Comparing the Plans

Need to know all the details? Then you've come to the right place! Here's where you'll get a side-by-side comparison of some of the major elements of the FRS Pension Plan and the FRS Investment Plan.

The following pages provide only a general summary of the FRS Pension Plan and the FRS Investment Plan and their characteristics. If there are any differences between this summary and the statutes and rules that govern the two plans, the statutes and rules will prevail. Facts and circumstances specific to your personal situation should be carefully considered before you make your choice.

Reemployment After Retirement	What do I need to know about reemployment after retirement?
Survivor Benefits	Are there benefits available to my spouse or other beneficiary if I die before or after electing payment?
Taxability of Benefit	Is my benefit taxable when it is paid to me, and, if so, by how much?
Type of Plan	How does the Internal Revenue Service Code define each plan?
Vesting	How long do I need to work for an FRS employer to own my benefit?

Decision-Making Considerations

These guidelines may help you understand the factors you need to consider before making a choice between the Pension Plan and the Investment Plan.

Once you have made a retirement plan election you have a limited time period during which you may be able to cancel the election. See the following FAQ for more information.

Guidelines	The Pension Plan might be better if you...	The Investment Plan might be better if you...
FRS Service	• Have already earned significant FRS service, such as 20 or more years • Begin your FRS career later in life • Expect to stay long enough to retire from an FRS employer • Expect to spend most of your career with an FRS employer	• Have thus far earned a limited amount of FRS service, such as 10 or fewer years* • Begin your FRS career young in life • Expect to take a non-FRS job in the next 5 to 10 years • May not stay for the 6 years needed to vest in the Pension Plan
Salary Growth	• Receive most promotions **and** salary increases near the end of your career	• Receive most promotions **and** salary increases near the beginning of your career
Managing Your Retirement Benefit	• Don't want to make investment decisions; and • Are uncomfortable receiving objective investment assistance	• Prefer making investment decisions and setting goals; or • Are comfortable receiving objective investment assistance
Investment Risk	• Are uncomfortable with the risk that your retirement benefit could decrease because of poor financial markets • Are unwilling to experience short-term fluctuations in the value of your account	• Are comfortable relying on long-term investment returns to forecast your retirement benefit • Are comfortable with short-term fluctuations in your retirement account in order to possibly earn higher long-term benefits
Retirement Income Options	• Prefer that your benefit be paid as lifetime monthly checks with no lump-sum options • Are comfortable with 1 of the 4 lifetime annuity payment options guaranteed by the Pension Plan • Expect to use the DROP program to build a nest egg to meet special or unanticipated spending needs	• Prefer the flexibility to decide how much of your retirement account is taken as a lump-sum or lifetime monthly benefits • Are comfortable with an annuity payment option (if purchased) guaranteed by a highly rated private insurance company • Prefer a customized benefit payment schedule to meet your special retirement situation/needs
Early-Retirement Considerations	• Expect to retire in your early 50s with full or reduced monthly benefits (the reduction is 5% per year for each year prior to normal retirement age of age 62 for Regular Class and age 55 for Special Risk) • Prefer that your HIS benefit begins immediately upon retirement	• Are willing to receive your benefit as an annuity to avoid tax penalties when drawing this benefit before age 55; or can live on other savings or income until age 55 or don't expect to draw benefits until later in life • Are comfortable deferring your HIS until normal retirement age

Survivor Considerations	• Prefer that your surviving beneficiaries receive lifetime monthly benefits guaranteed by the FRS • Expect that only your spouse or other dependents need to be named as beneficiaries	• Prefer that your survivors have the flexibility to receive a lump-sum benefit or lifetime benefits guaranteed by a private insurance company • Expect to name non-family heirs
Member Contributions	• Want to purchase military or other service credit such as out-of-state service or a leave of absence to increase benefits	• Have no need to purchase military or other service credit to increase benefits (or have already made this purchase under the Pension Plan)

*According to FRS historical statistics, less than 20% of newly hired employees and 50% of those with over 10 years of service actually stay a full career in FRS employment, given today's mobile society.

Beneficiaries

Your beneficiary is the person or persons you can designate who will receive your retirement benefit in the event of your death. Under both plans, you'll need to complete a beneficiary designation form if you wish to control who may receive any available retirement benefits.

You may change your beneficiary at any time. If your designated beneficiary dies or your marital status changes, you should submit a new beneficiary designation form.

FRS Pension Plan	FRS Investment Plan
You may name any person, organization, or trust, or your estate, or you may designate that benefits be paid according to state law (to your spouse, if living; if not living, to your living children; if no children survive, to your mother or father; if no living family members, to your estate). • **If you're married**, your spouse is considered to be your beneficiary for the Pension Plan unless you name a different beneficiary after your most recent marriage. • **If you're single**, you can name anyone as your beneficiary. When you retire, you'll be asked to rename a beneficiary and choose a retirement payment option. (See Payment Options for more information.) After you retire, you can change your beneficiary designation at any time if you elected Payment Option 1 or 2. If you choose Payment Option 3 or 4, you may change your joint annuitant* only two times after you retire. Note that your benefit is recalculated when you change your joint annuitant under Options 3 and 4.	• You may name any person, organization, or trust, or your estate, or you may designate that benefits be paid according to state law (to your spouse, if living; if not living to your living children; if no children survive, to your mother or father, if no living family members, to your estate). • If you name someone other than your spouse as your primary beneficiary, your spouse will need to sign the beneficiary designation form acknowledging the designation. • **If you're married**, your spouse is considered to be your beneficiary for the Investment Plan unless you name a different beneficiary after your most recent marriage.

*Your joint annuitant is considered to be your spouse, your natural or legally adopted child who either is under age 25 or is physically or mentally disabled and incapable of self-support (regardless of age), or any person who is financially dependent upon you for one-half or more of his or her support and is your parent, your grandparent, or a person for whom you are the legal guardian.

Benefit Calculation

Your benefit calculation is how your retirement benefit is determined under each plan.

FRS Pension Plan	FRS Investment Plan
Your first year benefit is based on a fixed formula and is determined by your age, years of service, the average of your highest 5 fiscal years of pay, your membership class and the payment option you select at retirement. Step 1: Years of Creditable Service Multiplied by Percentage Value (Percentage amount you receive for each year of creditable service based on your membership class. For example, Regular Class members receive 1.60% and Special Risk members receive 3% for each year of service.) Step 2: Average Final Compensation (the average of the highest 5 fiscal years of salary [July - June] you earn during your covered employment). Your final year's salary may include lump sum pay for up to 500 hours of terminal annual leave. Step 3: Result of Step 1 X Step 2 = Option 1 Annual Benefit at Normal Retirement Age (divide by 12 to get the monthly benefit) *An example for Regular Class members:* If you have 13 years of service and your Average Final Compensation is $34,549 Step 1: 13 X 1.60% = .208 Step 2: $34,549 Step 3: .208 X $34,549 = $7,186 Annual Option 1 Retirement Benefit at Age 62 (or $598.83 per month) *An example for Special Risk Class members:* Step 1: 13 X 3% = .390 Step 2: $34,549 Step 3: .390 X $34,549 = $13,474 Annual Option 1 Retirement Benefit at Age 55 (or $1,122.83 per month) Option 2, 3 and 4 first year benefits are less than Option 1 benefits because they may be paid over a longer period of time and provide benefits for two lives, rather than one (i.e., if your spouse survives you, he or she will continue receiving benefits under Options 2, 3 or 4, although the payments under Option 2 will stop after completion of the 10-year certain period). Benefit payments under all four options provide a 3% cost of living each year following retirement.	Your benefit is not based on a fixed formula. Your benefit is determined by your ending account balance, which is: Your Initial Account Balance Plus Monthly Employer Contributions Plus Investment Earnings Minus Any Account Expenses Investment Earnings include the cumulative change in the value of your account due to capital gains (price changes in your investments) and reinvested income earned on the account. Your employer contributions will also include the contributions paid on your behalf for up to 500 hours of lump sum terminal annual leave pay. Important Note: Capital gains can be positive or negative over any single period of time, but historical financial data indicates that losses are less frequent over longer periods of time. Investment earnings may also fail to keep up with increases in the cost-of-living, particularly investments with lower short-term risk, like money market and bond funds. The investment fees you will pay are calculated as a percent of your account balance and are generally low compared to those in other governmental or private plans. However, even a 0.50% annual fee will eat up about 15% of your account balance over 30 years. It's important for you to know that, according to Florida law, if you or a beneficiary exercises control over the assets in your account, no program fiduciary will be liable for any loss to your account which results from your or your beneficiary's investment decisions. You determine when and how to take the distribution of your account balance when you leave FRS employment. Tax issues are discussed in the Taxability of Benefit section.

Changing Plans

You have a one-time (once in your active FRS career) opportunity after your Choice period ends, or you make your plan election, if earlier, to switch from the Investment Plan to the Pension Plan, or from the Pension Plan to the Investment Plan.

Your 2nd Election Enrollment Form must be received by the Plan Choice Administrator, Aon Hewitt, while still earning service credit and before your date of termination.

Once you have made a retirement plan election you have a limited time period during which you may be able to cancel the election. See the following FAQ for more information.

<table>
<tr><th>FRS Pension Plan</th><th>FRS Investment Plan</th></tr>
<tr><td>If you want to move to the Investment Plan after selecting the Pension Plan, you have two options:

You can leave your accumulated Pension Plan benefit in place, frozen at the time you make this choice, and your future employer contributions will go into your Investment Plan account. When you retire (provided you're vested), you'll receive a Pension Plan benefit and an Investment Plan benefit. You must have at least 5 years of service in the Pension Plan to select this option.
Or, you can move the present value of your Pension Plan benefit into the Investment Plan. If you do this, the amount that you are moving into the Investment Plan will be on the 6-year vesting schedule. When you retire, you'll receive only an Investment Plan benefit. If you terminate employment prior to completing 6 years of service, you could forfeit the amount transferred from the Pension Plan, unless you do not take any distribution from your Investment Plan account and you return to FRS-covered employment within 5 years and complete the necessary 6 years of total service.
</td>
<td>If you want to move to the Pension Plan after selecting the Investment Plan, you'll have to "buy back" into the Pension Plan with the money in your Investment Plan account. If you transferred a present-value amount to the Investment Plan as your opening account balance, the calculation of your "buy-back" cost is a present-value calculation of benefits as if you had stayed in the Pension Plan for all years through the effective date of the change back to the Pension Plan.

If you did not transfer a present-value amount, your "buy-back" cost will be the actuarial accrued liability or total cost of your plan benefit.

After your "buy-back" cost is calculated, the payment process depends on whether your "buy-back" cost is less than the value of your Investment Plan account.

If the value of your Investment Plan account is more than the cost of buying back into the Pension Plan:

You'll still keep an Investment Plan account, but the "buy-back" amount will be deducted from your account and transferred to the Pension Plan Trust Fund. You will continue to manage the excess until your retirement from the Pension Plan, at which time, you may take a distribution from your Investment Plan account.
You'll also participate in the Pension Plan and begin accruing a benefit based on your total service, salary and FRS membership class.

If the value of your Investment Plan account is less than the cost of buying back into the Pension Plan, you can still get back in, but you will have to make up the difference from your own personal savings. At that point, your Investment Plan participation will end.
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Contributions

FRS employers make all contributions to the plans (with the exceptions noted below). The amount of these contributions will be the same for each plan.

FRS Pension Plan

Your employer makes contributions each month to the Pension Plan trust fund based on a percent of your salary and your FRS membership class, according to the following table.

Employment Class	July 1, 2010 Rate
Regular	9.63%
Special Risk	22.11%
Special Risk Administrative Support	12.10%
Elected Officers:	
Legislators	15.20%
Governor, Lt. Governor, Cabinet Officers	15.20%
State Attorney, Public Defenders	15.20%
Justices, Judges	20.65%
County Elected Officers	17.50%
Senior Management Service	13.43%
DROP participants	11.14%

It's important to note that the employer's contribution rate does not affect your retirement benefit. Your retirement benefit is set by a formula that does not include the contribution rate paid by your employer.

Employee contributions aren't required or allowed, except to purchase certain types of additional service. Employee contributions were previously required if you were an employee of a state agency, district school board, or community college prior to January 1, 1975, or if you were an employee of a county government, city, or special district prior to October 1, 1975. These employee contributions have been deposited in the FRS trust fund, along with any contributions you may have paid for a leave of absence or other type of service for which you may have paid contributions.

All these contributions go into a single trust fund to pay benefits for all FRS Pension Plan participants.

Contribution percentage amounts are subject to change each year based on legislative law changes, investment experience and the actuarial experience of the trust fund. However, the rise and fall of the contribution percentages does not affect your accrued retirement benefit, which is guaranteed by law.

Your employer also contributes additional amounts each month to fund the Health Insurance Subsidy benefit (1.11%) and plan education expenses (0.03%).

FRS Investment Plan

Your employer makes contributions each month based on a percentage of your gross salary and your FRS membership class. The contribution (blended rate) percentage paid by your employer is the same whether you participate in the Pension Plan or the Investment Plan. These rates are shown under the Pension Plan column.

After your employer pays the contribution percentage shown under the Pension Plan column, an amount represented by the contribution rates shown below will be made to your Investment Plan account.

Employment Class	Contribution Rate in effect since July 1, 2002
Regular	9.0%
Special Risk	20.0%
Special Risk Administrative Support	11.35%
Elected Officers:	
Legislators	13.40%
Governor, Lt. Governor, Cabinet Officers	13.40%
State Attorney, Public Defenders	13.40%
Justices, Judges	18.90%
County Elected Officers	16.20%
Senior Management Service	10.95%

These contributions go into your FRS Investment Plan account. These contribution rates do affect your benefit as they are the primary funding for your account balance, particularly earlier in your career. The longer you're in the Investment Plan the more important investment earnings become, relative to contributions.

Contribution rates are fixed by law and can be changed by a future act of the Legislature.

Your employer also contributes additional amounts each month to fund the Health Insurance Subsidy benefit (1.11%), the Investment Plan disability program (contribution varies depending on membership class from 0.25% to 1.33%), and plan administration and educational expenses (0.03%).

Cost-of-Living Adjustments

Cost-of-living adjustments are intended to help your retirement benefit payments keep pace with the rise in cost of goods and services over time.

FRS Pension Plan	FRS Investment Plan
• Each July 1 after retirement, you will receive a fixed 3% cost-of-living increase on your June 30 monthly benefit amount (excluding the Health Insurance Subsidy). Regardless of whether inflation is greater or less than 3%, your benefit will still be adjusted by 3%. • If you have been retired for less than twelve months, your initial cost of living is prorated.	• You may purchase one of several fixed annuities that offer an annual 3% cost-of-living increase payout feature at any time after retiring. You can use some or all of your account balance to buy these annuities, which are guaranteed by a highly rated private-sector insurance company (The Hartford Insurance Company). These annuities can provide guaranteed payments for life, payments over certain periods or have joint and survivor benefits. You can choose monthly or other payment periods. Under these payout options, if inflation is greater or less than 3%, your benefit will still be adjusted by 3%. • You may also choose to invest in the U.S. Treasury Inflation-Protected Securities (TIPS) Index Fund, which pays a rate of interest that is adjusted to keep up with the actual rate of inflation. A variable annuity is available that uses this and other funds to provide guaranteed benefit payments for life or other periods. However, your future benefit payments could be affected by market risk in this fund or a variable annuity that could cause benefits to grow faster or slower than inflation. Other variable annuity options may similarly be used to create a guaranteed distribution plan with payments that generally climb over time to offset the effects of inflation. • If you elect a lump-sum distribution or you choose not to purchase an annuity that offers a cost-of-living increase, you will not receive an automatic annual cost-of-living increase. Whether your benefits keep up with inflation will depend on the performance of your investment funds.

Disability

Should you become totally and permanently disabled, you may be eligible to receive disability retirement benefits. The FRS actuary reports that about 4% of all FRS members (and 7% of Special Risk Class) will separate from employment due to disability.

FRS Pension Plan	FRS Investment Plan
There are two types of disability retirement benefits ☐ in-line-of-duty and regular disability. To qualify for either kind of benefit, you must be totally and permanently disabled and unable to work. **In-Line-of-Duty Disability** These benefits are payable if you become totally and permanently disabled due to an illness or injury that occurs as a result of the performance of duties required by your employer. You're eligible for these benefits from your first date of employment in a regularly established position. About 1% of FRS annuitants currently receive these disability payments. Your minimum in-line-of-duty disability benefit will be 42% of your Average Final Compensation under Payment Option 1 (or 65% if you're in the Special Risk Class). Your benefit will be based on your actual years of creditable service multiplied by your percentage value for regular retirement benefits if it is higher than the 42% or 65% minimum. **Regular Disability** Regular disability retirement benefits are payable for an illness or injury from natural causes or an accident not related to your employment. You must have 8 years of creditable service to be eligible for regular disability retirement benefits. About 4% of FRS annuitants currently receive these disability payments. Your minimum regular disability benefit will be 25% of your Average Final Compensation under Payment Option 1. Your benefit will be based on your actual years of creditable service multiplied by your percentage value for regular retirement benefits if it is higher than the 25% minimum.	Investment Plan disability provisions are the same as those in the Pension Plan. If you want to and are eligible to retire because of a disability, your retirement plan membership will be transferred to the Pension Plan. You will receive benefits under the provisions of that Plan. Your Investment Plan account balance will be transferred to the Pension Plan Trust Fund to help fund your disability benefit. If you recover from your disability, you will be returned to the Investment Plan and any funds available in your previous Investment Plan account balance minus the benefits received will be transferred as your opening account balance in the Investment Plan.

DROP

The Deferred Retirement Option Program is available when you are vested and have reached your normal retirement date. It allows you to retire while continuing to be employed by an FRS employer for up to 60 months (96 months under certain circumstances if employed as "instructional personnel" for the Florida School for the Deaf and the Blind or a grades K-12 school). You must elect DROP participation within (12) twelve months after you reach your normal retirement date, unless you are employed as "instructional personnel."

FRS Pension Plan	FRS Investment Plan
You're eligible for DROP participation. You're eligible to participate as of your normal retirement date — the earliest date at which you are eligible for full, unreduced benefits based upon your age and service. In most cases, you reach your normal retirement date when you're vested and reach age 62, or when you complete 30 years of service, regardless of your age. Special Risk members must be vested and reach age 55 or have 25 years of service to participate in DROP. Once you start participating in this program, your monthly DROP benefit is placed in your DROP account where it earns interest compounded monthly at an effective annual rate of 6.5%. These benefits are increased by a 3% cost-of-living adjustment each July 1. When your DROP participation ends, you receive two retirement benefits - one from the FRS Pension Plan paid as a lifetime monthly benefit payment and one from DROP. The DROP benefit is paid as a lump sum, a rollover to another qualified plan, or a combination partial lump-sum payment and rollover. You are also eligible to roll your DROP lump sum into the FRS Investment Plan as one of your roll over options to keep your money growing in the FRS.	You're **not** eligible for DROP participation as an Investment Plan member, but Pension Plan members are eligible to roll their DROP lump sum into the Investment Plan as one of the distribution methods under the Pension Plan.

Early Retirement

Depending upon which plan you choose, your benefit may be subject to early-retirement reductions.

FRS Pension Plan	FRS Investment Plan
If you leave before reaching normal retirement (age 62 with 6 years of service or 30 years of service regardless of age, or age 55 with 6 years of service, or 25 years of service regardless of age for Special Risk class members) and elect to begin receiving your vested benefit, it will be subject to an early-retirement reduction. Your benefit will be reduced 5% for each year your age at retirement is under your normal retirement age. For example, if you're a Regular Class member and want to retire early at age 57 with 20 years of service (5 years before age 62) and start receiving your benefit, your first year benefit will be reduced 25% (5 years x 5% = 25%). In some circumstances taking an early, but reduced, retirement benefit may be better than deferring payout to normal retirement age because you draw more years of benefits, get more years of the 3% annual cost-of-living adjustment and are immediately eligible to receive the Health Insurance Subsidy payment. However, your benefits will generally be lower than if you were to stay working until normal retirement eligibility.	There are no early retirement reductions. You will have access to the full value of your vested account balance when you leave FRS employment, regardless of your age when you leave. You should consult with one of the planners at the MyFRS Financial Guidance line or a tax specialist to get an explanation of the tax implications of early retirement relevant to your personal situation (see the Taxability of Benefit section).

Eligibility to Receive a Benefit

You must meet the following criteria in order to begin receiving your retirement benefit.

FRS Pension Plan	FRS Investment Plan
• You must be vested (with 6 years of FRS creditable service). • You must have met the established age and service requirements to receive a benefit: o For normal retirement and to receive your full monthly benefit, you must be age 62 or have 30 years of service regardless of age. Special Risk class members must be age 55 or have 25 years of service. o For early retirement and to receive a reduced monthly benefit, you must have at least 6 years of service at any age. Your benefit will be reduced 5% for each year your age at retirement is under your normal retirement age (age 62 for Regular Class). For example, if you have 10 years of service and want to retire early at age 57 (5 years before age 62), your benefit will be reduced 25% (5 years x 5% = 25%).	• You must be vested (with 1 year of FRS creditable service). If you transferred benefits from the Pension Plan into the Investment Plan, these benefits will be subject to the 6-year vesting rule. • There aren't any age or service requirements for you to receive a benefit, once you've become vested. You should consult with one of the planners at the MyFRS Financial Guidance line or a tax specialist to get an explanation of the tax implications of early retirement relevant to your personal situation (see the Taxability of Benefit section). • You cannot receive a distribution of your benefits until you have been terminated from FRS-covered employment for 3 calendar months, unless you have met the normal retirement requirements of the Pension Plan. If you meet the Pension Plan normal retirement requirements, you can take a one-time distribution of up to 10% of your account value after being terminated for 1 calendar month and the remaining balance after 2 additional months, if you have not returned to FRS-covered employment.

Health Insurance Subsidy (HIS)

HIS is an additional benefit under both plans that can help you pay for a portion of the cost of your health insurance premiums after you retire. Your HIS amount is based on your length of service with FRS-covered employers.

FRS Pension Plan	FRS Investment Plan
You'll receive a HIS benefit in addition to your Pension Plan benefit, regardless of whether you take a normal or an early-retirement benefit, provided you have proper documentation certifying that you have health insurance coverage. The HIS subsidy, which is paid monthly, is $5 for each year of creditable service, with a minimum HIS of $30 and a maximum HIS of $150 per month. The payment will be made as part of your monthly retirement benefit check.	HIS is available only after you attain six years of FRS service credit and you reach normal retirement eligibility. The six years can be a combination of Pension Plan and Investment Plan service. To be eligible to receive the HIS under the Investment Plan, you must meet the normal retirement age or service requirements under the Pension Plan for your class of membership and provide proper documentation certifying that you have health insurance coverage. For example, a Regular Class member must be either age 62 and be vested or have a total of 30 years of service, and a Special Risk member must be either age 55 and be vested or have a total of 25 years of service. If you leave FRS-covered employment and take a benefit distribution prior to your normal retirement age or date, you must wait until you reach normal retirement age to begin receiving your HIS benefit. If you elect the Hybrid Option, you will receive your HIS payment once you begin receiving your Pension Plan benefit. Unlike under the 100% Investment Plan option, the HIS payment is available immediately, even if you have not reached normal retirement. The HIS subsidy, which is paid monthly, is $5 for each year of creditable service, with a minimum HIS of $30 and a maximum HIS of $150 per month.

Investment Risk

While both plans rely on investments to provide enough money to pay future benefits, the responsibility for who makes investment decisions - and assumes the risk and rewards of those decisions - is very different.

FRS Pension Plan	FRS Investment Plan
The State Board of Administration (SBA) manages the Pension Plan trust fund investments for all Pension Plan members. The SBA's fund managers make all of the investment decisions on behalf of the trust. Any investment gains or losses are borne by the trust fund, and they do not affect your accrued retirement benefit. Your benefit under the Pension Plan is fixed by a formula that considers your age, FRS membership class, service and salary - and not investment performance.	You assume the risk and rewards of your investment decisions. Investment results will affect your retirement benefit. • The SBA has selected a diversified set of investment funds that are designed to provide the highest return at low cost. You choose how your employer's contributions are allocated among these investment funds. • The value of your account is not fixed and depends on the performance of your investments. You assume any investment risk ☐ and profit from any rewards from high-performing investments. • Because the investment funds offer different levels of risk and potential return, you can choose the level of risk with which you're comfortable.

Leaves of Absence

If you take an approved leave of absence, your creditable service may be affected.

FRS Pension Plan	FRS Investment Plan
You will not receive retirement service credit for any period you are out on an approved leave of absence without pay. You may, however, elect to purchase creditable service for up to two work years of authorized leaves of absence. You can do this provided you have completed a minimum of 6 years of creditable service (excluding periods of leave of absence), and you return to active employment with an FRS employer immediately upon termination of your leave of absence and remain on your employer's payroll for at least one calendar month. Your cost for purchasing this service will be at the employer contribution rate in effect immediately prior to your leave multiplied by your monthly rate of compensation in effect immediately prior to taking your leave plus 6.5% annual interest from the effective date of the leave until full payment is made. Persons on a leave of absence during their initial Choice periods will have 5 months upon their return to employment to choose which plan they wish to join.	You will not receive retirement service credit for any period you are out on a leave of absence, unless the leave of absence is specifically covered under federal or state law, such as a military leave of absence covered under the federal Uniformed Services Employment and Reemployment Rights Act. You may not purchase creditable service under the Investment Plan. If you have additional service credit you wish to use towards your retirement, you must purchase such service under the Pension Plan before you become a member of the Investment Plan.

Normal Retirement

To receive your full retirement benefit under the FRS Pension Plan you must meet the required age or service requirements.

FRS Pension Plan	FRS Investment Plan
Normal retirement is considered to be age 62 with 6 years of service or 30 years of service, regardless of age. For Special Risk members, normal retirement is considered to be age 55 with 6 years of service or 25 years of service, regardless of age. You will receive the full value of your retirement benefit once you've reached normal retirement eligibility. If you elect to begin receiving your vested benefit prior to reaching normal retirement, it will be subject to early retirement reductions.	Provided you are vested, there are no age or service requirements that must be met for you to receive a benefit under the Investment Plan. You're entitled to receive the full value of your vested account balance when you leave FRS employment after meeting the distribution requirements of the plan, regardless of your age or years of service at that time. Keep in mind that the Pension Plan's definition of normal retirement (see explanation under "FRS Pension Plan") does apply to eligibility for the Health Insurance Subsidy (HIS). If you leave FRS employment prior to eligibility for normal retirement, you won't be eligible to receive the HIS until you reach the age requirement for normal retirement (age 62, with at least 6 years of service and age 55 with at least 6 years of service if you're a Special Risk member). You should also keep in mind the possible tax consequences of taking cash payments from your account prior to normal retirement (see Taxability of Benefit section).

Payment Options

When you become eligible to receive your retirement benefit, you can choose from several payment options available to you.

<table>
<tr><th>FRS Pension Plan</th><th>FRS Investment Plan</th></tr>
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There are <u>four</u> payment options:

Option 1 is a single life annuity option, which provides a monthly benefit to you for your lifetime. When you die, the monthly benefit will stop and your beneficiary will receive only a refund of the contributions you paid, if any, that exceed the amount you received in benefits.
Option 2 provides a reduced monthly benefit payment to you for your lifetime. If you die after 10 years of retirement, no benefits are payable to your beneficiary. However, if you die within 10 years (120 months) after you retire, your beneficiary will receive a monthly benefit payment in the same amount you were receiving for the balance of the 120-month period from when you started receiving benefits. After that time, no further benefits are payable.
Option 3 provides a reduced monthly benefit payment to you for your lifetime. Upon your death, your joint annuitant* will receive a lifetime monthly benefit payment in the same amount as you were receiving. No further benefits are payable after both you and your joint annuitant die.
Option 4 provides an adjusted monthly benefit payment to you while both you and your joint annuitant* are living. Upon the death of either you or your joint annuitant, the monthly benefit payment to the survivor is reduced to two-thirds of the monthly benefit you were receiving when you both were living.
Both Option 3 and Option 4 provide that upon the death of the member, a joint annuitant who is under age 25 will receive the amount of the Option 1 benefit until age 25, at which time the benefit terminates. A disabled joint annuitant will continue to receive the benefit for the duration of the disability.

Each of the payment options above includes a 3% annual cost-of-living adjustment payable each July 1.
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When you leave FRS employment, you can choose to keep your benefit invested in the plan until age 70 1/2 - when mandatory distributions must begin, unless you are still working - or have it distributed in one of the following ways:

Lump-sum direct rollover distribution to another qualified plan or to an IRA.
Periodic distributions as authorized by the State Board of Administration.
A fixed annuity you can purchase, which would guarantee you payments for your lifetime and, if desired, provide for a 3% annual cost-of-living adjustment. These annuities can also be structured with the Option 2, 3 or 4 features available in the Pension Plan. You can choose monthly or other payment periods.
Variable annuities that provide a guarantee that you will not outlive your money, but allow you to continue to participate in investment returns.
Deferred annuities that allow you to make an initial premium payment during retirement, but defer collecting regular guaranteed payments until later in life (e.g., age 70).
Lump-sum cash distributions payable to you (see Taxability of Benefit section)
Any combination of a partial lump-sum payment and a partial annuity or rollover.

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* Your joint annuitant is considered to be your spouse, your natural or legally adopted child who is either under age 25 or is physically or mentally disabled and incapable of self-support (regardless of age), or any person who is financially dependent upon you for one-half or more of his or her support, and is your parent, your grandparent, or a person for whom you are the legal guardian.

Portability

Depending upon which plan you choose and whether you remain with an FRS employer, your benefit may or may not grow between the time you leave the FRS and begin taking benefit payments.

<table>
<tr><th>FRS Pension Plan</th><th>FRS Investment Plan</th></tr>
<tr><td>

If you terminate employment with your FRS employer and begin working for another FRS employer, you'll continue to participate in the Pension Plan and accrue a benefit. Your combined service with all FRS employers will count in calculating your final retirement benefit.
If you're vested when you leave FRS-covered employment and go to work for a non-FRS employer, your benefit will be frozen and remain in the Pension Plan until you're eligible for early or normal retirement.

Your benefit will remain frozen and won't increase in value until you start receiving your benefit payments. However, if you begin working for an FRS employer again, your previous service credit will count toward vesting and future benefits for which you may become eligible.

If you're not vested when you leave FRS-covered employment, you won't receive any benefit from the Pension Plan. Any employer contributions made on your behalf will be forfeited, unless you return to work for an FRS employer at some time in the future and become vested.
</td><td>
If you leave employment with your FRS employer and begin working for another FRS employer, you'll continue to participate in the Investment Plan. You will continue to receive contributions to your account and receive any investment earnings on your account balance.
If you're vested when you leave FRS-covered employment and go to work for a non-FRS employer, you can:

Leave your account in the Investment Plan, where it will remain invested until you withdraw it;
Roll your account over to an Individual Retirement Account (IRA) or to the plan of your new employer, if that plan accepts rollovers*; or
Have your account paid to you. You'll have to pay taxes on this amount in the year during which it's paid to you. See the Taxability of Benefit section for more information.*

If you're not vested when you leave FRS-covered employment, you won't receive any benefit from the Investment Plan. Any employer contributions made on your behalf will be placed in a suspense account for 5 years and will accrue interest earnings. If you return to FRS-covered employment within 5 years, you will regain control of the funds in the suspense account and again begin to accrue a benefit in your Investment Plan account. If you do not return to FRS employment prior to the end of the 5-year period, your account will be forfeited.
If you transfer Pension Plan accrued benefits to the Investment Plan and you terminate employment before completing the Pension Plan 6-year vesting requirement, the amount you transferred will be placed in a suspense account for 5 years, where it will accrue interest earnings. If you do not return to FRS employment within five years, this amount will be forfeited.
*If you take any distribution from your Investment Plan account (including a rollover) you will be considered a retiree. Renewed membership in the FRS is available if you retire and are initially reemployed by an FRS employer in an FRS-covered position prior to July 1, 2010. Renewed membership in the FRS is not available if you retire and are initially reemployed on or after July 1, 2010.
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Purchase of Additional Retirement Service Credit

Depending on your plan, you may be able to "buy" additional retirement service credit for certain kinds of service you've had with employers outside the FRS.

FRS Pension Plan	FRS Investment Plan
If you wish to increase your Pension Plan benefit, you can purchase credit for the following types of service: • Past service • Certain military service (up to four years) • Approved leaves of absence without pay (up to two years) • Out-of-state public service (including federal and military service) • Non-FRS public service and non-public service in certain schools or colleges in Florida (up to five years total, including both in-state and out-of-state service) • Credit for periods of disability, in some cases The cost for the additional service depends on the kind of service credit you wish to purchase. As an example, for each year of in-state or out-of-state public service purchased, you must pay 20% of the salary you earned for the first full work year as a member of the FRS or 20% of $12,000, whichever is greater, plus interest at 6.5% compounded annually from your first year of membership in the FRS.	You cannot purchase additional service credit under the Investment Plan unless the service is mandated by federal law, such as a military leave of absence. If you elect the Investment Plan and choose to transfer the present value of your FRS Pension Plan benefit into the Investment Plan, you must purchase additional service in the Pension Plan prior to the transfer.

Reemployment After Retirement

After you retire under the FRS, you can work for any private employer, for any public employer not participating in the FRS, or for any employer in another state, without affecting your FRS benefits. The provisions of the reemployment law vary, depending on whether your date of retirement or DROP termination is before or after July 1, 2010.

Applicable Publications/Quick Clips:

Reemployment Tables

MyFRS Termination Kit (Investment Plan)

Working After Retirement (Investment Plan)

Working After Retirement (Pension Plan)

After You Retire (Pension Plan)

Reemployment After Retirement Quick Clip (Pension Plan)

If you are reemployed in any capacity (FRS-covered or non-covered) in your first year (12 months) of retirement by an employer participating in the FRS, the following limitations and exceptions apply:

<table>
<tr><th>FRS Pension Plan</th><th>FRS Investment Plan</th></tr>
<tr><td>

You are considered retired when you completed your retirement application and terminated employment with all FRS participating employers. If you participate in DROP, your retirement is completed when your terminate employment.

Effective Date of Retirement or DROP Termination Prior to July 1, 2010

- You must terminate employment (be off payroll with all FRS employers for 1 calendar month) to retire from the Pension Plan. If you return to work for an FRS participating employer during the first calendar month of your retirement, you will void your retirement and your FRS membership will be reestablished. All retirement benefits must be repaid and you must reapply for retirement, establishing a later effective date of retirement.
- If you are employed by an FRS-participating employer during the first month after your DROP termination date, both your retirement and DROP participation will be voided. All benefits received, including the DROP accumulation, must be repaid.
- During the 2nd through 12th month after your effective date of retirement or DROP termination, you cannot receive retirement benefits while earning salary from any participating FRS employer, except under limited circumstances as described below.
- If you work for a participating employer during the 2nd through 12th months after your effective retirement date, you must inform the Division of Retirement. Except as noted below, for any months you work during this limitation period, you will forfeit the right to receive benefits (the Division of Retirement will suspend your benefits and you must repay any such benefits inappropriately received for any month in which you are employed). After the first 12 months of retirement, there are no further reemployment limitations.
- If you are in DROP, you will be subject to reemployment limitations described above beginning the month after your DROP termination date.

If you have questions about termination or reemployment after retirement call the Division of Retirement toll free at 888-738-2252 or at 850-488-6491, or email the Division of Retirement at Calculations@dms.MyFlorida.com.

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You are considered retired once you terminate FRS-covered employment and request a distribution (including a rollover) from your FRS Investment Plan account. A distribution may not be issued until you have been terminated for 3 calendar months (except that if you have met the normal retirement requirements of the Pension Plan you may receive a one-time distribution of up to 10% of your account balance after 1 calendar month). So, if you are reemployed with an FRS employer prior to receiving a distribution of your benefits, you will not be considered to have terminated.

You may not be reemployed with an FRS-participating employer for the first 12 calendar months after a distribution without suspending your retirement benefits, except under limited circumstances as described below. Suspension of benefits, in this case, refers to your inability to take additional distributions from your Investment Plan account balance until certain requirements have been met. If you are reemployed by an FRS participating employer within the 6 calendar month period after retirement, your retirement will be voided. You and your employer will be required to repay any benefits you received; your FRS membership will then be reinstated. An alternative to repaying these benefits is to terminate employment for an additional period to satisfy the 6 month termination requirement.

The provisions of the reemployment vary, depending on whether you retired before or after July 1, 2010 as follows:

Retirement Prior to July 1, 2010

Returning to Work in an Excepted Position
You may return to work during the first 7-12 calendar months of retirement in certain excepted positions as described below without impacting the receipt of additional Investment Plan distributions. You may return to this limited employment after being off all FRS-covered payrolls for at least 6 calendar months following the month in which the distribution was taken.

Returning to Work in a Non-Excepted Position
You may return to work during the first 7-12 calendar months of retirement in a non-excepted position as described below; however, no additional Investment Plan distributions are permitted until either you terminate employment or complete 12 calendar months of retirement. You may return to this limited employment after being off all FRS-covered payrolls for at least 6 calendar months following the month in which the distribution was taken.

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Exceptions to the Reemployment Law

After being retired for 1 calendar month, you may be reemployed in certain positions during the 2nd through 12th months after retirement or after DROP termination. The excepted positions are:

- A Pension Plan retiree who is elected or appointed to an elective office **is exempt** from reemployment limitations.
- A Pension Plan retiree who is a retired justice or judge on temporary assignment to active judicial service pursuant to Article V of the State Constitution **is exempt** from the reemployment limitations.
- Florida District Schools Boards
  A Pension Plan retiree may be reemployed as a classroom teacher on an annual contractual basis. Additionally, a Pension Plan retiree may be reemployed as a substitute or hourly teacher, education paraprofessional, transportation assistant, bus driver, or food service worker on a noncontractual basis.
- Florida School for the Deaf and the Blind
  A Pension Plan retiree may be reemployed as a substitute teacher, substitute residential instructor, or substitute nurse on a noncontractual basis.
- Charter Schools
  A Pension Plan retiree may be reemployed as a classroom teacher on an annual contractual basis, or as a substitute or hourly teacher on a noncontractual basis.
- Developmental Research Schools
  A Pension Plan retiree may be reemployed on an annual contractual basis as a classroom teacher or as a substitute or hourly teacher or education paraprofessional on a noncontractual basis.
- Community Colleges
  A Pension Plan retiree may be reemployed as an adjunct instructor or phased retirement program participant for up to 780 hours. Retirement benefits must be suspended for the balance of the 12 month limitation period beginning the month employment meets or exceeds 780 hours.
- Universities
  Pension Plan retirees may be reemployed as adjunct faculty or phased retirement program participants with the State University System for up to 780 hours. Retirement benefits must be suspended for the balance of the 12 month limitation period beginning the month employment meets or exceeds 780 hours.

Any reemployed retiree whose position is not eligible for an exception listed above or who exceeds his or her 780-hour limitation should notify the Division of Retirement by telephone at 850-488-6491 or toll free at 888-738-2252, or by email at Calculations@dms.MyFlorida.com.

After 1 Year
Once 1 year has passed since retirement or DROP termination, you can receive monthly Pension Plan benefits even if you are reemployed by an FRS employer.

Renewed Membership
Renewed membership in the FRS is available for covered employment if you are initially reemployed by an FRS employer prior to July 1, 2010.

Effective Date of Retirement or DROP Termination On or After July 1, 2010

The termination requirement is 6 calendar months following the

After 1 Year
Once 1 year has passed since retirement, you can receive

further Investment Plan distributions even if you are reemployed by an FRS employer.

Renewed Membership
Renewed membership in the FRS is available if you retire and are initially reemployed by an FRS employer in an FRS-covered position prior to July 1, 2010.

Exceptions to the Reemployment Law (apply only if retired prior to July 1, 2010)

If you retire from the Investment Plan prior to July 1, 2010 and become reemployed in any of the following positions during the first 7-12 calendar months of your retirement, you may be exempt from the reemployment limitations, or you may be otherwise eligible for a limited exception, as follows:

- A retiree who is elected or appointed to an elective office **is exempt** from reemployment limitations.
- A retired justice or judge on temporary assignment to active judicial service pursuant to Article V of the State Constitution **is exempt** from the reemployment limitations.
- Florida District Schools Boards
  After meeting the above termination requirements, Investment Plan retirees may be reemployed as classroom teachers on an annual contractual basis. Additionally, noncontractual employment is allowed without further limitation for Investment Plan retirees who are hired as substitute or hourly teachers, education paraprofessionals, transportation assistants, bus drivers, or food service workers.
- Florida School for the Deaf and the Blind
  After meeting the above termination requirements, Investment Plan retirees may be reemployed as substitute teachers, substitute residential instructors, or substitute nurses on a noncontractual basis.
- Charter Schools
  After meeting the above termination requirements, Investment Plan retirees may be reemployed as classroom teachers on an annual contractual basis, or as substitute or hourly teachers on a noncontractual basis.
- Developmental Research Schools
  After meeting the above termination requirements, Investment Plan retirees may be reemployed on an annual contractual basis as classroom teachers, or as substitute or hourly teachers or education paraprofessionals on a noncontractual basis.
- Community Colleges
  After meeting the above termination requirements, Investment Plan retirees may be reemployed as adjunct instructors or phased retirement program participants for up to 780 hours during the 7 - 12 calendar months of retirement.
- Universities
  After meeting the above termination requirements, Investment Plan retirees may be reemployed as adjunct faculty or phased retirement program participants with the State University System for up to 780 hours during the 7 - 12 calendar months of retirement.

Positions not listed above are considered non-excepted positions.

Any affected reemployed retiree who is not eligible for an exception or who exceeds his or her 780-hour limitation should notify the Investment Plan Administrator at 1-866-446-9377,

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effective date of retirement or DROP termination. If you are reemployed by an FRS participating employer within this 6 calendar month period after retirement or DROP termination, your retirement will be voided. You will be required to repay any benefits you received; your FRS membership will then be reinstated. You may not return to employment with an FRS-covered employer until you have been retired for 6 calendar months.
If you've been retired for 6 calendar months, and you return to employment with an FRS-covered employer during the next 6 months after retirement, you must suspend further Pension Plan benefits for every month you are employed during this period. You and your employer will be required to repay any benefits you received when benefits should have been suspended. There are no reemployment exceptions.
<u>After 1 Year</u>
Once 1 year has passed since retirement, you can receive monthly Pension Plan benefits while being reemployed by an FRS employer.
<u>Renewed Membership</u>
Renewed membership in the FRS is not available for retirees who are initially reemployed on or after July 1, 2010.
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Option 4.
Retirement On or After July 1, 2010
You may not return to employment with an FRS-covered employer until you have been retired for 6 calendar months (i.e., 6 calendar months following the month in which a distribution was taken). If you've been retired for 6 calendar months, and you return to employment with an FRS-covered employer during the 7 - 12 calendar months after retirement, no additional Investment Plan distributions are permitted until you either terminate employment or complete a total of 12 calendar months of retirement. There are no reemployment exceptions in this instance.
<u>After 1 Year</u>
Once 1 year has passed since retirement, you can receive further Investment Plan distributions, even if you are reemployed by an FRS employer.
<u>Renewed Membership</u>
Renewed membership in the FRS is not available for individuals who are initially reemployed on or after July 1, 2010.
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Survivor Benefits

If you die, survivor benefits allow your spouse and/or other designated beneficiaries to receive all or part of your vested retirement benefit. The FRS actuary, reports that about 6% of all FRS members (and 10% of Special Risk Class) will separate from employment due to death.

FRS Pension Plan

Before You Retire

- If you are actively employed and die in the line of duty, your spouse (if you're married) will receive a monthly benefit equal to one-half of your last monthly salary, payable for his or her lifetime. Your spouse will receive this benefit, regardless of your length of service, even if you named someone else as your beneficiary. If your spouse subsequently dies, the benefit will continue to your children until the youngest child reaches age 18 or is married, if earlier. If you have no spouse and die in the line of duty, your benefit will be paid to any dependent children until the youngest child reaches age 18. Less than 1% of FRS annuitants currently receive these death benefits.
- If you are actively employed and die outside the line of duty, but before you retire, your named beneficiary who does not qualify as a joint annuitant may receive a refund of only your personal contributions, if any (no monthly benefit would be payable). If your beneficiary qualifies as a joint annuitant, he or she may choose one of the following:
    - A refund of your personal contributions, if any.
    - A lifetime monthly benefit calculated as if you had retired on your date of death and chosen Payment Option 3 (see the Payment Options section). This benefit would be reduced for early retirement if you died before reaching your normal retirement age. If your joint annuitant (who is not your spouse) is under age 25 or is disabled and incapable of self-support, your benefit will be paid under Payment Option 1. Your beneficiary will receive this benefit until he or she reaches age 25, or until no longer disabled.
    - A deferred Payment Option 3 benefit. If deferred, the benefit will be calculated using the ages you and your joint annuitant would have attained when the benefit starts. A deferred benefit is greater than an immediate early-retirement benefit because there is less reduction for early retirement.
    - About 4% of FRS annuitants currently receive these death benefits.
- If you die less than one year from becoming vested, your joint annuitant may be eligible to purchase enough service credit to vest you and receive monthly benefits. This service credit is based on your accumulated leave balances and/or any in-state or out-of-state service you were eligible to purchase.

After You Retire

- If you elected Payment Option 1, your benefit will

FRS Investment Plan

Before You've Elected Distribution

- If you die at any time after becoming vested but before you've retired and elected payment, your beneficiary is entitled to receive the full value of your vested Investment Plan account balance. If your spouse is your beneficiary, your spouse may defer receipt or receive your account balance under any of the options available to you as a member of the Investment Plan (See Payment Options for more information). If your beneficiary is not your spouse, your beneficiary must decide within one year how to take a distribution from your account. The account must be paid out within 5 years, unless your beneficiary takes a distribution over their lifetime (annuity). There are no separate death benefits if you die in the line of duty as provided in the Pension Plan.

After You've Elected Distribution

- If you elected an annuity with a joint and survivor option, then your joint annuitant will continue to receive the specified portion of your benefit for the remainder of his or her lifetime.
- If you elected a lump-sum payment, no additional survivor payments are available.
- If you elected to take partial distributions from your account, your beneficiary will be entitled to receive the remaining account balance.

end as of the date of your death and no further payments will be made.

- If you elected Payment Option 2 and die after 10 years of retirement, no benefits are payable to your beneficiary. If you die within 10 years (120 months) after you retire, your beneficiary will receive the same monthly benefit payment you were receiving for the balance of the 120-month period, at which point benefits will end.
- If you elected Payment Option 3, your joint annuitant who is your spouse or any person who is age 25 or older and disabled and incapable of self-support will receive a lifetime monthly benefit payment in the same amount as you were receiving for the remainder of his/her lifetime. If your joint annuitant (excluding your spouse) is under age 25, he or she will receive your Option 1 benefit amount until he or she reaches age 25, unless disabled and incapable of self-support. In instances of disability, regardless of age, he or she will receive your Option 1 benefit amount until he or she is no longer disabled.
- If you elected Payment Option 4, upon the death of either you or your joint annuitant, the monthly benefit payment to the survivor is reduced to two-thirds of the monthly benefit amount you were receiving while both of you were living. If your joint annuitant is under age 25 or is disabled, refer to "If you elected Payment Option 3" above.

Taxability of Benefit

FRS Pension Plan	FRS Investment Plan
The amount of federal income tax you owe will be determined by the tax laws in effect in the year in which you receive benefit payment. The amount of the tax will depend on a number of factors, including your filing status, the number of deductions and exemptions you claim, and other income sources you might have. Because your Pension Plan payment can only be taken in the form of a lifetime annuity, it is not subject to the early withdrawal penalty of 10%, regardless of the age when you begin receiving payment.	• If you choose a lump-sum payment and have it paid directly to you it is taxable in the year it is distributed to you, unless you roll it over to a new plan or IRA within 60 days. If paid to you, the plan administrator must withhold income tax of 20% from the distribution as a credit toward your federal income tax liability. If you decide to roll over your distribution after taking a lump-sum payment, you must roll over an amount equal to your distribution before withholding. Your rollover contribution to the new plan or IRA must include other money (for example, from your personal savings) to replace the amount that was withheld. (You may avoid the 20% withholding by requesting a direct rollover or direct transfer to the new plan trustee). Generally, if you take a distribution from the plan before age 59 1/2, it is subject to an early withdrawal penalty of 10% (in addition to regular income taxes), unless you qualify for an exception. For example, the 10% penalty tax doesn't apply to plan distributions received if you terminate employment during or after the year in which you turn age 55. • If you choose to directly roll over your lump-sum payment, you will not pay any tax until the date you elect to have your benefit distributed to you. Mandatory distributions generally must begin by April 1 of the year after you attain age 70 1/2 if you have not yet initiated payment and these payments are taxable as ordinary income. • If you choose to have periodic distributions made, the amount of federal income tax you owe will be determined by the tax laws in effect in the year in which you receive payment. While annuity payments taken over your lifetime are not subject to the 10% early withdrawal penalty, lump-sum withdrawals taken before you reach age 55 are subject to this penalty. Mandatory distributions generally must begin by April 1 of the year after you attain age 70 1/2 if you have not yet initiated payment and these payments are taxable as ordinary income.

Type of Plan

Both plans are qualified plans under section 401(a) of the Internal Revenue Code.

FRS Pension Plan	FRS Investment Plan
The FRS Pension Plan is a defined benefit plan. That means that your retirement benefit is set by a fixed formula. No matter how well or poorly the trust fund investments perform, you are guaranteed to receive your accrued benefit for your lifetime.	The FRS Investment Plan is a defined contribution plan. That means that the contribution amount is fixed by a set percentage determined by law and the contribution is made to an individual account in each participant's name. With a defined contribution plan, in which the monthly contribution rate is fixed, the final benefit will be the total account value (contributions plus investment earnings less expenses and losses) distributed during retirement.

Vesting

Vesting refers to the amount of time you're required to work for FRS employers before you "own" your benefit. If you're not vested in your plan benefit when you leave FRS employment, you could lose your benefit.

FRS Pension Plan	FRS Investment Plan
You need to have 6 years of service with an FRS employer to be vested in your Pension Plan benefit. Vesting is based on total service in both the Pension Plan and the Investment Plan. Service is the total of all whole and partial years you worked with an FRS employer in a covered position. It also includes any additional service that you may have purchased. (Some purchased service, such as out-of-state service, does not count toward the number of years you need to be vested.) Any benefit amount you transfer from the Pension Plan to the Investment Plan will still be subject to the Pension Plan's 6-year vesting requirement rather than the Investment Plan's 1-year vesting requirement. If you leave FRS employment before you're vested in your Pension Plan benefit, you won't be entitled to any benefit. If you're rehired by an FRS employer at any time in the future, the service credit you previously earned will be combined with any future service credit and applied toward vesting.	You need to have 1 year of service with an FRS employer to be vested in your Investment Plan benefit. Vesting is based on total service in both the Pension Plan and the Investment Plan. Service is the total of all whole and partial years you worked with an FRS employer in a covered position. Any benefit amount you transfer from the Pension Plan to the Investment Plan will still be subject to the Pension Plan's 6-year vesting requirement rather than the Investment Plan's 1-year vesting requirement. If you leave FRS employment before you're vested in your Investment Plan benefit, you won't be entitled to any benefit. Your account balance will be placed in a suspense account, where it will accrue actual investment earnings. If you return to work for an FRS employer within 5 years of your termination date, your account balance plus any earnings will be returned to you and combined with any future service credit and applied toward vesting of your account. If you never return to work for an FRS employer or if you return to work for an FRS employer 5 years after your termination date, you will forfeit your unvested account balance. If you leave FRS employment after vesting in your Investment Plan benefit, but before your transferred Pension Plan benefit has vested, you may only receive your vested Investment Plan benefit. However, if you take any distribution from your Investment Plan benefit, the Pension Plan benefit you transferred into the Investment Plan will be forfeited. If you do not take a distribution of your Investment Plan benefit, the Pension Plan benefit you transferred into the Investment Plan will be placed in a suspense account, where it will accrue actual investment earnings. If you return to work for an FRS employer within 5 years of your termination date, your prior service will be combined with any future service credit and applied toward vesting of your transferred Pension Plan benefit. If you never return to work for an FRS employer or if you return to work for an FRS employer 5 years after your termination date, you will forfeit your unvested transferred Pension Plan benefit.