

Plan Overview

This chart provides important details about the two plans.

	FRS Pension Plan	FRS Investment Plan
Who contributes?	Employer only.	Employer only.
How much does the employer contribute?	A fixed percentage of the member's gross monthly salary as determined by the state legislature.	A fixed percentage of the member's gross monthly salary (currently 9% for Regular Class employees and 20% for Special Risk employees).
Where are the monthly contributions deposited?	Into a single pension trust fund for all FRS Pension Plan members.	Into an investment account that is established in the member's name by the FRS.
Who invests the money?	The State Board of Administration of Florida manages the Pension Plan trust fund for all FRS employees. Investment results do not affect benefits.	The member allocates their employer contributions among a variety of investment funds designated by the FRS. Investment results will affect their benefit.
When is the member vested in their benefit?	After 6 years of FRS service.	After 1 year of FRS service.
What if the member changes jobs after vesting?	If a member goes to work for another FRS employer, their Pension Plan benefit will continue to grow. If a member goes to work for a non-FRS employer, their Pension Plan benefit will be frozen until they begin receiving monthly retirement benefits or they return to FRS-covered employment.	If a member goes to work for another FRS employer, they will remain enrolled in the Investment Plan and receive contributions from their new employer. If the member leaves FRS employment, they have the option of: <ul style="list-style-type: none"> Leaving their money in the Plan* OR Taking a distribution and retiring** <p style="text-align: right;">Continues on next page</p>

* Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.

** Cash distributions will be taxed according to the member's tax bracket. Penalties may apply depending on member's age at distribution.

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Can the member switch plans after they make their initial election?	Yes. All members have a one-time 2 nd Election that they can use during their FRS career to switch to the other FRS retirement plan, providing they are actively employed by an FRS-covered employer earning retirement service credit at the time of the switch.	
How does the member's benefit/account grow?	The Pension Plan benefit grows slowly at first, and then, because the Pension Plan formula is based on the average of the member's highest years of pay and total years of creditable service, it takes a steep climb near retirement age. A 30-year employee will earn over 50% of their benefit in the last 10 years of their FRS career.	The Investment Plan benefit should accumulate steadily over a member's career, despite short-term ups and downs in the market. The member's benefit ultimately depends on the investment returns earned on contributions. In the early years of the member's FRS career, most of their benefit comes from the contributions paid into the account by the employer. Over time, the investment earnings may account for a larger portion of the account balance.
How is the member's retirement benefit calculated?	The retirement benefit is a guaranteed benefit based on a formula that includes the member's: <ul style="list-style-type: none"> • Age. • FRS membership class (e.g., Regular Class, Special Risk Class, etc.). • Years of FRS service. • An average of their five highest years of salary. 	The retirement benefit is based on the member's account balance, made up of: <ul style="list-style-type: none"> • Employer contributions to their account. • Plus or minus investment returns (gains and losses). • Minus expenses and fees. <p style="text-align: right;">Continues on next page</p>

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How is the member's benefit paid at retirement?	<p>Guaranteed monthly checks for life, increasing each July due to a 3% cost-of-living adjustment.</p> <p>The member can choose payout options that provide continued monthly payments to a surviving beneficiary/joint annuitant.</p>	<p>Flexible distribution options are available. As long as the member's accrued balance is vested and more than \$1,000, they can:</p> <ul style="list-style-type: none"> • Leave their money in the plan until age 70½, when mandatory distributions must begin. • Purchase an annuity that provides guaranteed monthly payments for life using all or part of their account balance. Surviving beneficiary and cost-of-living adjustment options are available. • Receive periodic distributions.* • Elect a lump sum when they retire or at any future date.* • Roll it over into another qualified retirement plan.
Does the plan provide other benefits?	Yes, including DROP ¹ , disability benefits, and retiree Health Insurance Subsidy (HIS) payments.	Yes, including disability benefits and retiree Health Insurance Subsidy (HIS) payments.

* Cash distributions will be taxed according to the member's tax bracket. Penalties may apply depending on member's age at distribution.

¹ Deferred Retirement Option Program. Visit MyFRS.com for details.