance, including a refund of employee contributions, the amount held in the suspense account, and interest thereon, will be reinstated to the member's Investment Plan account.

If the member is not reemployed in an FRS-covered position within five years of termination, the unvested balance and associated FRS service will be forfeited.

## Benefit Distribution Payouts

The Investment Plan offers a variety of options for a member to receive a distribution. They can choose:

- A lump-sum payment
- A rollover to another qualified plan
- A customized payment schedule
- Lifetime guaranteed payments
- Any combination of the above

Members can call the MyFRS Financial Guidance Line, Option 2, to discuss their retirement and distribution options with an unbiased EY financial planner. The EY financial planner will assist the member in evaluating the various options and understanding the tax implications.

For more information about payout options, refer to [When Your Florida Retirement System Employment Ends](#).

## When a Member Can Take a Distribution Payout

A member can request a distribution of the vested portion of their Investment Plan account only under two circumstances:

1. The member has terminated all FRS employment with FRS employers, including positions not covered by the FRS, and has not been employed with any FRS employers (see below) for three full calendar months.  
OR
2. The member has reached normal retirement (see below), has terminated all employment, has not been employed with any FRS employers (see below for definition of FRS employment) for one full calendar month, and is eligible for a one-time distribution of 10% of their account balance.

A member cannot initiate a distribution from their Investment Plan account balance if there is an outstanding Qualified Domestic Relations Order (QDRO) or a Child Support Order (CSO) hold on the account. The member's account balance will be available for payout once the QDRO or CSO has been satisfied and the account hold has been removed. Please refer any questions about a QDRO or CSO hold to the Investment Plan Administrator.

## Definition of FRS Employment

The Investment Plan defines "FRS employment" as:

- Being actively employed by **any** FRS employer in **any** capacity; and/or
- Providing any service to **any** FRS employer through any arrangement (paid or unpaid), including OPS, adjunct, election poll work, temporary employment, or working through a third party that provides service to an FRS-covered employer, etc.

## Definition of FRS Employer

An FRS employer is any agency that participates in the Florida Retirement System.

## Definition of FRS-Covered Employment

FRS-covered employment refers to employment in a position that is eligible to be reported for FRS contributions.

## Three-Calendar-Month Waiting Period

To request a distribution, members who do not meet the Investment Plan’s normal retirement requirements (see below) must wait until the first business day of the month following three calendar months from their month of termination (required by Rule 19-11.003, Florida Administrative Code). Here’s an example:

| Month terminated | 1 <sup>st</sup> full month | 2 <sup>nd</sup> full month | 3 <sup>rd</sup> full month | Eligible for distribution |
|------------------|----------------------------|----------------------------|----------------------------|---------------------------|
| JANUARY          | FEBRUARY                   | MARCH                      | APRIL                      | MAY                       |

This waiting period allows the retirement contribution file to be processed and the Division to post contributions and termination dates. The retirement contribution files usually post by the 15<sup>th</sup> of each month unless there is an error that delays the posting of contributions and termination dates.

## Normal Retirement

A member qualifies for normal retirement under the Investment Plan upon reaching a certain combination of age and years of service. Once the member has achieved normal retirement, they can take a one-time distribution of up to 10% of their Investment Plan account balance after being terminated for one full calendar month. The member’s date of termination must be on file before this type of distribution can be processed. The remainder of the account can be withdrawn after an additional two calendar months.

The table below explains when a member reaches normal retirement, according to the Investment Plan’s rules.

| Special Risk Class  | All Other Membership Classes  |
|---|---|
| <ul style="list-style-type: none"> <li>Age 55 or older and one or more years of FRS-covered service</li> <li>Age 52 or older and 25 or more years of Special Risk and military service</li> <li>Any age and 25 or more years of Special Risk service</li> </ul> | <p><b>Hired after July 1, 2011</b></p> <ul style="list-style-type: none"> <li>Age 65 or older and one or more years of FRS-covered service</li> <li>Any age and 33 or more years of FRS-covered service</li> </ul>    |
|   | <p><b>Hired prior to July 1, 2011</b></p> <ul style="list-style-type: none"> <li>Age 62 or older and one or more years of FRS-covered service</li> <li>Any age and 30 or more years of FRS-covered service</li> </ul> |

## Hardships, Loans, and Financial Emergencies

The Investment Plan does not permit payouts to members due to hardships, unforeseeable emergencies, loans, medical expenses, educational expenses, the purchase of a principal residence, payments necessary to prevent eviction or foreclosure on a member's principal residence, or for any other reason prior to retirement.

## Distribution Payout Process and Requirements

Before a member can initiate a distribution from the Investment Plan, the member's FRS employer must submit the member's termination date on the regular retirement contribution file by the third calendar month following the member's date of termination.

Distributions will be taken on a pro-rata basis from each of the investment funds in the member's Investment Plan account, or, if the member has an adequate balance in the FRS Stable Value Fund (350), they can request the distribution be paid solely from that fund. If a member requests a specific dollar amount distribution and their account balance is less than the requested amount due to market fluctuations, the Investment Plan Administrator will not process the distribution request.

The process is as follows:

1. Member terminates **all** FRS employment (see previously listed definitions of FRS employment).
2. Employer submits member's termination date to the Division of Retirement on the monthly retirement contribution file.
3. The Division of Retirement sends the member's termination date to the Investment Plan Administrator via the daily contribution file.
4. The Investment Plan Administrator sends the terminated member a MyFRS Termination Kit.
5. The member requests a distribution from their Investment Plan account.
6. The member receives the payment.

## How to Submit a Member's Termination Date

Any questions about reporting a termination date should be directed to the Division's Contributions Section at 1-844-377-1888 (toll-free) or 850-907-6500 (local).

### *Online*

Go to [FRS Online, Employer Services](#) and use the Termination Date module. Once the termination date is submitted, the Division will submit the information to the Investment Plan Administrator.

### *By Mail or Fax*

You can submit a completed [Employment Termination Form \(ETF\)](#) by mail or fax. The form must be signed by your designated retirement coordinator on file with the FRS or by an authorized signatory of the agency. The ETF should be sent by the employer via U.S. mail or via fax at 1-888-310-5559.

The ETF will only be accepted if **both** of the following **two conditions** have been met:

1. The employer has not reported the termination date on the agency's regular retirement contribution file; and
2. The ETF is received two weeks prior to the required three calendar months since the member's date of termination and no date of termination is on file.



## When FRS Employment Ends (MyFRS Termination Kit)

The Investment Plan Administrator will send the member the [When Your Florida Retirement System Employment Ends](#) brochure (MyFRS Termination Kit) 60 days after the member's termination date. It includes information on payout options, taxes, name and address changes, the [Health Insurance Subsidy](#), reemployment after retirement, and a [Special Tax Notice](#). All members who are reported with a termination date will receive this termination kit. If a member returns to FRS employment or is currently employed with another FRS employer, the termination kit materials should be ignored.

## How to Initiate a Distribution Payout

An Investment Plan member can initiate a distribution, which includes rollovers, from the Investment Plan in the two ways described below. The Investment Plan Administrator will not accept rollover forms from the institution receiving the rollover.

### *By Phone*

The member can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711), and speak with an Investment Plan Administrator representative. Members must have their PIN to initiate a payout by phone.

### *Online*

The member can log in to [MyFRS.com](#) and click "Investment Plan."

## Payout Methods

The FRS encourages members to request payouts by ACH/direct deposit. However, a check made payable to the member can be accommodated (unless the member requests a rollover distribution). The check will be mailed to the member's address on file. The Investment Plan Administrator will verify the member's address on file prior to mailing the member's distribution check.

## Rollover Methods

In most cases, a check will be made payable to the receiving plan or institution for the benefit of the member. Members can choose to have the rollover check mailed either directly to the institution or to their address on file. Some participating rollover institutions accept ACH/direct deposit. The member will be informed if their institution supports this option.

Rollovers can only be initiated by the member. The Investment Plan Administrator will not accept rollover forms from the institution receiving the rollover.

## Impact on Retirement Status

When the member takes a distribution (including a rollover), the FRS considers that member to be retired. Retired members lose any non-vested Investment Plan or prior Pension Plan service and benefit; their benefit may be suspended to meet reemployment requirements.

Effective July 1, 2017, retirees of the Investment Plan, State University System Optional Retirement Program (SUSORP), Senior Management Service Optional Annuity Program (SMSOAP), and State Community College System Optional Retirement Program (SCCSORP) are eligible for renewed membership in the Investment Plan, SUSORP or SCCSORP. The member must be employed in an

FRS-covered position on or after July 1, 2017 to gain renewed membership. It is important to note this provision does not afford renewed membership retroactively for the period of July 1, 2010 to June 30, 2017.

## Automatic Distributions (Balances Under \$1,000)

A vested account balance of \$1,000 or less will be subject to automatic distribution when the member's employment ends. This is known as a *de minimis* distribution. However, this distribution won't be made until the member has been terminated from all employment with FRS employers for at least six calendar months.

Members subject to an automatic distribution can choose to receive it as a lump-sum payment or a rollover to another qualified retirement plan, such as an individual retirement account or another employer's 401(k) plan.

The FRS will not consider a member to be retired solely for receiving a *de minimis* distribution. Additionally, receiving a *de minimis* distribution does not make a member eligible for the [Health Insurance Subsidy](#).

For more information about automatic distributions, refer to [When Your Florida Retirement System Employment Ends](#).

## Required Minimum Payouts

The IRS requires that members begin taking payouts from their Investment Plan account in the calendar year they reach age 73 or terminate employment, whichever is later. These are known as required minimum distributions (RMDs).

Members who are required to take an RMD will be notified by the Investment Plan Administrator in January of each year an RMD is required.

For more information about RMDs, refer to [When Your Florida Retirement System Employment Ends](#).

## Taxes and Penalties

The money in a member's Investment Plan account is pretax money, meaning it has never been taxed. A mandatory 20% will be withheld from the taxable amount of any payout, except in the event of a rollover of the entire payout. If the tax amount owed is higher than the 20% withheld, the member will be responsible for any additional taxes when they file their income tax return. If the member receives payment before reaching age 59½, the IRS may impose an additional 10% penalty tax for early withdrawal.

Members can obtain a [Special Tax Notice](#), which explains the tax consequences of distributions, by calling the MyFRS Financial Guidance Line, Option 4, or going online to [Forms](#) section of [MyFRS.com](#). If members have any questions concerning the tax consequences of taking a distribution, they should be referred to the MyFRS Financial Guidance Line, Option 1.

## Impact on Health Insurance Coverage

Taking a payout might affect the member's eligibility to continue their current health insurance coverage with their employer. To verify their eligibility to continue this very important coverage, members are encouraged to contact their personnel office prior to taking a payout from their Investment Plan account.

## Invalid Distributions

If a member receives an invalid distribution from their Investment Plan account (e.g., due to an overpayment, an invalid Investment Plan election, violation of the reemployment-after-retirement provisions), the member will be required to repay that amount to the Investment Plan within 90 days. In lieu of repayment, the member can terminate all employment with all FRS employers. Failure to repay the invalid distribution could result in the member being declared retired from the Investment Plan in accordance with the Florida Statutes and all applicable rules or, at the option of the Plan Administrator, in administrative or legal action. Under certain conditions, employers may be held jointly liable for invalid distributions.

## Member Services

FRS members can receive free, unbiased financial planning and counseling services online, by phone, and in person.

### MyFRS Financial Guidance Line

The MyFRS Financial Guidance Line is staffed by the financial planning team at EY and by retirement counselors from the Division of Retirement.

[MyFRS.com](https://www.myfrs.com)

[MyFRS.com](https://www.myfrs.com) offers valuable resources, financial planning information, educational information, and easy access to services such as the Advisor Service, the 1<sup>st</sup> Election Choice Service, and the 2<sup>nd</sup> Election Choice Service.

### ChooseMyFRSplan.com

[ChooseMyFRSplan.com](https://www.choosemyfrsplan.com) is focused on helping new employees choose their retirement plan by their plan choice deadline. It features an interactive video, a brief plan comparison, and links to submit a plan election.

### Workshops

The MyFRS Financial Guidance Program sponsors financial planning [workshops for employees](#) filled with valuable retirement and general investment information.

### Live Chat

Live chat with an EY financial planner is available via [MyFRS.com](https://www.myfrs.com) from 8:00 a.m. to 6:00 p.m. ET, Monday through Friday (except holidays).

### Advisor Service

The free online Advisor Service creates a picture of the member's current financial situation and helps them answer the following questions:

- Will I have enough money to retire?
- How do I invest my retirement savings?
- How do I stay on track to achieve my goals?
- How do I convert retirement savings into income during retirement?

The Advisor Service is not available until after the employee makes their 1<sup>st</sup> Election.

The Advisor Service also allows members to enter investment accounts from outside the FRS, such as 457 and 403(b) accounts and IRAs.

## 1<sup>st</sup> Election Choice Service

New employees have access to the online Choice Service during their plan choice period. The Choice Service can create multiple scenarios quickly, based on information the employee enters. When using the service, the employee can:

- Log in using the last four digits of their Social Security number, date of birth, and the PIN found on the personalized new hire kit mailed to their home. They will also need to answer several personal questions and setup multi-factor authentication. (After the first login, they will use the new User ID and Password they create.)
- Change a few assumptions to reflect their personal situation.
- Get a customized view of their retirement benefits for both retirement plans, based on the information they provide.
- Explore different options, save assumptions, and return as often as they like up to their election deadline. (The Choice Service is not available after the 1<sup>st</sup> Election effective date.)
- File an election online.

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

Most members can log in to [MyFRS.com](https://myfrs.com) and use the 2<sup>nd</sup> Election Choice Service to see whether changing plans makes sense. Members can use the online 2<sup>nd</sup> Election Choice Service to:

- Estimate their benefit under the alternate retirement plan.
- Get a customized view of their retirement benefits based on the assumptions they provide.
- Access and print the [2<sup>nd</sup> Election Enrollment Form](#) or use the online [2<sup>nd</sup> Election Enrollment Form](#).
- Make their 2<sup>nd</sup> Election online (Pension Plan to Investment Plan only).

Members who cannot access the online 2<sup>nd</sup> Election Choice Service can call the MyFRS Financial Guidance Line (Option 1) to speak with an EY financial planner.

## Calculators

FRS members have access to a variety of [financial calculators](#), which can help them with retirement savings, mortgages, loans, credit card debt, and more.

## Videos

The [Videos](#) page on [MyFRS.com](https://myfrs.com) includes links to a variety of informational videos and prerecorded webcasts.

## Complaint Procedures

Members of the Investment Plan or Pension Plan who have a dispute or grievance regarding their Florida Retirement System (FRS) account, an FRS provider, or one of its representatives, have the right to file a *Florida Retirement System (FRS) Investment Plan Request for Intervention*. Interventions may include unresolved customer service complaints involving services or transactions, allegations of misconduct, or allegations of misrepresentation. An investigation will be conducted and the State Board of Administration (SBA) will issue a final agency action letter (also known as a “final order”) detailing the SBA’s findings, any proposed resolution, and information on the next steps in the dispute resolution process.

For more information, refer to [Complaint Procedures](#).

## Final Orders

The list of *final orders* that have been issued by the SBA is updated as new final orders are issued. If you have any questions regarding the final orders, contact the SBA as follows:

- Telephone: 850-413-1486
- Email: *DefinedContributionPrograms@sbafla.com*
- U.S. mail:  
Investment Plan Complaint Resolution  
Office of Defined Contribution Programs  
State Board of Administration of Florida  
P.O. Box 13300  
Tallahassee, FL 32317-3300
- Fax: 850-413-1489

## Member Account Information

### Personal Identification Numbers

Members will receive a unique Personal Identification Number (PIN) with their personalized new hire kit. Members should keep their original PIN throughout their FRS membership. They will need the PIN for three important reasons:

1. To log in to [MyFRS.com](https://myfrs.com) the first time
2. To request a payout from their Investment Plan account
3. To reset their [MyFRS.com](https://myfrs.com) account

### PIN Reminders

The member can request PIN reminders anytime on [MyFRS.com](https://myfrs.com) or by calling the MyFRS Financial Guidance Line, Option 4 (TRS 711). When a member requests a reminder, a PIN reminder will be generated and mailed to the member's address on file within two business days of the request. PIN reminders cannot be emailed or faxed to a member.

### PIN Changes

Members can change their PIN as many times as they like on [MyFRS.com](https://myfrs.com) or by calling the MyFRS Financial Guidance Line, Option 4. When changing a PIN, the member must choose a new six-digit number equal to or greater than 000001. The member will need their current PIN in order to change their PIN. PIN changes are processed immediately.

### Beneficiary Designation

A beneficiary is a person who will receive a benefit from the Investment Plan in case of the member's death.

### How to Designate a Beneficiary

Members can designate a beneficiary(ies) by completing the [FRS Investment Plan Beneficiary Designation Form \(IPBEN-1\)](#) or using the [online FRS Investment Plan Beneficiary Designation Form \(IPBEN-1\)](#). The form is also available by calling the MyFRS Financial Guidance Line, Option 4; or by accessing a member's Investment Plan account through [MyFRS.com](https://myfrs.com).

The Investment Plan Administrator processes the designation as soon as administratively possible — the beneficiary designation generally takes effect the close of business on the day the designation is received.

If a married member designates a primary beneficiary other than the member's spouse, the member's spouse must sign the beneficiary designation form to acknowledge the designation.

## Missing Beneficiary Designation

Until the member submits a beneficiary designation, the member's beneficiary will be set as "per Florida law," which establishes the beneficiary in the following order:

- The member's spouse, if living
- The member's surviving children, if any
- The member's father or mother, if living
- The member's estate

## How to Review Current Beneficiary Designation

Investment Plan members can review their current Investment Plan account beneficiary(ies) by accessing their Investment Plan account through [MyFRS.com](https://www.myfrs.com), by calling the MyFRS Financial Guidance Line, Option 4, or by reviewing their Investment Plan Account Statement, which is mailed each quarter to their address on file.

## Social Security Number Corrections

The Division provides Social Security number (SSN) corrections to the Investment Plan Administrator. As a security measure, the Investment Plan Administrator will not accept SSN changes directly from the member or the employer. A member's SSN can only be changed when the correction is received from the Division.

## Name and Address

### Process for Actively Employed Members

All active Investment Plan members must report any name and/or address changes to their employer. The Investment Plan Administrator cannot accept name or address changes directly from the member or employer. Changes are only accepted when the Division provides name and address corrections on the monthly retirement contribution file.

### Process for Terminated Members

#### Name Change

The member must either request a Name Change Form from the Investment Plan Administrator (1-866-446-9377, Option 4) or send a letter to the Investment Plan Administrator, by mail (FRS Investment Plan, P.O. Box 785027, Orlando, FL 32878-5027) or by fax (1-888-310-5559). The letter should include the member's old name, new name, last four digits of their Social Security number, current address and telephone number, and a copy of the court order, marriage certificate, or driver license reflecting the new name. If the form/letter is in good order, the change will be made to the recordkeeping system.

#### Address Change

The member can log in to [MyFRS.com](https://www.myfrs.com) or call the Investment Plan Administrator, at 1-866-446-9377, Option 4. For the member's security, a confirmation statement of the address change will be mailed within two business days to both the member's current address on file and the new address provided.



The employer is responsible for submitting current active member address updates on the monthly retirement report. The Investment Plan Administrator is responsible for maintaining the address on file for terminated Investment Plan members who have Investment Plan account balances.

## Account Statements

The Investment Plan Administrator is responsible for preparing and mailing the quarterly Investment Plan Account Statements. The statements are mailed to the member's address on file approximately 25 business days after the quarter ends. Investment Plan members can also review and download their statements on [MyFRS.com](https://www.myfrs.com) after they log in and select "Investment Plan" from the top toolbar.

A member who defaults into the Investment Plan as a result of not choosing a plan will automatically be enrolled in electronic delivery of quarterly statements to their email address on file. These members also will receive a printed annual statement for the prior year by mail to their home. To change their delivery preference, these members will need to log in to [MyFRS.com](https://www.myfrs.com).

## Qualified Domestic Relations Orders

A Qualified Domestic Relations Order (QDRO) is a judicial order, entered as property division in a divorce or legal separation, which recognizes joint marital ownership of a retirement plan. Members must submit any QDROs to the Investment Plan Administrator, who will determine if the QDRO meets all necessary statutory requirements and is valid. Questions concerning current and pending QDROs and related issues should be directed to the Investment Plan Administrator by calling 1-866-446-9377, Option 4.

## Other Programs & Benefits

### Health Insurance Subsidy

The Health Insurance Subsidy (HIS) is a monthly supplemental payment that helps to offset the cost of the member's health insurance premiums. Eligible retirees or beneficiaries will receive a monthly HIS benefit equal to \$7.50 per month for each year of FRS Pension Plan and/or Investment Plan service credit earned at retirement. The minimum HIS benefit is \$45, not to exceed a maximum of \$225 per month. This is an extra benefit; it does not come from the member's Investment Plan account balance, nor is it a guaranteed benefit.

#### Eligibility

To be eligible to receive the HIS, the employee must:

- Meet the age or service requirements to qualify for *normal retirement under the Pension Plan*.
- Have taken a distribution from the Investment Plan OR be an Investment Plan Hybrid Option member who has begun receiving their Pension Plan benefit.
- Terminated all employment with all FRS employers as described in *Section 121.021(39), F.S.*
- Satisfy the *vesting requirements for the Pension Plan* or be eligible for an *FRS disability benefit*.
- Provide proper documentation certifying that they have health insurance coverage (Cover Florida Health Care Access Program, Medicare, and TRICARE are accepted).
- Apply for the HIS as required by the Division using forms FRS *HIS-IP* and *HIS-IP-2*, which are also available by calling the MyFRS Financial Guidance Line, Option 3.

#### Eligible Beneficiary

Only the surviving spouse named as the member's beneficiary is eligible to receive the HIS in the event of the member's death. Named beneficiaries other than the spouse are not eligible for the HIS.

#### For More Information

You can learn more on the [Health Insurance Subsidy page](#). The HIS benefit is administered by the Division of Retirement. Direct any questions about the HIS to the Division at 1-866-446-9377, Option 3.

### Other Optional Programs

In addition to the Investment Plan and Pension Plan, optional retirement programs are available for certain eligible employees. These optional retirement programs offer individual or group retirement contracts that provide members with retirement and/or death benefits. Although they are considered non-FRS programs, these plans are overseen by the Division. For more information about each program, visit [MyFRS.com](#) or [dms.myflorida.com](#).

- [State University System Optional Retirement Program](#)
- [State Community College System Optional Retirement Program](#)
- [Senior Management Service Optional Annuity Program](#) (closed to new participants as of July 1, 2017)

## Resources

*Public Records*

*Helpful Websites*

*Employee Workshops*

*Employer Workshops*

*Videos*

*Calculators*

Employee Presentations

*Choosing an FRS Retirement Plan (New Hire Orientation)*

*Understanding the 2<sup>nd</sup> Election*

## Contacts

### FRS Employer Assistance Line

1-866-377-2121, Option 3 (Investment Plan Administrator)  
8:00 a.m. to 6:00 p.m. ET, Monday through Friday (except holidays)

### MyFRS Financial Guidance Line for Employees

1-866-446-9377, Option 2 (TRS 711)  
8:00 a.m. to 6:00 p.m. ET, Monday through Friday (except holidays)

EY financial planners provide free, unbiased guidance.

### Investment Plan Administrator

1-866-377-2121, Option 3 (FRS Employer Assistance Line)  
8:00 a.m. to 6:00 p.m. ET, Monday through Friday (except holidays)

**General Deliveries:**

FRS Investment Plan Administrator  
P.O. Box 785027  
Orlando, FL 32878-5027

**Overnight Deliveries:**

FRS Investment Plan Administrator  
2300 Discovery Dr.  
Orlando, FL 32826-3712

For the FRS Investment Plan, the Investment Plan Administrator plays two roles: administrator and recordkeeper.

The Investment Plan Administrator handles the day-to-day administration of the Investment Plan. They ensure that the Plan works the way it's supposed to and that it follows the rules. Specifically, this includes receiving and processing a member's initial plan choice and any 2<sup>nd</sup> Elections, verifying Investment Plan members' employment status, and performing [Section 415 contribution limit](#) monitoring.

The Plan Administrator is the Investment Plan's recordkeeper. They keep track of who participates in the Plan, what investments members own, and what money moves in and out of the Plan. Specifically, this includes maintaining members' Investment Plan accounts, making payouts to members, and preparing and mailing quarterly plan statements to members.

### How the Investment Plan Administrator Can Help You

You can call the FRS Employer Assistance Line at 1-866-377-2121, Option 3, and speak with a representative to get help with these issues:

- Ordering MyFRS Financial Guidance Program printed materials
- Choosing an FRS retirement plan
- Investment Plan administration issues
- Quarterly FRS Investment Plan Account Statements
- Demographic changes for inactive Investment Plan members (active member demographic information must be changed via your monthly retirement contribution file)

- Submitting a member's termination date
- Employee payout dates
- Forms (ACH, Enrollment, Beneficiary Designation, Termination, Rollover, Death Claim)
- Special Tax Notice
- Qualified Domestic Relations Orders (QDROs)
- Required minimum distributions (RMDs)
- The Self-Directed Brokerage Account (SDBA)

## State Board of Administration of Florida

850-488-4406 (local)

8:00 a.m. to 5:00 p.m. ET, Monday through Friday (except holidays)

*DefinedContributionPrograms@sbafla.com*

### **General Deliveries:**

State Board of Administration of Florida  
P.O. Box 13300  
Tallahassee, FL 32317-3300

### **Overnight Deliveries:**

State Board of Administration of Florida  
1801 Hermitage Blvd., Suite 100  
Tallahassee, FL 32308-7743

The State Board of Administration of Florida (SBA) is a constitutional entity of Florida state government that manages over 30 investment mandates. The SBA is the Investment Plan Sponsor and is committed to providing superior investment and trust services and educational resources while adhering to the highest ethical, fiduciary, and professional standards.

## Division of Retirement (the Division)

1-866-377-2121, Option 2 (FRS Employer Assistance Line) | 850-907-6500 (local) | 1-844-377-1888  
8:00 a.m. to 5:00 p.m. ET, Monday through Friday (except holidays)

### **General Deliveries:**

Division of Retirement  
P.O. Box 9000  
Tallahassee, FL 32315-9000

### **Overnight Deliveries:**

Division of Retirement  
3189 S. Blair Stone Road  
Tallahassee, FL 32301-6812

The Division of Retirement is the FRS Pension Plan Sponsor and Administrator. The Division can answer all questions from employers and active and retired members relating to the Pension Plan, the DROP (Deferred Retirement Option Program), and the Health Insurance Subsidy (HIS).

## How the Division Can Help You

You can call the FRS Employer Assistance Line at 1-866-377-2121, Option 2, and speak with a Division representative to get help with the following issues.

For Investment Plan and Pension Plan:

- Monthly retirement report/contribution reporting
- File transfer procedure and the funds transfer system
- Timing of contributions to both plans
- Employee data files
- Membership classes
- Disability benefits
- Health Insurance Subsidy (HIS)

For Pension Plan only:

- Pension Plan provisions
- Deferred Retirement Option Program (DROP)
- Pension Plan Qualified Domestic Relations Orders (QDROs)

## EY

1-866-377-2121, Option 1 (FRS Employer Assistance Line)

8:00 a.m. to 6:00 p.m. ET, Monday through Friday (except holidays)

EY provides Investment Plan and Pension Plan members with financial planning services. These services are provided to FRS members free of charge, courtesy of the FRS. EY financial planners are experienced, unbiased, and credentialed. They are available through the MyFRS Financial Guidance Line and in person at the financial and retirement planning workshops they conduct. EY financial planners do not sell any investment or insurance products. They are there to serve as your employees' personal retirement and financial advocates. They will answer any retirement and financial questions you or your employees may have.

### How EY Can Help You

You can call the FRS Employer Assistance Line at 1-866-377-2121, Option 1, and speak with an EY representative to get help with these issues:

- Retirement plan choice
- Financial planning
- The one-time 2<sup>nd</sup> Election and 2<sup>nd</sup> Election Choice Service
- The Advisor Service
- FRS Investment Plan and distribution options
- Scheduling EY-led employee workshops
- Reemployment restrictions
- DROP payout/Investment Plan rollover options
- *Survivor financial counseling* for Investment Plan and Pension Plan beneficiaries