



WELCOME to the Florida Retirement System

for State University System SUSORP-Eligible Employees

YOUR Money YOUR Choice

• July 2011 •

You Have an Important Choice to Make!

As a new employee, you must choose one of three retirement plans available to eligible State University System employees. They are the:

- FRS Pension Plan
- FRS Investment Plan
- State University System Optional Retirement Program (SUSORP)

All three plans are funded by you and your employer and offer important benefits. You need to choose the one that's best for you.

Some Key Differences Between the Plans

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
Who is Eligible?	Faculty, Administrative and Professional (A&P), and support employees (USPS).	Faculty, Administrative and Professional (A&P), and support employees (USPS).	Faculty and Administrative and Professional (A&P) employees.
Plan Type	A traditional retirement plan designed for longer-service employees.	A retirement plan designed for a more mobile workforce.	A retirement plan designed for a more mobile workforce.
Vesting	You qualify for a benefit after 8 ^{1,2} years of service.	You qualify for a benefit after 1 year of service. ²	You qualify for a benefit immediately.
Contributions	Your employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary as determined by the state legislature. A mandatory 3% pretax contribution is deducted from your paycheck and deposited into the retirement trust fund.	Your employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary (total employee and employer rate is 9% for Regular Class employees). A mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account.	Your employer provides the majority of your SUSORP retirement plan contribution. A mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account. You have the option to make additional pretax contributions of up to 7.42% of your gross salary.
Your Benefit	Pays a guaranteed lifetime monthly benefit using a formula based on your service and salary while you are working for an FRS employer.	In both plans, your benefit depends on the amount of money contributed to your account and its growth over time. You decide how to allocate the money in your account among the available investment funds.	

The following pages provide more detailed plan comparisons including the advantages and disadvantages of each plan. The New Employee FRS Enrollment Kit, which will be mailed to you approximately 60 days after your date of hire, provides further details about the Pension and Investment Plans, along with a benefit comparison statement and your Personal Identification Number (PIN). In the meantime, you can learn more about the two FRS plans by calling the MyFRS Financial Guidance Line for free personalized assistance or by visiting the MyFRS.com website. You can learn more about the SUSORP by contacting your University's Human Resources office or SUSORP contract providers for SUSORP contract and investment product information.

¹ If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS service.
² You are always fully vested in your own contributions.



Consider Your Length of Service

If you stay with an FRS employer for...

The best retirement plan for you...

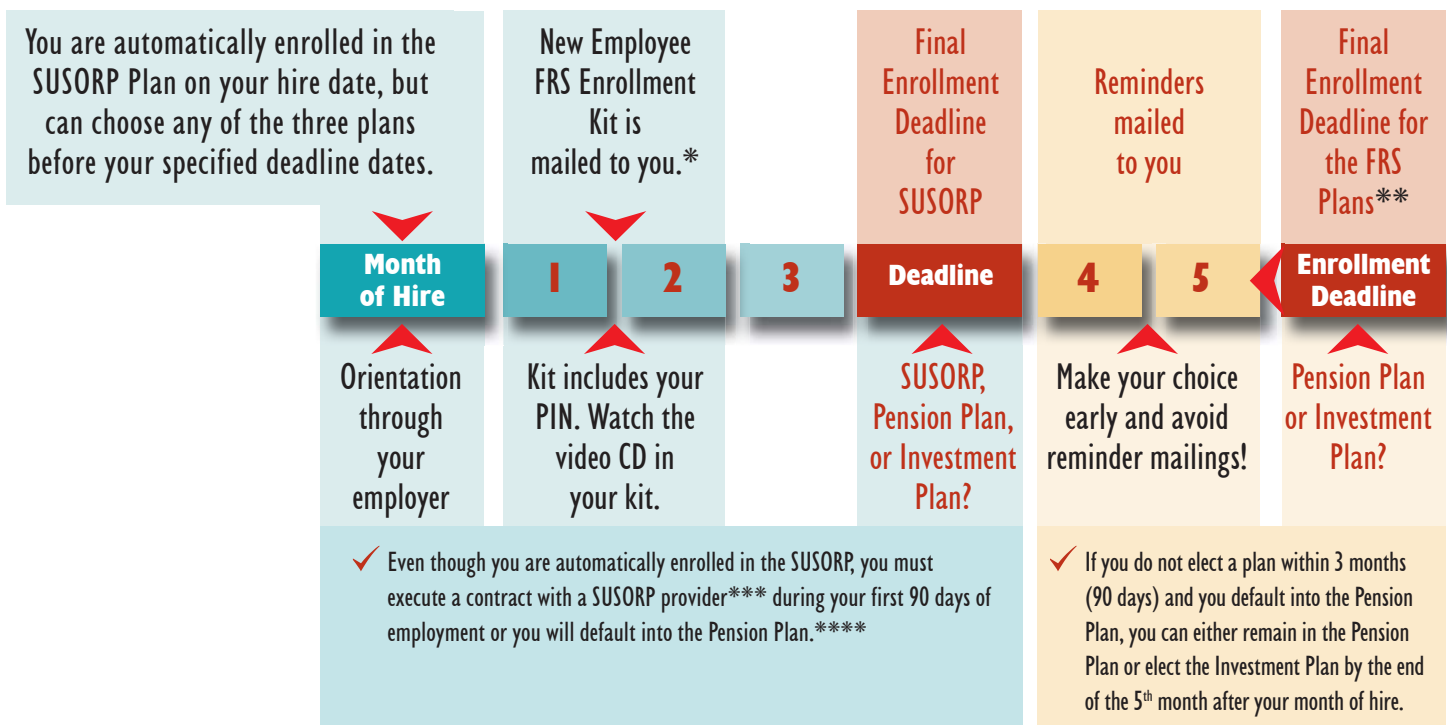
Less than 1 year	Is likely to be the SUSORP plan (you would not be eligible for benefits under the FRS plans).
1 to 8 ¹ years	Is likely to be the Investment Plan or the SUSORP plan (you would not be eligible for benefits under the Pension Plan).
9 to 25 years	Depends on a number of factors.
More than 25 years	Depends on a number of factors, but may be the Pension Plan.

HotTip

According to FRS data, the average employee works for the FRS for 5 to 10 years. Try not to overestimate or underestimate the number of years you'll work for an FRS-covered employer.

¹ If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS service.

You Have a Short Time in Which to Decide: Pension Plan, Investment Plan, or SUSORP?



* Make sure your employer has your correct mailing address to avoid delays.

** 4:00 p.m. ET on the last business day of the 5th month after your month of hire.

*** SUSORP Contract and Investment Product Information (available from your University's Human Resources office or SUSORP contract providers).

**** Your decision to choose the SUSORP is a one-time irrevocable decision. If you elect the SUSORP, you will remain in this plan for as long as you remain at this employer in a SUSORP-eligible position. If you enroll in either the Pension Plan or the Investment Plan, you will have a one-time second opportunity (known as your 2nd Election) during your FRS career to switch to the other FRS retirement plan. (The SUSORP is not available as a 2nd Election.)

NOTE: An employee in a faculty position at a college with a faculty practice plan is a mandatory SUSORP participant and **cannot** elect to participate in the FRS plans.

See page 3 for enrollment tips.



Florida Retirement System SUS Optional Retirement Program

Free Personalized Help is Available to You

FRS Plans

Visit MyFRS.com and review the New Hire Roadmap.

Call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (or Telecommunications Relay Service (TRS) 711).

- ✓ Select Option 1 to speak with an unbiased financial planner from Ernst & Young who can answer questions about the Pension Plan and Investment Plan.

SUSORP

Contact your University's Human Resources office or SUSORP contract providers for SUSORP contract and investment product information.

Enrollment Tips

- To enroll in the **SUSORP**, you *must* use the enrollment form (Form ORP-16) and execute a contract with a SUSORP provider¹ within the first 90 days of your election window. You **cannot** enroll in the SUSORP using the MyFRS Financial Guidance Line or MyFRS.com.
- If you do not enroll in the SUSORP, you can enroll in an **FRS retirement plan** by your enrollment deadline using either the enrollment form (Form ORP-16), the MyFRS Financial Guidance Line, or MyFRS.com.
- If you do not make an election by the last business day of the 5th month following your month of hire, you will automatically default into the **FRS Pension Plan**.

Plan Overview

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
Who contributes and how much?	Your employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary as determined by the state legislature. A mandatory 3% pretax contribution is deducted from your paycheck and deposited into the retirement trust fund.	Your employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary (total employee and employer rate is 9% for Regular Class employees). A mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account.	Your employer provides the majority of your SUSORP retirement plan contribution. A mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account. You have the option to make additional pretax contributions of up to 7.42% of your gross salary.
Where are the monthly contributions deposited?	Into a single pension trust fund for all FRS Pension Plan members.	Into an account that is established in your name by the FRS.	Into an account(s) that is established in your name by the contract provider(s) you choose.
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 your benefit.	You can elect how to allocate your and your employer's contributions among the funds available to Investment Plan participants. You are responsible for managing your account and you can change your investment elections at any time. Investment results will affect your benefit.	The Division of Retirement designates the contract providers. ¹ You decide how to allocate contributions among the investment funds offered by the contract provider(s) you choose. Investment results will affect your benefit.
When am I vested in my benefit?	After 8 ² years of FRS service. You are always fully vested in your own contributions.	After 1 year of FRS service. You are always fully vested in your own contributions.	Immediately.

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¹ SUSORP Contract and Investment Product Information (available from your University's Human Resources office or SUSORP contract providers).

² If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS service.



Plan Overview

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
What if I change jobs after vesting?	<p>If you go to work for another FRS employer, your Pension Plan benefit will continue to grow. If you go to work for a non-FRS employer, your Pension Plan benefit will be frozen until you either begin receiving your monthly retirement benefit or you return to FRS-covered employment.</p>	<p>If you go to work for another FRS employer, you will remain enrolled in the Investment Plan and contributions will continue to be made to your account.</p> <p>If you leave FRS employment, you have the option of:</p> <ul style="list-style-type: none"> • Leaving your money in the Plan.* • Taking a distribution/rollover (in which case you will be considered retired).** <p>* Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.</p> <p>** Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.</p>	<p>If you go to work for another institution in the State University System in a SUSORP-eligible position, you'll remain enrolled in the SUSORP, unless you elect to participate in the FRS Pension Plan or Investment Plan during your first 90 days of employment. You must complete a new enrollment form.</p> <p>If you leave SUS employment, you have the option of:</p> <ul style="list-style-type: none"> • Leaving your money in the SUSORP. • Taking a distribution/rollover (in which case you will be considered retired).* <p>Your distribution options are based on those offered by your contract provider(s). (See "How is my benefit paid to me at retirement?")</p> <p>Talk to your tax advisor and contract provider(s) before taking a distribution.</p> <p>* Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.</p>
Can I switch plans after I make my initial election?	<p>Yes. You have a one-time 2nd Election that you can use during your FRS career to switch to the other FRS retirement plan, providing you are actively employed by an FRS-covered employer at the time your election is received.</p>		No.
How does my benefit/account grow?	<p>Your Pension Plan benefit grows slowly at first, and then, because the Pension Plan formula is based on the average of your highest years of pay and your total years of creditable service, it takes a steep climb near retirement age. A 33-year employee will earn over 50% of their benefit in the last 10 years of their FRS career.</p>	<p>Your Investment Plan benefit should accumulate steadily over your career, despite short-term ups and downs in the market. Your benefit ultimately depends on how well you manage your account and the investment returns earned on contributions. In the early years of your FRS career, most of your benefit comes from the contributions paid into your account by your employer and you. Over time your investment earnings may account for a larger portion of your account balance.</p>	<p>Your SUSORP benefit should accumulate steadily over your career, despite short-term ups and downs in the market. Your benefit ultimately depends on the investment returns earned on contributions. In the early years of your SUS career, most of your benefit comes from the contributions paid into your account by your employer and you. Over time your investment earnings may account for a larger portion of your account balance.</p>

Plan Overview

	FRS Pension Plan	FRS Investment Plan	SUS Optional Retirement Program
<p>How is my retirement benefit calculated?</p>	<p>Your retirement benefit is a guaranteed benefit based on a formula that includes your:</p> <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 your 8¹ highest years of salary. 	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> • Employer and employee contributions to your account. • Plus or minus investment returns (gains and losses). • Minus expenses and fees. 	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> • Employer and employee contributions to your account. • Plus your voluntary employee contributions, if any. • Plus or minus investment returns (gains and losses). • Minus expenses and fees.
<p>How is my benefit paid to me at retirement?</p> <p>Note that you cannot receive a distribution from any plan unless you have terminated from all FRS employment.</p>	<p>Guaranteed monthly checks for life. Cost-of-living adjustment will be applied to the portion of your benefit that is based on service earned prior to July 1, 2011.</p> <p>You can choose payout options that provide continued monthly payments to your surviving beneficiary/joint annuitant.</p>	<p>Flexible distribution options are available. As long as your balance is more than \$1,000, you can:</p> <ul style="list-style-type: none"> • Leave your 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 your account balance. Surviving beneficiary and cost-of-living adjustment options are available. • Receive periodic distributions.* • Elect a lump sum when you retire or at any future date.* <p>* Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.</p>	<p>Depends on the options offered by your contract provider(s). SUSORP distribution options* are as follows:</p> <ul style="list-style-type: none"> • A lump-sum distribution. • A lump-sum direct rollover of your accrued benefits, including interest and investment earnings into another qualified plan. • Periodic distributions. • A partial lump-sum payment in which you are paid a portion of the accrued benefit and you direct your remaining account balance to be rolled into another qualified retirement plan. • Other distribution options as allowed by your optional retirement program contract. <p>* Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.</p>
<p>Does the plan provide other benefits?</p>	<p>Yes, including DROP,² disability benefits, and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>Yes, including disability benefits and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>No. The higher employer contributions are designed to enable you to pay for your own health and disability coverage in retirement.</p>

¹ If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, your retirement benefit will be calculated based on your 5 highest years of pay, averaged.

² Deferred Retirement Option Program. Visit MyFRS.com for details.

Important note: Your decision to elect the SUSORP is a one-time opportunity. If you elect the SUSORP, you will remain in this plan for as long as you remain at this employer in a SUSORP-eligible position. If you elect either the FRS Pension Plan or the FRS Investment Plan, you will have a one-time second opportunity (known as the 2nd Election) during your FRS career to switch to the other FRS retirement plan. (The SUSORP is not available as a 2nd Election.)



Each Plan Has Advantages and Disadvantages

All three retirement plans have advantages and disadvantages. The plan that's best for you (i.e., the one that will provide the highest income to you at retirement) will depend on your personal situation. Following are some pros and cons to consider for each plan.

The FRS Investment Plan

Advantages

- You are vested¹ after 1 year of service, rather than the 8² years it takes to vest in the Pension Plan.
- If you're a younger employee, your account balance has more time to grow.
- Your account could grow significantly if the underlying investments do well.
- You have a diversified choice of investment funds, including balanced funds, stock funds, bond funds, an Inflation-Protected Securities (TIPS) fund, and a money market fund.
- If you leave your job, you can keep your benefit growing by leaving it in the plan or rolling it over to another qualified retirement plan.
- Flexible distribution options are available.
- If you have a retirement plan benefit from a former employer, you may be able to roll it over to the Investment Plan.
- If you meet Health Insurance Subsidy (HIS) requirements, you may be eligible for the HIS.
- You may be eligible for disability benefits.
- You have access to the free, unbiased MyFRS Financial Guidance Program resources.

Disadvantages

- There is investment risk involved. Your benefit may decrease in value if the investments in your account don't perform well.
- You must have enough discipline to take a long-term approach to investing.
- You need to actively monitor your investments.
- Consider your age. If you're an older employee, you may not have enough time to accumulate a large account balance before you retire.
- You could outlive your benefit if you don't plan carefully or buy an annuity that provides a guaranteed monthly payment option for life.
- You're not eligible for DROP³
- If you decide to use your 2nd Election to transfer to the Pension Plan, and your Investment Plan account balance is lower than the amount needed to fully fund your Pension Plan account, it is your responsibility to make up the difference using your personal resources. This "buy-in" cost could make transferring to the Pension Plan unaffordable.
- Future cost increases to fund the FRS may make it necessary for the Florida Legislature to lower the amount that employers contribute to Investment Plan members' accounts.

¹ You are always fully vested in your own contributions.

² If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS service.

³ Deferred Retirement Option Program. Visit MyFRS.com for details.

The FRS Pension Plan

Advantages

- You earn a substantial benefit if you spend your full career as a Pension Plan member or start your FRS service later in life.
- You don't have to worry about investing with this plan; the SBA is responsible for managing the Pension Trust Fund's investments.
- You will receive a benefit even if you retire early.
- You cannot outlive your benefit.
- You can participate in DROP¹ if you're eligible.
- You are eligible for the Health Insurance Subsidy (HIS).
- You may be eligible for disability and In-Line-of-Duty survivor benefits.
- A cost of living adjustment will be applied to the portion of your benefit that is based on service earned prior to July 1, 2011, if any.
- You have access to the free, unbiased MyFRS Financial Guidance Program resources.

Disadvantages

- If you're a younger employee, it may take many years of service to build a large benefit.
- If you leave FRS-covered employment before you are vested, you will have no benefit (you are not vested in the Pension Plan until you have completed 8^{2,3} years of service).
- You have no say in how the money is invested.
- All your distribution options are monthly payments; there are no lump sums (except under DROP¹).
- Your benefit is reduced if you choose early retirement.
- If you decide to use your 2nd Election to transfer to the Investment Plan, the money transferred from the Pension Plan to the Investment Plan will not be vested until you have 8^{2,3} years of service credit under the FRS. If you terminate employment with fewer than 8^{2,3} years of service credit, the amount transferred from the Pension Plan may be forfeited.
- During years when it is determined that the Pension Plan is underfunded, the Florida Legislature may take steps to reduce the Pension Plan's costs by lowering employer contributions or future Pension Plan benefits.

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

² If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, you will vest in your benefit after 6 years of FRS service.

³ You are always fully vested in your own contributions.

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SUS Optional Retirement Program

Advantages

- You are vested in your benefit immediately upon signing a contract.
- If you're a younger employee, your account balance has more time to grow.
- Your account could grow significantly if the underlying investments do well.
- You currently have five contract providers and over 60 investment funds to choose from.
- You can choose to make voluntary pretax contributions to your SUSORP¹ account.
- You have access to your contract provider representative for financial guidance.

Disadvantages

- Any prior nonvested FRS Pension Plan service will not be vested unless you return to FRS-covered employment and complete the vesting requirements.
- There is investment risk involved. Your benefit may decrease in value if the investments in your account don't perform well.
- Disability insurance and Health Insurance Subsidy (HIS) benefits are not provided as part of the plan.
- You are not eligible for DROP.²
- Your decision to choose the SUSORP is irrevocable. You cannot change your retirement plan election at a later date. You will remain in the SUSORP throughout your SUSORP-eligible career.

¹ SUSORP Contract and Investment Product Information (available from your University's Human Resources office or SUSORP contract providers).

² Deferred Retirement Option Program. Visit MyFRS.com for details.

Your Decision Counts

As you can see, there are many factors to consider when choosing a plan. Please take the time to learn as much as you can about your options and make your decision carefully. Call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377 (TRS 711) or visit MyFRS.com for information about the FRS Pension and Investment Plans, and ask your University's Human Resources office or SUSORP contract providers for SUSORP contract and investment product information.

This publication is a summary of the retirement plan options available to SUSORP-eligible State University System employees. It is not intended to include every program detail. Complete details can be found in Chapter 121, Florida Statutes, Title 60S and 60U, Florida Administrative Code, 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.