You have an important decision to make—one that could affect your financial future. Read this before deciding!

Now that your employment under the Florida Retirement System (FRS) has ended or is about to end, it’s time to think about how you want to handle the money in your FRS Investment Plan account. This brochure provides information about the distribution options available to you.

Even though you will no longer be working for an FRS employer, you have the option of leaving your money in the plan where it can continue to grow and potentially save you from paying costly penalties and taxes.* Rest assured that the vested money in your account is yours to keep.

You’ll find a description of the options available to FRS Investment Plan members on the reverse side of this brochure.

How Will a Distribution Affect Your Retirement Savings?

As you contemplate your account distribution options, consider the following:

• Have you thought about how much money you will need in order to live comfortably in retirement?

• Have you set a retirement goal and created a plan to achieve it?

• If you take a lump-sum distribution and use all or part of it before retirement, what will you live on during retirement?

• How will any taxes and potential tax penalties affect the value of your account?

Free Financial Guidance Resources

You may never have a better opportunity to accumulate a retirement nest egg than you did while working for an FRS employer. So, be sure to carefully consider all your options while your account value is intact. Contact an Ernst & Young financial planner today for free, unbiased financial guidance.

MyFRS FINANCIAL GUIDANCE LINE

The MyFRS Financial Guidance Line is comprised of unbiased financial planners from Ernst & Young who can offer you knowledgeable, personalized assistance. They do not sell any investment or insurance products.

ADVISOR SERVICE

The online ADVISOR SERVICE that is available through MyFRS.com can help you bring your personal situation into focus and clarify what, if any, changes you may need to make. Use this service to calculate whether you’re on track to reach your retirement goals. (This service is not available after you retire or terminate employment.)

2nd ELECTION CHOICE SERVICE

If you haven’t used your one-time 2nd Election, it may be to your benefit to switch plans prior to retiring. Use the 2nd Election CHOICE SERVICE on MyFRS.com to see how your benefits compare under both retirement plans, and learn about the buy-in options available under both plans. (This service is not available after you retire or terminate employment.)

General Information

• If you are an Investment Plan member, you must be vested in the Investment Plan (have 1 year of FRS service) in order to receive a distribution. Any benefit you transfer from the Pension Plan to the Investment Plan vests after 6 years of FRS service.

• You can roll eligible retirement funds from other qualified plans (e.g., 401(k)s, 403(b)s, IRAs, etc.) into your FRS Investment Plan account, even if you are no longer an FRS employee.

• There is a waiting period of 3 calendar months from the time your FRS employment has ended before you can receive a distribution.

• You may be eligible to withdraw up to 10% of your Investment Plan account balance one calendar month following your month of termination, providing you meet the normal retirement requirements for the FRS Pension Plan.

• There is a $6 per quarter account maintenance fee for inactive Investment Plan members.

Call the MyFRS Financial Guidance Line for help in making your decision.

Call the MyFRS Financial Guidance Line 1-866-446-9377 (TTY 1-888-429-2160) • • • Visit MyFRS.com

* If you keep your money in the Investment Plan, a quarterly account maintenance fee of $6 will be deducted from your account, along with any investment management fees that apply to the funds in your account.

This publication is a summary of the Investment Plan distribution options available to FRS employees written in non-technical terms. It is not intended to include every program detail. Complete details can be found in Chapter 121, Florida Statutes, and the rules of the State Board of Administration of Florida in Title 19, Florida Administrative Code. In case of a conflict between the information in this publication and the statutes and rules, the provisions of the statutes and rules will control.
This chart describes your distribution options. Please read it carefully and then use the MyFRS financial guidance resources for free, unbiased assistance.

<table>
<thead>
<tr>
<th>Distribution Options</th>
<th>DETAILS</th>
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<tbody>
<tr>
<td><strong>Leave Your Money in the Plan</strong></td>
<td>You may keep your money in the Plan as long as you have an account balance of more than $1,000.*</td>
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<td>• Although you will no longer receive employer contributions, your Investment Plan account may continue to grow as a result of investment earnings.</td>
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<td>• Your account will be subject to a quarterly $6 account maintenance fee, plus any investment management fees that apply to the funds in your account.</td>
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<td>• You will continue to have:</td>
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<td>• Free access to the unbiased financial planners at the MyFRS Financial Guidance Line for help in managing your account.</td>
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<td>• All the distribution options listed below.</td>
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<td>* If your account balance is $1,000 or less, you will receive a mandatory distribution subject to applicable taxes and penalties.</td>
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The following options enable you to receive income regularly in retirement:

- **Fixed Annuity**
  - An annuity that provides a guaranteed set monthly payment.
  - Your monthly benefit will always stay the same.
  - You can choose to receive the annuity payments for a specified period or for the rest of your life.
  - Payments are not subject to market fluctuations.

- **Variable Annuity**
  - An annuity whose monthly payments will vary according to the performance of the investment options you choose.
  - You choose the investment options.
  - You will receive a monthly annuity payment.
  - The long-term return rate may be higher or lower than it is for a fixed annuity, depending on investment performance.
  - You can choose to receive the annuity payments for a specified period or for the rest of your life.

- **Deferred Annuity**
  - An annuity that delays income payments until you choose to receive them.
  - You can make an initial premium deposit after you retire, but request that payments to you begin at a later point in your life.
  - You can choose to receive the annuity payments for a specified period or for the rest of your life.

- **Joint and Survivor Annuity**
  - An annuity that provides a continuing benefit payment to your spouse or other beneficiary after you die.
  - The survivor benefit usually ranges from 50% to 100% of the original benefit.
  - You choose the percentage of the continuing benefit.

- **Systematic or Periodic Withdrawals**
  - A flexible payment schedule that lets you decide how much money to withdraw and how often.
  - You can receive the money you need for your living expenses while the balance remains invested.
  - You can change the payment amount at any time.
  - You can set up a monthly, quarterly, semi-annual or annual payments.

If you would prefer to move your money to another qualified retirement plan, consider this:

- **Roll Your Money Into a Qualified Retirement Plan**
  - As long as your account balance is vested, you can roll the account balance into an Individual Retirement Account (IRA), 401(k), 403(b), 457, or other qualified retirement plan.
  - By keeping your money invested, you defer taxes and penalties. However, another plan administrator may:
    - Charge higher investment management and administrative fees.
    - Charge withdrawal or termination penalties.
    - Offer fewer payout options than you have through the FRS Investment Plan.
    - Pressure you to buy other products or services.

Consider this: Taking a lump-sum payment defeats the intended purpose of this money, which is to provide you with a retirement nest egg.

- **Lump-Sum Payment**
  - You can choose to take a full or partial lump-sum distribution of your account balance and have it paid directly to you.
  - It’s important to understand the tax implications of taking a distribution. Call the MyFRS Financial Guidance Line to speak with an unbiased financial planner at no cost or contact another tax advisor of your choosing at your expense.
  - When you receive a lump sum cash payment, you could lose 30% of your account value because you’ll be taxed on the full distribution.
    - A mandatory 20% will automatically be withheld, as required by federal regulations. (You could owe more in taxes if you are in a higher tax bracket.)
    - If you’re under age 59½ when you receive the distribution, you may owe an additional 10% federal tax penalty on the taxable portion of your distribution.
    - You will lose the income you may have earned if you kept your money invested.

- **Combination**
  - You can choose any combination of distribution options allowed under the Investment Plan: annuities, systematic and periodic withdrawals, rollovers, and lump-sum distribution.