

Are You Terminating Employment?

# THINK TWICE Before Rolling Out of the Investment Plan



Florida Retirement System

You may have decided to stop working for a Florida Retirement System (FRS) employer, but that doesn't mean the FRS has to stop working for *you*. You can leave your funds in the Investment Plan – even after you terminate employment – and keep all the benefits available to you as an FRS member.

## Low Fees

The Investment Plan's investment management fees are some of the lowest available anywhere. (See next page.) Other financial products might not only charge *higher* fees, but might also charge *additional* fees. Fees come straight out of your investment income and can diminish your retirement savings. Be sure to review all fees before choosing where to put your retirement savings.

## No "Early Withdrawal" Penalty

If you retire during or after the year you reach age 55 (or age 50 or 25 years of service, whichever comes first, if you retire as a qualified public safety employee), you will not be subject to a 10% excise tax on any withdrawals from the Investment Plan. However, if you roll over your Investment Plan account into an IRA, the 10% tax exception will not transfer to a subsequent distribution from that IRA. You will be subject to the 10% tax on any withdrawals from that IRA unless you wait until you are at least age 59½ or unless another exception applies. If you roll over your Investment Plan account into another 401(a), 403(b), or governmental 457(b) that accepts it, the 10% tax exception may apply if you separate from service with the employer maintaining that plan during or after the year you reach age 55.

## Fund Performance

Historically, the Investment Plan's investment options have performed reasonably well compared with similar types of mutual funds. See the next page for a comparison.

## Avoid Reemployment Restrictions

If you receive any distribution from your Investment Plan account, **including a rollover**, you will be considered a retiree. As a retiree, you cannot be reemployed with any FRS-participating employer in any capacity<sup>1</sup> for 6 **calendar** months from the month you take the distribution.<sup>2</sup> If you return to FRS-covered employment after taking a distribution (effective for reemployed service on or after July 1, 2017), you are considered a "reemployed retiree" or "renewed member." As an Investment Plan renewed member, you are required to participate in the Investment Plan.<sup>3</sup> Renewed members are not eligible to participate in the Pension Plan or DROP, receive disability benefits, or use the 2<sup>nd</sup> Election to switch to the Pension Plan.

<sup>1</sup> Includes paid or unpaid employment, including OPS, adjunct, election poll work, temporary employment, or working through a third party that provides service to an FRS-participating employer, etc.

<sup>2</sup> Retirees may provide volunteer services with an FRS employer without violating the termination requirements (must comply with Section 121.091(15), Florida Statutes).

<sup>3</sup> Unless you are reemployed in a position eligible to participate in the State University System Optional Retirement Program or State Community College System Optional Retirement Program. See s. 121.122, F.S.

## Unbiased Financial Planning – Get Help Before You Decide!

As long as you keep your balance in the Investment Plan, you have access to free, unbiased financial planning services from professional EY financial planners. These financial planners work for you, not for a commission, so they have only your interests in mind. They can help you with any retirement or financial issue, including what to do about your Investment Plan account after your employment ends.

**MyFRS Financial  
Guidance Line**  
1-866-446-9377 (toll-free)  
Option 2 (TRS 711)

[MyFRS.com](http://MyFRS.com)

## The State Cannot Take Your Vested Funds

Once you are vested in your Investment Plan account, you own these funds. The State of Florida cannot take these funds from you, even after your employment ends. The only exception is if you commit a crime that requires forfeiture of benefits as specified under the Florida Statutes. In any other case, confiscating your vested Investment Plan funds would violate both state and federal laws.

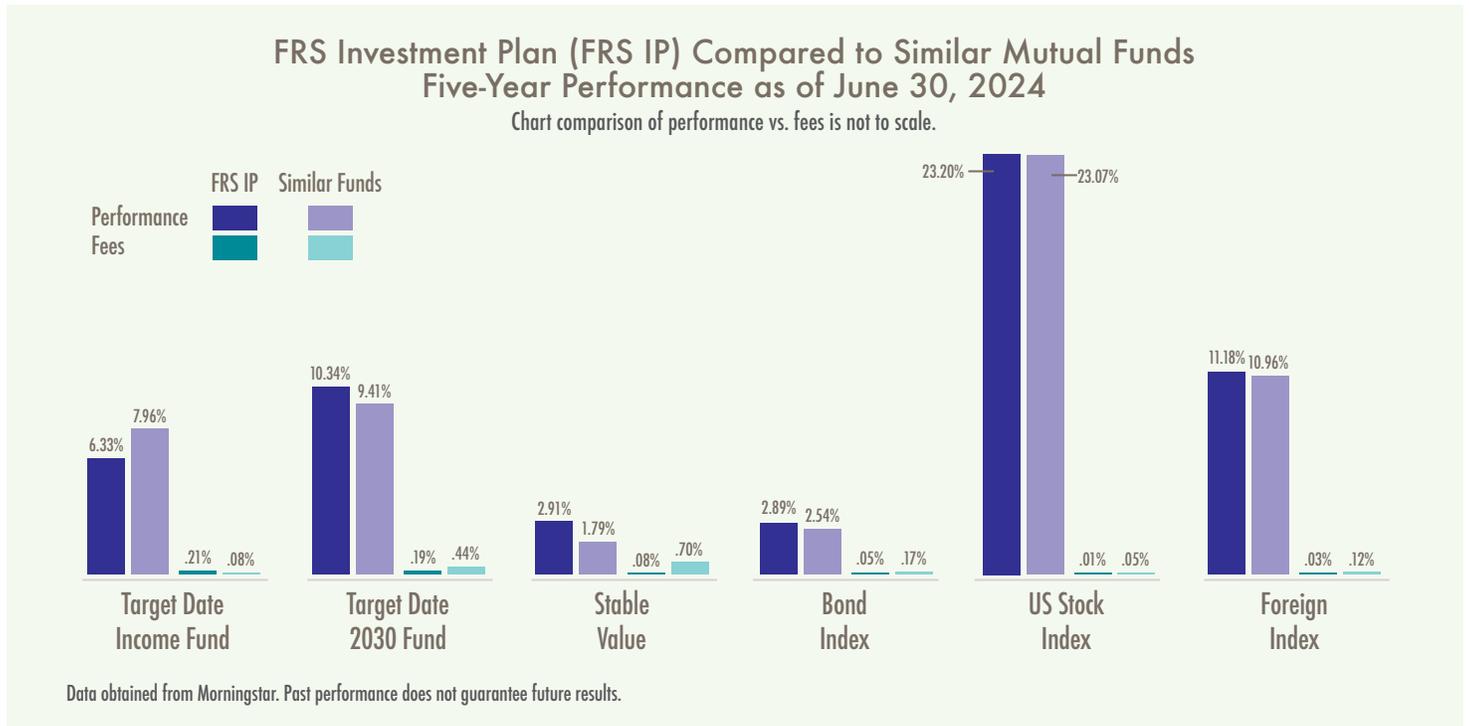
# Comparing Your Options

## Investment Management Fees

As an inactive Investment Plan member, you will pay annual investment management fees ranging from 0.01% to 0.47%. If you are inactive and no longer receiving employer and employee contributions, you also may be subject to a \$24 annual administrative fee (\$6 deducted from your balance quarterly). Why should you care what fees are charged? Because it's *your* money – not your employer's or anyone else's – that pays these expenses. The fees and expenses come straight out of your investment income. As you will see in the chart below, the Investment Plan has some of the lowest fees available.

## Performance

Over the five-year period ending June 30, 2024, the Investment Plan's investment options have performed reasonably well compared with similar types of mutual funds. See the chart below.



## Investment Plan Advantages

- ✓ **Low fees.** The Investment Plan's investment management fees are some of the lowest available.
- ✓ **Solid performance.** The Investment Plan's investment options have performed reasonably well compared with similar types of mutual funds.
- ✓ **Unbiased financial planning.** As an FRS member, you have access to unbiased EY financial planners.
- ✓ **Protection from creditors.** Your Investment Plan account is not subject to assignment, execution, attachment, or any legal process.<sup>1</sup>
- ✓ **Distribution options.** The Investment Plan lets you receive your distribution as periodic payments, a lump-sum payment, a rollover, fixed guaranteed lifetime payments, or any combination of these.
- ✓ **Rollovers.** The Investment Plan lets you roll your outside qualified retirement savings accounts into the Investment Plan. That allows you to keep your money in one place while continuing to enjoy all the advantages and services the FRS offers.

<sup>1</sup> Exceptions exist for Qualified Domestic Relations Orders (QDROs), income deduction orders as provided in Section 61.1301, Florida Statutes, and federal income tax levies.