

# INVESTMENT PLAN

## Quarterly Newsletter

Second Quarter, April 2024



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## Legislative Roundup

During the 2024 session, the Florida Legislature passed **House Bill 151**, pending approval by the Governor. Effective July 1, 2024, this bill makes the following change:

- **Reemployment** – Amends the reemployment after retirement provisions, by allowing retirees to be reemployed with an FRS employer and receive both compensation and retirement benefits, after meeting the termination requirements (6 calendar months after date of termination) in **Section 121.021(39), Florida Statutes**. This change eliminates the “suspension of benefits” period currently applied during 7 to 12 calendar months after the date of termination.

Note that no changes were made to the total amount paid into members’ Investment Plan accounts, as in previous years.

To keep up with legislation, visit [MyFRS.com](https://myfrs.com) and click “Legislation” in the “Recent News Articles” section.

## Frequently Asked Employee Questions

**When I review my Investment Plan account, the most recent contributions have not been deposited into my account. When will they be available?**

In general, you should be able to see the contributions that both you and your employer make to your Investment Plan account around the 15<sup>th</sup> of each month.

**On my paycheck stub, my employer lists the contribution percentage they pay to the FRS. But when I check my Investment Plan account, the contribution amount doesn’t match what is on my paycheck stub. Why?**

An employer might list the entire employer contribution amount they report monthly to the FRS on your paycheck stub. However, this is not the amount that is deposited into your Investment Plan account. While the entire amount you pay as an employee is deposited into your Investment Plan account, only a portion of what your employer contributes will be deposited. See the table at [myfrs.com/FRSPro\\_ComparePlan\\_Contri.htm](https://myfrs.com/FRSPro_ComparePlan_Contri.htm) for a breakdown of the contributions that are placed in your Investment Plan account by employee and employer percentages.

If you have any questions you want answered in upcoming newsletters, send them to [allison.olson@sbafla.com](mailto:allison.olson@sbafla.com).



### New Investment Plan Fund Lineup Details

Effective April 1, 2024, the FRS Core Plus Bond Fund (310) name changed to the FRS Diversified Income Fund (310) to better reflect the fund’s objective. This fund’s allocations changed as follows:

- Decreased bond assets
- New allocation to a private commercial real estate manager

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

# Quarterly Fund Performance Summary

This quarterly fund performance summary gives you a quick update on the performance of the Investment Plan's investment funds. Before you select any investment funds, 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 these funds.

## Asset Class

An asset class is a group of similar investments whose values react in the same basic way to changes in the economy. The Investment Plan's funds are spread across five asset classes: stable value funds, inflation protection funds, bond funds, U.S. stock funds, and foreign and global stock funds. There can be a risk in holding a large portion of your account balance in a single fund or asset class. According to investment experts, a good mix of investments (a strategy known as "diversifying") can help you control your risk and improve your returns. Additional information about investing and diversification can be found on the U.S. Department of Labor's website at [dol.gov/agencies/ebsa/laws-and-regulations/laws/pension-protection-act/investing-and-diversification](http://dol.gov/agencies/ebsa/laws-and-regulations/laws/pension-protection-act/investing-and-diversification).

### Stable Value Funds

These funds invest in fixed income securities and wrap contracts offered by banks and insurance companies. Wrap contracts generally provide a protected return even if the underlying investments decline in value. Stable value funds focus on the preservation of capital, retaining the value of your investment regardless of what stock or bond markets are doing. Stable value funds are not FDIC-insured or guaranteed.

### Inflation Protection Funds

These funds invest in a diversified array of assets that may help offset inflationary pressures. These assets include but are not limited to U.S. Treasury inflation-linked securities, commodities, real estate investment trusts, natural resources, and other securities. 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, and returns may not keep pace with inflation.

### 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 and the market may see 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 stocks has been much higher than bonds. However, over longer periods of time, stocks have generally experienced higher returns 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 (Foreign and U.S.) Stock Funds

Foreign stock funds invest primarily in equity shares or stocks issued by foreign companies in stock markets outside the U.S. Compared to U.S. stocks, 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).

Global stock funds invest in both U.S. and foreign stocks. Over the long term, foreign and global stocks have not experienced as high a return as U.S. stocks, but they have provided diversification benefits.

### Retirement Date Funds

Each Retirement Date Fund is a diversified portfolio of FRS Investment Plan investment managers 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. Retirement Date Funds don't fall into just one asset class. They invest in multiple asset classes, which makes them good for "one-stop shopping."

### Self-Directed Brokerage Account

The self-directed brokerage account (SDBA) does not fall into any single asset class. That's because the SDBA allows you to invest in thousands of different investments in addition to the Investment Plan's primary investment funds. The 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.

## Strategy

Passively managed funds try to match the returns of a market index (such as the Russell 3000 index) by buying and holding the same securities as the index they're trying to match. Actively managed funds try to beat a market index.

## Annual Fees

These are the current fees the fund charges to cover its management, operating, and marketing expenses. These fees are based on a percentage of your account balance and they are deducted from your account balance. The fees shown are based on a \$1,000 investment in that fund.

## Long-Term Fees

The total fees that would be charged for a \$1,000 investment held for 10 years, based on current annual fees.

## Performance Benchmark (PB)

A performance benchmark 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

A 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.

## Performance Summary as of March 31, 2024

	STRATEGY	FEES PER \$1,000		PERFORMANCE <sup>1</sup>			
		Annual <sup>2</sup>	Long-Term	Quarterly <sup>3</sup>	1 Year	5 Years	10 Years
<b>TOTAL FRS INVESTMENT PLAN</b>	--	--	--	5.79%	16.08%	8.05%	6.97%
<i>PB: Investment Plan Total Index</i>		--	--	5.42%	16.01%	7.97%	6.79%
<b>RETIREMENT DATE FUNDS</b>	--	--	--	4.89%	13.57%	7.46%	--
<i>PB: Total Retirement Custom Index</i>		--	--	4.39%	13.44%	7.44%	--
FRS 2065 Retirement Date Fund (2065) <sup>4</sup>	Active	\$1.30	\$13	6.21%	--	--	--
<i>PB: 2065 Retirement Custom Index</i>		--	--	5.85%	17.42%	9.19%	--
FRS 2060 Retirement Date Fund (2060)	Active	\$1.30	\$13	6.22%	17.72%	9.35%	--
<i>PB: 2060 Retirement Custom Index</i>		--	--	5.85%	17.42%	9.19%	--
FRS 2055 Retirement Date Fund (2055)	Active	\$1.30	\$13	6.22%	17.74%	9.31%	--
<i>PB: 2055 Retirement Custom Index</i>		--	--	5.85%	17.42%	9.19%	--
FRS 2050 Retirement Date Fund (2050)	Active	\$1.30	\$13	6.22%	17.56%	9.14%	--
<i>PB: 2050 Retirement Custom Index</i>		--	--	5.85%	17.38%	9.15%	--
FRS 2045 Retirement Date Fund (2045)	Active	\$1.40	\$14	6.13%	17.05%	8.84%	--
<i>PB: 2045 Retirement Custom Index</i>		--	--	5.74%	16.93%	8.86%	--
FRS 2040 Retirement Date Fund (2040)	Active	\$1.50	\$15	5.86%	15.99%	8.41%	--
<i>PB: 2040 Retirement Custom Index</i>		--	--	5.43%	15.98%	8.44%	--
FRS 2035 Retirement Date Fund (2035)	Active	\$1.60	\$16	5.30%	14.40%	7.80%	--
<i>PB: 2035 Retirement Custom Index</i>		--	--	4.82%	14.38%	7.85%	--
FRS 2030 Retirement Date Fund (2030)	Active	\$1.80	\$18	4.32%	12.01%	7.04%	--
<i>PB: 2030 Retirement Custom Index</i>		--	--	3.75%	11.98%	7.08%	--
FRS 2025 Retirement Date Fund (2025)	Active	\$2.20	\$22	3.12%	9.11%	6.10%	--
<i>PB: 2025 Retirement Custom Index</i>		--	--	2.44%	9.09%	6.13%	--
FRS 2020 Retirement Date Fund (2020)	Active	\$2.20	\$22	2.40%	7.35%	5.33%	--
<i>PB: 2020 Retirement Custom Index</i>		--	--	1.71%	7.11%	5.26%	--
FRS Retirement Fund (2000)	Active	\$2.10	\$21	2.01%	6.71%	4.90%	--
<i>PB: Retirement Custom Index</i>		--	--	1.37%	6.16%	4.66%	--
<b>STABLE VALUE FUND</b>							
FRS Stable Value Fund (350) <sup>5</sup>	Active	\$0.80	\$8	0.71%	2.82%	2.20%	--
<i>PB: ICE BofA 1-3 Year Treasury Index</i>		--	--	0.30%	2.98%	1.16%	--
<b>INFLATION PROTECTION FUND</b>							
FRS Inflation Sensitive Fund (300)	Active	\$3.60	\$37	0.53%	0.96%	3.33%	--
<i>PB: FRS Custom Multi-Assets Index</i>		--	--	-0.15%	1.07%	3.08%	--

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## Performance Summary as of March 31, 2024 – continued

	STRATEGY	FEES PER \$1,000		PERFORMANCE <sup>1</sup>			
		Annual <sup>2</sup>	Long-Term	Quarterly <sup>3</sup>	1 Year	5 Years	10 Years
<b>BOND FUNDS</b>							
<i>PB: Investment Plan Total Bond Index</i>							
		--	--	0.19%	4.13%	1.41%	2.27%
FRS U.S. Bond Enhanced Index Fund (80)	Passive	\$0.50	\$5	-0.61%	1.93%	0.45%	1.64%
<i>PB: Bloomberg Aggregate Bond Index</i>							
		--	--	-0.78%	1.70%	0.36%	1.54%
FRS Core Plus Bond Fund (310) <sup>7</sup>	Active	\$1.90	\$19	0.32%	4.72%	1.63%	--
<i>PB: FRS Custom Core Plus Fixed Income Index</i>							
		--	--	-0.36%	3.36%	1.16%	--
<b>U.S. STOCK FUNDS</b>							
<i>PB: Investment Plan Total U.S. Equities Index</i>							
		--	--	9.88%	28.93%	13.75%	11.72%
FRS U.S. Stock Market Index Fund (120)	Passive	\$0.20	\$2	10.02%	29.38%	14.39%	12.40%
<i>PB: Russell 3000 Index</i>							
		--	--	10.02%	29.29%	14.34%	12.33%
FRS U.S. Stock Fund (340) <sup>6</sup>	Active	\$3.50	\$37	10.78%	32.35%	12.92%	--
<i>PB: Russell 3000 Index</i>							
		--	--	10.02%	29.29%	14.34%	--
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>							
<i>PB: Investment Plan Total Foreign/Global Equities Index</i>							
		--	--	4.86%	14.44%	6.64%	4.90%
FRS Foreign Stock Index Fund (200)	Passive	\$0.30	\$3	4.41%	12.97%	6.22%	4.56%
<i>PB: MSCI ACWI ex US IMI Index</i>							
		--	--	4.33%	13.20%	6.00%	4.29%
FRS Foreign Stock Fund (220)	Active	\$4.70	\$48	7.44%	13.49%	6.91%	5.58%
<i>PB: MSCI ACWI ex US Index</i>							
		--	--	4.69%	13.26%	5.97%	4.39%
FRS Global Stock Fund (210)	Active	\$4.20	\$43	8.49%	22.92%	12.77%	10.95%
<i>PB: MSCI All Country World Index</i>							
		--	--	8.20%	23.22%	10.92%	8.66%

<sup>1</sup> The performance information presented reflects past performance, net of fees, which is not necessarily an indication of future performance. The most recent quarter, 1-, 5-, and 10-year performance returns are shown, if available.

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

<sup>3</sup> Not annualized.

<sup>4</sup> The FRS 2065 Retirement Date Fund was initially open for investments on July 1, 2023. One- and five-year performance shown is for the FRS 2060 Retirement Date Fund which has the same investment allocation.

<sup>5</sup> The FRS Stable Value Fund was initially open for investments on July 1, 2021. Past performance shown is based on the investment allocations as if they were held over the past five years prior to July 1, 2021.

<sup>6</sup> The following applies to the FRS U.S. Stock Fund with an inception date of July 1, 2020: 1.) the five-year history, if available, is considered the return since inception; and 2.) one-year and five-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>7</sup> Effective April 1, 2024, the FRS Core Plus Bond Fund (310) name changed to the FRS Diversified Income Fund (310).

All Investment Plan funds (except the FRS Stable Value Fund) are subject to the Excessive Fund Trading Guidelines, which may limit your ability to make investment changes. The guidelines are available on the "Investment Funds" page of [MyFRS.com](https://myfrs.com).

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 that results from your exercise of control.

## New Advisor Service Can Help You Reach Your Goals

Changes are coming to the Advisor Service that will help make it easier for you to achieve the financial future you want. Beginning July 1, 2024, an Online Advice tool will be provided through our new partner, Alight Financial Advisors (AFA), powered by Edelman Financial Engines. Designed to simplify your retirement planning, the new Advisor Service will give you a clear picture of what you may expect in retirement based on how you're currently invested and how much you're saving. You'll receive personalized, actionable recommendations on how to adjust your Investment Plan choices (and any outside investment account information you choose to share) to help you meet your goals. The investment recommendations on your Investment Plan account can then be implemented directly from the Advisor Service. You will also be able to model scenarios to answer those difficult questions like "Do I need to save more?" and "When can I really retire?"

The Advisor Service is available to all FRS members at no additional cost by logging in to [MyFRS.com](https://www.myfrs.com). Investment Plan members can use the Advisor Service to help manage their investments in the Investment Plan. Both Investment Plan and Pension Plan members are able to add information about other investment accounts you or your spouse may have (e.g., 457, 403(b), IRAs, taxable brokerage account) to receive objective, personalized investment recommendations.

The FRS has hired Alight Financial Advisors, LLC (AFA) to provide investment advisory services to FRS members. AFA has hired Financial Engines Advisors L.L.C. (FEA) to provide subadvisory services. AFA is a federally registered investment advisor and wholly owned subsidiary of Alight Solutions, LLC. FEA is a federally registered investment advisor. Neither party guarantees future results.

### Important Note for Current Advisor Service Users

Currently, the Advisor Service is provided by GuidedChoice. If you have previously entered any account information into the Advisor Service, you will need to copy/print this information so you can re-enter it into the new Advisor Service beginning July 1, 2024. For detailed instructions, review [https://www.myfrs.com/pdf/AdvisorService\\_transition.pdf](https://www.myfrs.com/pdf/AdvisorService_transition.pdf). If you have any questions, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.



### Multi-Factor Authentication Now Required

Effective January 1, 2024, all accounts on [MyFRS.com](https://www.myfrs.com) are required to utilize multi-factor authentication (MFA). By requiring you to log in with a random, six-digit code sent via email or text message, your account will have an added layer of security.

### Outside Data Aggregators

The required use of MFA on [MyFRS.com](https://www.myfrs.com) has limited the ability of outside financial institutions and personal financial software to utilize data aggregation to automatically access Investment Plan account information. The State Board of Administration (SBA) believes that the privacy and security of FRS members data is essential. We understand the value of data aggregators in consolidating account information in one location, but the protection of FRS members' data is paramount and overrides this convenience.

## Two Ways to Protect Your Retirement Income

Lifetime income guarantees and qualified longevity annuity contracts (QLACs) are two solutions from MetLife that allow you to convert some or all of your Investment Plan balance during retirement into payments to you for your lifetime or payments to your survivor after your death.

The examples below assume a \$100,000 Investment Plan balance on March 31, 2024, for a 65-year-old female. Joint and Survivor payments assume the designated survivor is a 65-year-old spouse. Your actual quotes will be based on things like your age, your account balance, and your specific circumstances. Please note that other payment options and features are available.

	Lifetime Income Guarantee Payments begin at age 65	QLAC Payments begin at age 75
<b>Single Life</b> — lifetime payments to you	<b>\$642</b>	<b>\$1,501</b>
<b>Joint and Survivor</b> — lifetime payments to you that continue to be paid to your survivor after your death	<b>\$560</b>	<b>\$1,140</b>

To learn more about these options or to purchase one, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2. Or, visit [myfrs.com/MakeYourMoneyLastaLifetime.htm](https://myfrs.com/MakeYourMoneyLastaLifetime.htm) for additional resources, including an online quoting tool.

## Attend Our Free 2024 Financial Planning Workshops

The following live workshops are free and unlimited for FRS members. You may attend as many workshops as you wish, either in person in Tallahassee or via Zoom.

You must register separately for each workshop you plan to attend.

July 1	Taking Control of Your Finances (60 minutes)	10:00 a.m. to Noon
July 1	Investment Planning	1:00 to 3:00 p.m.
July 2	Education Planning	10:00 a.m. to Noon
July 2	Understanding the FRS Investment Plan	1:00 to 3:00 p.m.
October 2	Social Security and Your Retirement	10:00 a.m. to Noon
October 2	Understanding Your Benefits under the FRS Pension Plan	1:00 to 3:00 p.m.
October 3	Nearing Retirement in the FRS	10:00 a.m. to Noon
October 3	Group Health Insurance (state employees only)	1:00 to 3:00 p.m.
<b>ALL TIMES ARE ET</b>		

### To Register

**By phone:**

1-866-446-9377, Option 2

**Online:**

- Go to the workshop calendar at <https://myfrs.com/WorkshopCalendar.htm#employee>.
- Locate the employee workshop you want to attend (in-person or via Zoom), then register.
- You will receive a confirmation email after registration. Zoom registrants will receive a reminder email the day before the webinar.