



• January 2010 •

**Hewitt Associates Becomes FRS Investment Plan Administrator ...1**

**Quarterly Fund Performance Summary .....2**

**Required Minimum Distribution Reminder .....5**

**Excessive Fund Trading Policy Revised .....5**

**Members' Online Experience Enhanced .....5**

**Hartford Annuity Quotes .....5**

### Glitch at MyFRS.com; Few Members Affected

Due to a coding error by our website portal provider Idhasoft, a login code issue occurred briefly on the *MyFRS.com* website on January 4, 2010, after the blackout period ended. In limited instances, a member logging onto *MyFRS.com* at the exact same time as another member was able to view data from the other member's account. Our records indicate that no financial transactions were conducted in any accounts that were viewed by another member. **Note that Social Security numbers, User IDs, passwords, and PIN numbers were not among the information that other members could have seen.** If you were among the 52 affected members, you have been notified either by a letter mailed to your home address or a telephone call from a Hewitt customer representative.

As a result of the code error, access to *MyFRS.com* was blocked until a complete security and quality review was conducted. For further details, please go to the "Alerts and Hot Topics" box on *MyFRS.com* or call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4.

## Hewitt Associates Becomes the FRS Investment Plan Administrator

On January 4, 2010, Hewitt Associates replaced ING as the FRS Investment Plan Administrator. Hewitt's contact information is as follows:

### To Contact Hewitt By Telephone:

The telephone numbers are the same ones you used to reach ING: MyFRS Financial Guidance Line at 1-866-446-9377, Option 4

### To Contact Hewitt By Fax:

The fax number is the same one you used to fax documents to ING: 1-888-310-5559

### To Contact Hewitt By Mail:

The address for mailing enrollment forms, beneficiary designation forms, or other requests to Hewitt is:

#### Regular U.S. Mail

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

#### Overnight Mail Address

FRS Investment Plan  
2300 Discovery Dr. • P.O. Box 785027  
Orlando, FL 32826

All FRS forms and publications are being updated to reflect these changes.

### Transition Notes

- The enclosed 4<sup>th</sup> Quarter account statement is the last one that will be produced by ING. The 1<sup>st</sup> Quarter statement that will be mailed to you in April 2010 will be produced by Hewitt and will have a new look. The publication, "How to Read Your Quarterly Statement," will be included in the April mailing to help you understand the information in the new statement.
- The changeover to Hewitt does **not** include state and local deferred compensation programs in which ING participates.



# Quarterly Fund Performance Summary

## Overview

This Performance Summary is organized by asset class. Thinking about asset classes is a very effective way to simplify investing and improve the odds of meeting your retirement goals. Asset classes are groups of similar investments whose values react to changes in the economy in the same basic way. Investing in a mix of asset classes, or diversifying, helps you control your risk.\* In this Summary, we use five asset classes: money market, inflation-protected securities, bonds, U.S. stocks, and foreign stocks. We also have a special category called balanced funds that provide a diversified mixture of various asset classes.

### Members' Social Security Numbers

FRS Investment Plan member records are filed according to the member's Social Security number. The State Board of Administration of Florida (SBA) collects member Social Security numbers because it is imperative for the SBA to have the ability to identify Investment Plan members properly and definitively.

### Why You May Receive a Tax Form From Us

If you took a distribution from your Investment Plan account during 2009, a tax form(s) will be mailed to your address of record by Sunday, January 31, 2010, as required by the Internal Revenue Service. Please allow 2-3 weeks to receive your form.

### Balanced Funds

These funds are particularly good for "one-stop shopping." They seek favorable long-term returns by keeping costs low and investing across multiple asset classes to diversify and control risk. They invest in various investment funds in different proportions to keep their overall level of risk relatively steady over time. The proportions and specific funds included in each Balanced Fund may change over time. Financial Engines, a federally registered investment advisor and fiduciary to the FRS, will periodically provide updated investment fund mixes to the FRS that they believe will provide the best balance between expected risk and return.

### Money Market Funds

These funds invest in short-term securities (financial instruments or obligations) that are high quality and can be sold quickly with little loss of value. The funds have limited risk of declining in value; however, over the long term, returns have been modest, basically keeping pace with inflation. Money market funds are not FDIC insured or guaranteed.

### Inflation-Protected Securities Funds

These funds invest in United States Treasury inflation-protected securities (TIPS). TIPS provide two types of return. First, there's a fixed interest rate that's been around 2% to 4% since TIPS were first issued in 1997. Second, there's a return of principal (the starting amount of your investment) and interest (the additional earnings you get over time) that is "protected," or indexed to inflation. As inflation rises, so does the amount of principal and interest you receive. So if the fixed rate is 3% and inflation is 3%, you receive a total interest rate of about 6%. The day-to-day value of inflation-protected securities varies with changes in inflation and interest rates, but these funds offer a promise of keeping up with inflation that is unique to this type of investment.

### Bond Funds

These funds invest primarily in bonds, which are like IOUs – a company or government agency borrows money and pays it back with interest to the bondholder (the entity making the loan). The quality of a bond is reflected in the credit rating of the company or agency that issues the bond. The short-term risk of bond funds is relatively low. However, over time, the value of a bond is affected by interest rates, inflation, and other factors. When inflation or interest rates go up, the value of bonds goes down because they pay a fixed rate of interest (the market sees other investments as being more attractive). Therefore, bonds and bond funds don't always protect the value of your retirement savings against inflation.

### U.S. Stock Funds

These funds invest primarily in equity shares or stocks issued by U.S. companies. The short-term risk of stocks has been much higher than bonds. However, over long periods of time, stocks have generally done better than bonds, one of the main reasons that stocks are typically recommended for retirement investing. Some risk is necessary to achieve long-term investment growth.

### Foreign Stock Funds

These funds invest primarily in equity shares or stocks issued by foreign companies. Foreign stocks are affected by additional risk factors such as foreign laws and regulations, differences in accounting practices, political risk (foreign governments are sometimes unstable), and currency risk (differences in the relative value of domestic and foreign money). Over the long term, foreign stocks have not done quite as well as U.S. stocks, but they have provided diversification benefits.

\* Note that there can be risk in holding a large portion of your account balance in a single fund (unless that fund is a reasonably diversified fund, such as a balanced fund). For further information on diversifying your account, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, or Telecommunication Relay Service (TRS 711), or visit [MyFRS.com](http://MyFRS.com). Additional information on investing and diversification can be found on the U.S. Department of Labor's website at [www.dol.gov/ebsa/investing.html](http://www.dol.gov/ebsa/investing.html).



## What's in the Summary?

Below you'll find a brief description of the information in the Performance Summary.

- **Core Funds** invest in a very broad portion of an asset class and can help you form the “core” of your portfolio.
- **Specialty Funds** invest in a portion of an asset class and can help you fine-tune your portfolio.
- **Long-Term Fees** are the value in today's dollars of the total fees that would be charged over 30 years, assuming a \$10,000 initial investment.
- **“PB”** stands for Performance Benchmark. It allows you to see how well the fund is doing relative to the performance of the market sector it is trying to beat. Note that index funds are designed to approximate the returns of their benchmarks. Benchmarks do not have costs.
- **Management Type** is the type of investment strategy used by a fund.
  - **P** **Passively Managed** (or Index) funds follow a strategy to produce the same level and pattern of investment returns generated in a market index (such as the S&P 500® index) by buying and holding the same securities as the index itself. Index funds carry a very low fee.
  - **A** **Actively Managed** funds try to predict securities price movements in order to beat a market index. The higher fees associated with Actively Managed funds are used to support the research needed to predict market changes.

## Performance Summary as of December 31, 2009

**P** = Passively Managed Type

**A** = Actively Managed Type

Refer to page 2 for a definition of these asset classes.

	Fees Per \$10,000 Account		Annual Average Investment Returns After Deducting Fees ††			
	Annual Fees †	Long-Term Fees	Previous Quarter*	Previous Year	Previous 5 Years	Previous 10 Years
<b>BALANCED FUNDS</b>						
<b>Core Balanced Funds</b>						
FRS Select Conservative Balanced Fund <b>A</b>	\$8	\$242	1.36%	9.32%	4.21%	3.88%
<i>PB: Conservative Balanced Aggregate Index</i>	---	---	1.32%	8.73%	3.63%	3.18%
FRS Select Moderate Balanced Fund <b>A</b>	\$6	\$194	2.43%	17.18%	3.18%	3.57%
<i>PB: Moderate Balanced Aggregate Index</i>	---	---	2.24%	15.88%	2.77%	2.89%
FRS Select Aggressive Balanced Fund <b>A</b>	\$5	\$136	2.99%	20.87%	2.54%	2.14%
<i>PB: Aggressive Balanced Aggregate Index</i>	---	---	3.12%	21.09%	2.50%	1.73%
<b>MONEY MARKET FUNDS</b>						
<b>Core Money Market Funds</b>						
FRS Select Yield Plus Money Market Active Fund <b>A</b>	\$6	\$188	0.06%	0.31%	3.34%	3.24%
<i>PB: Institutional Money Market Average Index</i>	---	---	0.09%	0.68%	3.50%	3.28%
<b>INFLATION-PROTECTED SECURITIES FUNDS</b>						
<b>Core Inflation-Protected Securities Funds</b>						
FRS Select U.S. Treasury Inflation-Protected Securities Index Fund <b>P</b>	\$2	\$60	1.74%	11.33%	4.70%	---
<i>PB: Barclays Capital TIPS Index</i>	---	---	1.76%	11.41%	4.63%	---
<b>BOND FUNDS</b>						
<b>Core Bond Funds</b>						
FRS Select U.S. Bond Enhanced Index Fund <b>P</b>	\$5	\$151	0.25%	6.51%	5.24%	6.50%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	0.20%	5.93%	4.97%	6.33%
PIMCO Total Return Fund <b>A</b>	\$59	\$1,943	0.93%	13.67%	6.71%	7.47%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	0.20%	5.93%	4.97%	6.33%

P = Passively Managed Type  
A = Actively Managed Type

	Fees Per \$10,000 Account		Annual Average Investment Returns After Deducting Fees ††			
	Annual Fees †	Long-Term Fees	Previous Quarter*	Previous Year	Previous 5 Years	Previous 10 Years
<b>BOND FUNDS - continued</b>						
<b>Specialty Bond Funds</b>						
Pyramis Intermediate Duration Pool Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$13	\$408	0.80%	11.92%	4.55%	6.08%
<i>PB: Barclays Capital Intermediate Aggregate Bond Index</i>	---	---	0.53%	6.46%	4.97%	6.10%
PIMCO High Yield Fund <sup>^</sup> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$56	\$1,835	6.08%	44.00%	5.47%	6.24%
<i>PB: PIMCO High Yield Custom Index</i>	---	---	4.65%	45.98%	5.57%	6.19%
<b>U.S. STOCK FUNDS</b>						
<b>Core U.S. Stock Funds</b>						
FRS Select U.S. Stock Market Index Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>	\$2	\$60	5.91%	28.56%	0.85%	-0.15%
<i>PB: Russell 3000 Index</i>	---	---	5.90%	28.34%	0.76%	-0.20%
Pioneer Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$74	\$2,496	8.25%	24.85%	1.56%	0.87%
<i>PB: S&amp;P 500 Index</i>	---	---	6.04%	26.46%	0.42%	-0.95%
<b>Specialty U.S. Stock Funds</b>						
FRS Select U.S. Large Value Stock Active Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$19	\$595	5.35%	20.80%	0.73%	5.10%
<i>PB: Russell 1000 Value Index</i>	---	---	4.22%	19.69%	-0.25%	2.47%
Prudential Mid-Cap Quantitative Core Equity Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$35	\$1,109	6.08%	36.51%	3.13%	6.38%
<i>PB: S&amp;P Mid-Cap 400 Index</i>	---	---	5.56%	37.38%	3.27%	6.37%
FRS Select U.S. Large Growth Stock Active Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$40	\$1,294	8.94%	41.51%	3.21%	-3.19%
<i>PB: Russell 1000 Growth Index</i>	---	---	7.94%	37.21%	1.63%	-3.99%
Fidelity Growth Company Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$71	\$2,383	7.36%	41.48%	4.72%	-0.65%
<i>PB: Russell 3000 Growth Index</i>	---	---	7.65%	37.01%	1.58%	-3.79%
Fidelity Low-Priced Stock Fund <sup>**</sup> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$74	\$2,496	5.27%	39.40%	3.48%	11.25%
<i>PB: Russell 2500 Value Index</i>	---	---	4.65%	27.68%	0.84%	8.18%
American Beacon Small-Cap Value Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$82	\$2,802	5.10%	35.37%	0.91%	10.73%
<i>PB: Russell 2000 Value Index</i>	---	---	3.63%	20.58%	-0.01%	8.27%
T. Rowe Price Small-Cap Stock Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$93	\$3,235	4.96%	38.46%	2.09%	6.41%
<i>PB: Russell 2000 Index</i>	---	---	3.87%	27.17%	0.51%	3.51%
<b>FOREIGN STOCK FUNDS</b>						
<b>Core Foreign Stock Funds</b>						
FRS Select Foreign Stock Index Fund <sup>***</sup> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>	\$2	\$60	2.48%	32.29%	4.36%	---
<i>PB: MSCI World ex U.S. Index</i>	---	---	2.44%	33.67%	4.07%	---
American Funds Euro-Pacific Growth Fund <sup>***</sup> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$49	\$1,588	3.46%	39.61%	8.07%	3.86%
<i>PB: MSCI EAFE Index</i>	---	---	2.22%	32.46%	4.02%	1.58%
<b>Global Stock Funds</b>						
American Funds New Perspective Fund <sup>***</sup> <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$61	\$2,015	5.40%	37.74%	5.99%	4.21%
<i>PB: MSCI World Index</i>	---	---	4.07%	29.99%	2.11%	0.01%

Prior to July 2002, actual historical performance data has been adjusted for fees and/or designs for multiple manager designs specific to the FRS.

\* Not annualized.

\*\* This fund was closed to new money effective August 1, 2004.

\*\*\* These funds may have restrictions on your ability to trade. Please review the excessive fund trading policy.

† Fees and expenses are only one of several factors that you should consider when making investment decisions.

†† The performance information presented reflects past performance. Past performance is not necessarily an indication of future performance.

<sup>^</sup> This fund closed effective December 31, 2009. If you have been a participant in this fund, you should have received notification of the closure and the movement of assets to the FRS Select High Yield Fund.



## Investment Plan Members' Online Experience Enhanced

As a result of our transition to Hewitt, your online experience has been enhanced. Some of the improvements you can see after logging onto *MyFRS.com* (click "Manage My Benefits," and then "Manage Investments") include:

- Automatic Rebalancing
- Online Beneficiary Elections
- Action Needed banners for attention items
- The ability to request receipt of Fund Profiles online or by mail
- The ability to request receipt of forms by mail
- Online Account Statement
- Access to Qualified Domestic Relations Orders
- Withdrawal History
- Detailed Transaction History
- Personal Rates of Return
- Enhanced Contribution Details

A comprehensive tour of the new screens is available on *MyFRS.com* in the Alerts & Hot Topics box (click on "Hewitt Online Tour"). Screenshots of a few new Hewitt pages can be seen on page 6.

Continues on page 6

### Required Minimum Distribution Reminder

If you are an inactive member and are or will be turning age 70½ in 2010, you may be required to take a Required Minimum Distribution in 2010. You will receive a letter this month notifying you of the amount that may be paid to you in December 2010. Please review the letter carefully and call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4, if you have any questions.

### Excessive Fund Trading Policy Revised

The FRS Investment Plan Excessive Fund Trading Policy was revised, effective January 1, 2010. The trading restrictions applicable to the Fidelity Growth Company Fund and the T. Rowe Price Small-Cap Stock Fund have been changed to prohibit purchasing into the fund within 60 days of transferring or reallocating out of the fund. Be sure to review the updated policy on *MyFRS.com* by clicking on "Investment Funds" in the top toolbar, then clicking on the "Excessive Fund Trading Policy" PDF in the lower righthand column.

## Hartford Life Annuity Quotes

The FRS Investment Plan offers both fixed and variable annuity options through Hartford Life. The following chart shows the lifetime monthly income you would receive by purchasing a Single Life Annuity or a 100% Joint and Survivor Fixed Annuity.

### Lifetime Annuity Quotes – \$100,000 Premium

Annuity Type	Monthly Benefit	Annuity Type	Monthly Benefit
Single Life <sup>1</sup>	\$612.85	Joint and Survivor <sup>2</sup>	\$534.39

**Assumptions:** The monthly benefits listed in the examples above assume you used \$100,000 of your FRS Investment Plan balance to purchase a lifetime fixed annuity from Hartford Life, the FRS Investment Plan's annuity provider. The Single Life Annuity example assumes a male, age 62; the Joint and Survivor Annuity example assumes a female spouse, age 62. A 3% cost of living increase is not included in these examples. The above examples are as of 12/10/09. Your actual annuity quotes may vary based on your individual data and circumstances (e.g., age, marital status), the movement in the fixed income investment markets, and the date you purchase the annuity. A variety of fixed and variable annuities are available for you to choose. Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for additional details.

<sup>1</sup> By choosing a Single Life Annuity, your monthly benefits are payable for your lifetime only. Upon your death, the annuity ends. Your survivors receive no further benefits.

<sup>2</sup> By choosing a 100% Joint and Survivor Annuity, monthly benefits are payable for your lifetime and the lifetime of your surviving joint annuitant. Upon your death, your surviving joint annuitant will receive a lifetime monthly benefit payment in the same amount (100%) as you were receiving.

## Hewitt Home Page

1. Action Needed! alerts you to items that need attention.
2. Announcements about plan changes and other benefit news.
3. A snapshot of your total Investment Plan balance.

Welcome, John Doe474230091.

**1 Action Needed!**  
Enter Your Email Address [Review and update](#)

**2 Financial Guidance Line**  
Speak with an Ernst & Young financial planner by calling 1-866-446-9377, Option 2 (TRS 711) 9 a.m. to 8 p.m. ET, Monday through Friday (except holidays).

**3 At a Glance**  
**FRS Investment Plan** [More](#)  
Balances: [Hide Now](#) | [Hide Always](#)

**FRS Investment Plan** (as of 12-08-2009)  
Balance \$169,118.90

## Account Summary Page

1. Current account balance and performance information.
2. The “Did You Know” section displays information that’s customized to your situation (e.g., active employee, terminated employee, etc.).
3. Personalized information with suggested actions to take.

**1 Review Your FRS Investment Plan Account**

**Your Account Summary**  
As of 12-08-2009

**Balances**  
Current Balance \$169,118.90  
Portfolio Performance [Details](#)  
Your Year-to-Date Rate of Return 8.6%  
Next Rebalance Date Not Active

**Your Account Activity**  
01-01-2009 to 12-08-2009  
[Redisplay](#)  
Opening Balance on 01-01-2009 \$0.00  
Account Activity +\$169,118.90  
Closing Balance on 12-08-2009 \$169,118.90

**2 Did You Know?**  
The asset allocation you choose to your account's performance. Financial experts say you should consider your long-term savings goals and your tolerance for risk when you choose an asset allocation.

**3 Changing Jobs?**  
If you leave the FRS, you can keep your account balance in the plan or roll over to an individual retirement account (IRA) online:  
• No documentation needed  
• Add to an account you already have  
• Consolidate your retirement savings  
**Related Info**  
• Contribution Details  
• Your Portfolio Performance

**Your Current Asset Allocation**

Broad Bond	21%
Mid Cap Core	58%
Small Cap Broad	21%
Foreign Developed	0%
<b>Total</b>	<b>100%</b>

**Actions you can take:**  
• [Transfer Money](#)  
• [Change Future Investments](#)

## Fund Performance Page

1. Detailed fund performance information, including Year-to-Date Portfolio Performance (shown). Please note that you cannot review performance prior to January 4, 2010.

**1 Manage Your Investments**  
Your Portfolio Performance | [Your Personal Return](#) | [Fund Performance](#)  
Your Investment Activity Summary | [Your Investment Activity Details](#)

**Your Portfolio Performance**  
Date Range:  Select a range  Year to Date  
 Enter a range: 01-01-2009 to 12-09-2009 (Between 08-31-2009 and 12-08-2009)  
[Redisplay](#)

**FRS Investment Plan (01-01-2009 to 12-09-2009)**

	Balance	Year Return	Gains/Losses	Change Current Mix	Change Future Invest	Units/Shares	NAV/Price
<b>Total</b>	\$169,118.90	8.60%	\$13,460.82	100%	100%		
<b>BroadBond</b>	\$34,565.91		\$261.47	21%	40%		
FRS Select U.S. Bond Enhanced Index Fund (B15) (PDF, 80 KB)	\$20,000.00	0.00%	\$0.00	12%	0%	1,354.133	\$14.769602
PIMCO Total Return Fund (R20) (PDF, 65 KB)	\$14,565.91	1.80%	\$261.47	9%	40%	907.959	\$16.042483

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, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.