

Monitoring IRS Contribution Limits for Investment Plan Members

Alight Solutions, the Investment Plan Administrator, will send an email notification in July to Retirement Coordinators and/or Payroll Officers who have Investment Plan members who either:

- Have reached the Internal Revenue Code (IRC), Section 415 contribution limits; or
- Do not have the required information to monitor contribution limits.

IRC Section 415 limits employer and employee contributions to the Investment Plan. The FRS performs testing on a semiannual basis to ensure compliance with these limits. This monitoring is an important part of maintaining the FRS status as a governmental IRC tax-qualified plan.

A sample of the Section 415 email notification is provided to the right. For additional information, refer to the Frequently Asked Questions on pages 2 and 3.



Sample Section 415 Email Notification

Dear Florida Retirement System (FRS) Retirement Coordinator/Agency Payroll Officer:

Employer and employee contributions to the Investment Plan are limited by the Internal Revenue Code (IRC), Section 415. This information is monitored by the Investment Plan Administrator for your employees enrolled in the Investment Plan based on the information submitted to the Division of Retirement on your agency's monthly retirement reports. This testing is performed on a semiannual basis to ensure compliance with the IRS limits. This monitoring is an important part of maintaining the FRS status as a governmental IRC tax-qualified plan. To properly monitor the contribution limits for Investment Plan members, accurate information must be received.

A review has been performed of your employees enrolled in the Investment Plan and we have determined that there are employees who have missing, inaccurate, or insufficient information for the 415 Eligible Compensation that is needed to test the 415 federal limits. We are not able to test for exceeding the federal limits. For calendar year 2024 IRC limits, the total contributions to a defined contribution plan(s) is the lesser of \$69,000 or \$76,500 if the member is over age 50, or 100% eligible 415 compensation. You have 141 impacted members. The following is a sample of members that are impacted. To receive the full and more detailed list of the impacted members, please contact the Investment Plan Administrator by calling the toll-free MyFRS Employer Assistance Line at 1-866-377-2121, Option 3.

The below members were reported with missing or insufficient data:

415 Limit - Compensation Missing	415 Limit - Exceeded	Insufficient Data	Birth Year	Full Name
YES	N/A	YES	1961	DOE, JANE
YES	N/A	YES	1985	DOE, JOHN
YES	N/A	YES	1998	SMITH, JANE
YES	N/A	YES	1959	SMITH, JOHN
YES	N/A	YES	1989	DOE, JANE
YES	N/A	YES	1997	SMITH, JOHN
YES	N/A	YES	1969	DOE, JOHN
YES	N/A	YES	1974	SMITH, JANE
YES	N/A	YES	1992	DOE, JANE



Frequently Asked Questions About IRC Section 415

Why did I receive the email notification?

It was determined that there are Investment Plan members employed with your agency who have either met the 415 contribution limits and/or whose information is not being reported correctly to the Division of Retirement.

Where on the monthly retirement report should this information be reported?

In the 415 Eligible Compensation field, which immediately follows the Annualized Salary Amount field on the monthly retirement report.

What information should be included in this field?

You should include the total year-to-date 415 eligible compensation the member has received up to the date the retirement report is submitted. This is the total compensation an employee received, not the total employer and employee contributions. This amount will increase each month and is based on calendar year contributions, **not fiscal year**, and will reset in January with the new calendar year. This information should be included for all Investment Plan members, and not just for those listed on the notification email. For example, when you report 415 eligible compensation for a member who has earned \$25,000 in eligible compensation through June 2024, the \$25,000 should be reported on the June 2024 monthly retirement report in the Year-to-Date 415 Eligible Compensation field.

How do I know if I am reporting 415 information on our monthly retirement report?

Review the monthly report you submit to the Division of Retirement to see if 415 information is included in the 415 Eligible Compensation field. Also make sure the retirement plan codes are updated for members and reported correctly to the Division in a timely fashion.

Continues on next page.

For More Information

For additional information, review these pages in the Division of Retirement's [FRS Pension Plan Employer Handbook](#):

- [Chapter 3](#), pages 3-15 through 3-18
- [Chapter 4](#), pages 4-5 through 4-6

If you have questions about the 415 Eligible Compensation or 415 Contribution Limits, contact the Investment Plan Administrator:

FRS Employer Assistance Line
1-866-377-2121, Option 3



Frequently Asked Questions About IRC Section 415 – continued

What other information is needed to perform 415 testing?

No additional information is needed if you are reporting employees correctly on your monthly retirement report, which includes the resubmittal of Loss of Service Errors (LOSE). It is important that your employees are reported with correct salary information and retirement plan codes. If an Investment Plan member is incorrectly reported with a Pension Plan retirement plan code, that member's 415 eligible compensation information will not be sent to Alight and cannot be monitored, regardless of the data entered in the 415 Eligible Compensation field.

Do these limits also apply to any other eligible employer-sponsored plans in which the member participates outside of the FRS?

Yes. If members are making additional contributions to other employer-sponsored defined contribution accounts, such as 457(b), 403(b), 401(a), and 401(k) accounts, the contributions for these plans should also be reported to the Division of Retirement as part of your regular monthly retirement report so that they can be included in the limit tests.

What is considered 415 Compensation and what amounts should be included when reporting this compensation?

This is a determination that should be made by your agency. You should consult with your tax advisor in reference to Treasury Regulations and what amounts to include in the calculation.



FRS Resources Are Unbiased

All resources used by the MyFRS Financial Guidance Program are unbiased and do not favor one retirement plan over the other, including publications, website, workshops, and EY and Alight call centers. Both retirement plans have advantages, and our role is to provide new hires and current members with the information they need to choose the correct plan for themselves. We strictly follow the education directive provided in s. 121.4501(10)(b), Florida Statutes, which states: “The education component must provide system members with impartial and balanced information about plan choices.”

EY Is Our Exclusive Financial Planning Partner

The FRS contracts with EY to provide FRS members with free, unbiased financial planning and counseling services. EY does not sell any investment or insurance products. No other financial planners, financial institutions, or firms are affiliated with or endorsed by the Florida Retirement System, by Alight Financial Solutions, or by Alight Solutions, the Investment Plan Administrator.

Legislative Update

In the April 2024 issue of this newsletter, we reported on the passage of House Bill 151 that will affect the Florida Retirement System (FRS). This bill has been signed into law. The Division of Retirement provided all FRS-participating employers with [Information Release #2024-233](#) detailing contribution rate information (by reporting plan codes). Additional information can be found on the [2024 Legislation](#) page.



Frequently Asked Employer Questions

Below is a question that the FRS recently received from an employer:

On an employee's pay stub, we list the contribution percentage that we report on the monthly retirement report. However, employees have indicated that a different amount has been placed in their Investment Plan account. Can you explain this contribution difference?

You might be reporting the entire employer contribution amount that is reported monthly to the FRS, but this is not the amount that is deposited into an Investment Plan member's account. While the entire 3% contribution the employee pays is deposited into their Investment Plan account, only a portion of what you (as the employer) contribute will be deposited. The following table provides a breakdown of the contribution percentage that is placed in the employee's Investment Plan account, broken down by employee and employer percentages.

Investment Plan Contribution Rates

Membership Class	Paid by Employee	Paid by Employer	Total to Employee Account
Regular Class	3%	8.30%	11.30%
Special Risk Class	3%	16.00%	19.00%
Special Risk Administrative Support Class	3%	9.95%	12.95%
Elected Officers' Class (Judges)	3%	15.23%	18.23%
Elected Officers' Class (Legislature/Cabinet/Public Defender/State Attorney)	3%	11.38%	14.38%
Elected Officers' Class (County and Local)	3%	13.34%	16.34%
Senior Management Service Class	3%	9.67%	12.67%

If you have questions you'd like answered in upcoming newsletters, submit them to allison.olson@sbafla.com.



Sign Up for an FRS Employer Training Workshop

FRS employer training workshops are an excellent opportunity for you and your staff to get an overview of the FRS plans and the various areas, functions, and processes that involve your agency and its employees. View the online [workshop calendar](#) for a list of in-person and Zoom workshops being offered. You'll need to register separately for each workshop you wish to attend.

Upcoming Workshops

Pension Plan

8:30 to 11:30 a.m. ET

August 1, 2024

November 6, 2024

Investment Plan

1:00 to 4:00 p.m. ET

August 1, 2024

November 6, 2024



To register:

By phone:

1-866-377-2121, Option 1

Be ready to provide your name, your contact information, the date and time of the workshop you want to attend, and the number of people from your agency who will be attending.

Online:

- Go to the [workshop calendar](#).
- Locate the employer workshop you want to attend (in-person or via Zoom), then register.
- You will receive a confirmation email after registration. Zoom registrants will receive a reminder email the day before the webinar.

Free Financial Planning Workshops for Employees

The following 2024 live webinars are free and unlimited for FRS members. To schedule an in-person workshop or live webinar for your FRS employees, please reach out to Angela Ko by email at Angela.Ko@ey.com or by telephone at 201-872-0176.

July 1	Taking Control of Your Finances (60 minutes)	10:00 a.m. to noon
July 1	Investment Planning	1:00 to 3:00 p.m.
July 2	Education Planning	10:00 a.m. to noon
July 2	Understanding the FRS Investment Plan	1:00 to 3:00 p.m.
October 2	Social Security and Your Retirement	10:00 a.m. to noon
October 2	Understanding Your Benefits under the FRS Pension Plan	1:00 to 3:00 p.m.
October 3	Nearing Retirement in the FRS	10:00 a.m. to noon
October 3	Group Health Insurance (state employees only)	1:00 to 3:00 p.m.

ALL TIMES ARE ET

To register:

By phone:

1-866-446-9377, Option 2

Online:

- Go to the [workshop calendar](#).
- Locate the employee workshop you want to attend (in-person or via Zoom), then register.
- You will receive a confirmation email after registration. Zoom registrants will receive a reminder email the day before the webinar.

Employees must register separately for each workshop they wish to attend.



Upcoming 1st Election Deadlines

Making an active retirement plan choice by the election deadline is the best way for members to ensure they participate in their preferred plan. Members should be encouraged to make an active election even if their preferred plan is the default. **Receiving a new hire kit and election reminder means the member is in their retirement plan choice period and must make an active election or they will be defaulted into the Investment Plan (or Pension Plan, if they are in the Special Risk Class).** If a member has questions about why they are receiving a new hire kit or reminder information, or has questions about the FRS, refer them to the MyFRS Financial Guidance Line at 1-866-446-9377, Option 1.

Deadline dates and times apply to all members, no matter how they submit their retirement plan choice. To confirm a new hire's deadline, call the FRS Employer Assistance Line at 1-866-377-2121, Option 3, or refer to the member's benefit comparison statement.

What Happens If a Member Misses the Deadline?

A member whose retirement plan choice is not received by their 1st Election deadline will be enrolled in the default plan based on their membership class, as shown at right.

What About Members with Prior Pension Plan Service?

The plan defaults shown at right apply to any members who did not submit a retirement plan choice prior to January 1, 2018 or did not have a plan choice period – even if they were previously enrolled in the FRS. Here's an example:

- **April 1, 1999** – The member initially enrolls in the FRS. (At that time, the Pension Plan was the only retirement program available, so no retirement plan choice was made.)
- **May 2001** – The member terminates employment.
- **February 1, 2024** – The member returns to work. (The enrollment deadline based on the member's month of hire is October 31, 2024, by 4:00 p.m. ET.)
- **October 31, 2024** – No election is received for this member.
- **November 1, 2024** – The member will be enrolled in the default plan based on their membership class. If enrolled in the Investment Plan, the member's prior Pension Plan service will be transferred to the Investment Plan as an opening account balance, which is subject to the Pension Plan's vesting provisions.

Plan Defaults¹

Membership Class	Plan Default
Special Risk Class	Pension Plan
All classes (except Special Risk Class)	Investment Plan

1st Election Deadlines

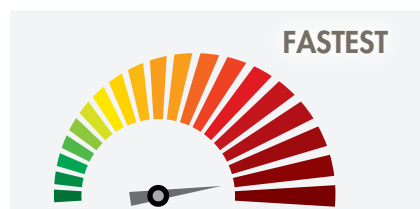
Month of Hire	Enrollment Deadline ²
October 2023	June 28, 2024
November 2023	July 31, 2024
December 2023	August 30, 2024
January 2024	September 30, 2024
February 2024	October 31, 2024
March 2024	November 27, 2024
April 2024	December 31, 2024
May 2024	January 31, 2025
June 2024	February 28, 2025
July 2024	March 31, 2025
August 2024	April 30, 2025
September 2024	May 30, 2025

¹ Applies to members initially enrolled in the FRS on or after January 1, 2018.

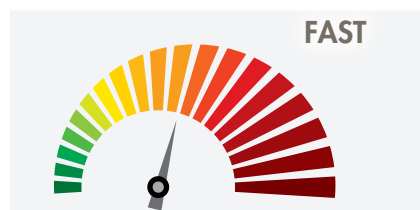
² By 4:00 p.m. ET.

ChooseMyFRSplan.com Is the Fastest Way to Submit a Retirement Plan Choice

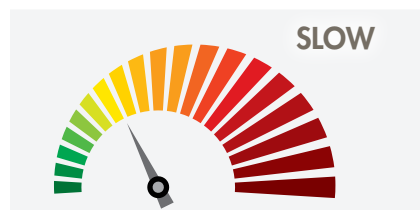
Here are some additional options from next fastest to slowest:



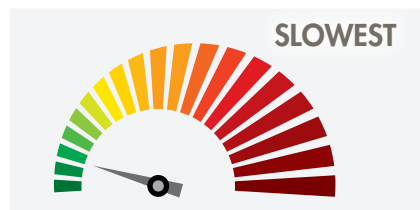
Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4.
This is a good option if the employee has questions.



Submit the [online EZ Retirement Plan Enrollment Form](#).



Submit the hard copy form available on [MyFRS.com](#):
By Fax: 1-888-310-5559



By Mail:
Plan Choice Administrator
P.O. Box 785027
Orlando, FL 32878-5027

Help Keep Your Co-Workers Informed

If you know a co-worker who should receive this employer newsletter, send an email to allison.olson@sbafla.com with the co-worker's name, title, agency name, and email address.



Help Keep Members' Contact Information Current

Encourage your active, inactive, and retired FRS members to keep their contact information current so they don't miss any important information from you or the FRS.

Investment Plan Members

Active Employees

Names and addresses are automatically updated on the FRS database when you submit your agency's monthly retirement report.

Inactive or Retired

See the online FAQ **"How can I change my name or mailing address if retired or terminated from the Investment Plan?"**

Pension Plan Members

Active Employees

Names and addresses are automatically updated on the FRS database when you submit your agency's monthly retirement report.

Inactive (Not Currently Employed)

Address Change – Call the DMS, Division of Retirement.

Retired and Receiving a Benefit

Address Change – The retiree can log in to their FRS online account at frs.fl.gov to update their address. If you have questions, call the DMS, Division of Retirement.

Name Change – The member must **mail or fax** a signed letter to the DMS, Division of Retirement. The letter must be accompanied by a copy of the court order, marriage certificate, or valid driver's license reflecting the member's new name.

How to Reach the DMS, Division of Retirement



Department of Management
Services, Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000



850-410-2010 (fax)



1-844-377-1888 (toll-free)
or 850-907-6500



Resources

FRS Employer Assistance Line

1-866-377-2121 (toll-free)

EY and Aight Solutions representatives are available from 8:00 a.m. to 6:00 p.m. ET, Monday through Friday, except holidays.

DMS, Division of Retirement, staff are available from 8:00 a.m. to 5:00 p.m. ET, Monday through Friday, except holidays.

MyFRS.com Resources

- [Recent News Articles](#) — Keep up with the latest legislation and more
- [Contribution Rates](#) — See “Retirement and Health Insurance Subsidy (HIS) Contribution Rates”
- [Employer Forms](#) and [General Forms](#) — Current forms available to print on demand
- [Employer Handbooks](#) — Technical guides for retirement coordinators, payroll staff, and others who have FRS responsibilities
- [FAQs](#) — Frequently asked questions and glossary
- [Helpful Links/Websites](#) — Links to agencies, departments, and other resources
- [Laws and Rules](#) — Florida Statutes and Administrative Code governing the FRS
- [Order Materials](#) — Online catalog of printed materials that you can order free of charge
- [Public Records](#) — State Board of Administration and DMS, Division of Retirement, Public Records Policy
- [Publications](#) — All available online publications
- [Request for Intervention/Final Orders](#) — Interventions may include unresolved customer service complaints, and allegations of misconduct or misrepresentation
- [Videos](#) — New hire, educational, and training videos

Are You Using Outdated FRS Forms?

FRS forms are routinely updated throughout the year. To use up-to-date forms and save paper, go to the [Forms section on MyFRS.com](#) to download and print the forms as you need them.

