

Plan Overview

	FRS Investment Plan	FRS Pension Plan
Who contributes and how much?	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary (total employee and employer rate is 6.3% for Regular Class employees). Regardless of membership class, a mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account.	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary as determined by the state legislature. Regardless of membership class, a mandatory 3% pretax contribution is deducted from your paycheck and deposited into the Pension Plan trust fund.
Where are the monthly contributions deposited?	Into an investment account that is established in your name by the FRS.	Into a single Pension Plan trust fund for all FRS Pension Plan members.
Who invests the money?	You can decide how to allocate your account balance among the funds available to Investment Plan members. You are responsible for managing your account and can change your investment elections at any time. Investment results will affect your benefit.	The State Board of Administration of Florida manages the Pension Plan trust fund for all FRS-covered employees. Investment results do not affect benefits.
When am I vested in my benefit?	After 1 year of FRS service. You are always fully vested in your own contributions, as long as you remain in the Investment Plan. ²	After 8 years ¹ of FRS service. You are always fully vested in your own contributions, as long as you remain in the Pension Plan. ²
What if I change jobs after vesting?	If you go to work for another FRS-covered employer, you will remain enrolled in the Investment Plan, and contributions will continue to be made to your account. If you leave FRS-covered employment, you have the option of: <ul style="list-style-type: none"> • Leaving your money in the Investment Plan,³ OR • Taking a distribution and retiring.⁴ 	If you go to work for another FRS-covered employer, your Pension Plan benefit will continue to grow. If you go to work for a non-FRS-covered employer, your Pension Plan benefit will be frozen until you either begin receiving monthly retirement benefits or return to FRS-covered employment.

¹ If you have any Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. If you join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service, you are subject to 8-year vesting.

² How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2nd Election to change retirement plans in the future. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

³ Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.

⁴ Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.

Plan Overview – *continued*

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Can I change retirement plans after I make my initial election?	Yes. You have a one-time 2 nd Election that you can use during your FRS career to change from one FRS retirement plan to the other FRS retirement plan, provided you are actively employed by an FRS-covered employer and earning retirement service credit at the time your election is received.	
How does my benefit/account grow?	The Investment Plan benefit should accumulate steadily over your career, despite short-term ups and downs in the market. Your benefit ultimately depends on how well you manage your account and on the investment returns earned on contributions. In the early years of your FRS career, most of your benefit comes from the contributions paid into the account. Over time, the investment earnings may account for a larger portion of your account balance.	The Pension Plan benefit grows slowly at first, and then, because the Pension Plan formula is based on the average of your highest years of pay and total years of creditable service, it takes a steep climb near retirement age. A 33-year employee will earn over 50% of their benefit in the last 10 years of their FRS career.
How is my retirement benefit calculated?	Your retirement benefit is based on your account balance, made up of: <ul style="list-style-type: none"> • Employer and employee contributions to your account. • Plus or minus investment returns (gains and losses). • Minus expenses and fees. 	Your retirement benefit is a guaranteed benefit based on a formula that includes your: <ul style="list-style-type: none"> • Age. • FRS membership class (e.g., Regular Class, Special Risk Class). • Years of FRS service. • An average of your 8 highest years¹ of salary.

¹ If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, your retirement benefit will be calculated based on the average of your 5 highest years of salary.

Plan Overview – *continued*

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<p>How is my benefit paid at retirement?</p> <p>Note that you cannot receive a distribution unless you have terminated from all FRS-covered employment.</p>	<p>Flexible distribution options are available. As long as your balance is more than \$1,000, you can:</p> <ul style="list-style-type: none"> • Leave your money in the Plan until age 70½, when mandatory distributions must begin. • Purchase an annuity that provides guaranteed monthly payments for life using all or part of your account balance. Surviving beneficiary and cost-of-living adjustment options are available. • Receive periodic distributions.¹ • Elect a lump sum when you retire or at any future date.¹ • Roll it over to another qualified retirement plan. 	<p>Guaranteed monthly checks for life. Cost-of-living adjustment will be applied to the portion of your benefit that is based on service earned prior to July 1, 2011.</p> <p>You can choose payout options that provide continued monthly payments to your surviving beneficiary/joint annuitant.</p>
<p>Does the Plan provide other benefits?</p>	<p>Yes, including disability benefits and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>Yes, including DROP,² disability benefits, and retiree Health Insurance Subsidy (HIS) payments.</p>
<p>Can future funding increases impact future contributions and benefit levels?</p>	<p>Yes. Pension Plan underfunding or future cost increases to fund the FRS may make it necessary for the Florida Legislature to lower the amount that employers contribute to Investment Plan members' accounts or to increase the amount that employees contribute to their Investment Plan accounts.</p>	<p>Yes. During years when the Pension Plan is determined to be less than 100% actuarially funded, the Florida Legislature may take steps to improve the funding level by increasing employee or employer contributions or to lower Plan costs by reducing future Pension Plan benefits.</p>

¹ Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.

² Deferred Retirement Option Program. Visit MyFRS.com for details.