

**MEETING OF THE STATE BOARD OF ADMINISTRATION**

**GOVERNOR SCOTT AS CHAIRMAN  
CHIEF FINANCIAL OFFICER ATWATER  
ATTORNEY GENERAL BONDI**

**October 25, 2016**

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**AGENDA**

**ITEM 1. REQUEST APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$8,200,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

**(See Attachment 1A)**

**ACTION REQUIRED**

**ITEM 2. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$10,600,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) ( PARK AT WELLINGTON II)**

**(See Attachment 2A)**

**ACTION REQUIRED**

**ITEM 3. A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$17,950,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (TUSCANY COVE I)**

**(See Attachment 3A)**

**ACTION REQUIRED**

**ITEM 4. REQUEST APPROVAL OF CHANGES TO THE CHARTER OF THE AUDIT COMMITTEE OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA (CHARTER).**

Pursuant to Sections 215.44, F.S., the Audit Committee was created to assist the Board in fulfilling its oversight responsibilities. The Charter was last changed in September 2015. Recommended changes to the Charter are minor operational changes.

**(See Attachments 4A and 4B)**

**ACTION REQUIRED**

**ITEM 5. REQUEST APPROVAL OF THE REVISIONS TO THE INVESTMENT POLICY STATEMENT FOR THE FLORIDA RETIREMENT SYSTEM PENSION PLAN AS REQUIRED UNDER S. 215.475(2), F.S.**

The Investment Policy Statement, required pursuant to s. 215.475, is the principal vehicle through which the Trustees establish an investment objective(s), asset allocation, and address associated policy issues for the FRS Pension Plan.

At the September 19, 2016 Investment Advisory Council meeting, the members unanimously accepted the recommendations of staff to amend the Investment Policy Statement for the FRS Pension Plan that adds language: (1) That specifically identifies Private Equity's Secondary Benchmark and; (2) As required by statute, relating to companies that boycott Israel. Prior Investment Policy Statement language identifying Private Equity's Secondary Benchmark was vague and incomplete. Additional language was added to the Investment Policy Statement that directs the Executive Director to develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2016-36, Laws of Florida, an act relating to companies that boycott Israel, as required by subsection 215.4725(5), Florida Statutes.

(See Attachments 5A and 5B)

**ACTION REQUIRED**

**ITEM 6. REQUEST APPROVAL TO FILE FOR NOTICE, AMENDMENTS TO RULES 19-11.001, 19-11.003, 19-11.004, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.010, 11.011, 19-11.012 and 19-11.013 IN RULE CHAPTER 19-11, F.A.C. (PROCEDURES FOR THE FRS INVESTMENT PLAN), AND FURTHER TO FILE THE RULES FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The specific changes proposed are: Rule 19-11.001, F.A.C. is being amended to add new definitions for "death in the line of duty" and "special risk member" that pertain to the new In-Line of Duty death benefit that may be available to survivors of Special Risk Class Investment Plan members who are killed in the line of duty; to clarify other definitions; and to correct some typographical errors. Rule 19-11.003, F.A.C. is being amended to clarify certain information regarding Required Minimum Distributions (RMDs); to add new information concerning pending distributions; and to clarify certain information. Rule 19-11.004, F.A.C. is being amended to clarify certain information. Rule 19-11.005, F.A.C. is being amended to clarify information and to indicate how copies of issued Final Orders can be obtained. Rule 19-11.006 is being amended to adopt the latest versions of the applicable enrollment forms; and to indicate that an employee who terminates employment prior to making a retirement plan choice will be given another opportunity to make a plan choice if the employee returns to FRS-covered employment in the future. Rule 19-11.007, F.A.C. is being amended to adopt the latest versions of the Second Election enrollment forms; and to indicate that a member that transfers to the Investment Plan and provides a cell phone number or email address will be deemed to have consented to electronic delivery of documents through the MyFRS.com website. Rule 19-11.008, F.A.C. is being amended to indicate the any unvested account balances will be transferred to a suspense account which is invested in the FIAM Intermediate Duration Pool Fund. Rule 19-11.009 is being amended to indicate that if a member receives an invalid distribution, the member may elect to terminate employment rather than to pay back the invalid distribution. Rule 19-11.010 is being amended to state that a power of attorney may be submitted by electronic means or by hard copy. Rule 19-11.011, F.A.C. is being amended to

indicate how employer errors and corrections will be made and resolved; and to indicate that the Division of Retirement is responsible for monitoring the federally-mandated annual salary that may be applied towards retirement. Rule 19-11.012, F.A.C. is being amended to adopt the latest version of the rollover forms. Rule 19-11.013, F.A.C. is being amended to set forth how the Self-Directed Brokerage Account enrollment form can be obtained and to make a few clarifications.

The rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification of the proposed amendments is required.

**(See Attachments 6A – 6M)**

**ACTION REQUIRED**

**ITEM 7. REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULES 19-13.001, 19-13.002, 19-13.003 AND 19-13.004 AND TO FILE THE RULES FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The purpose and effect of the proposed rule amendments to Rules 19-13.001, 19-13.002, 19-13.003 and 19-13.004 s to update and clarify certain information concerning the responsibilities of the State Board of Administration, the Division of Retirement, participating employers and certain third party vendors with respect to the FRS Investment Plan. There are no significant policy issues or controversial issues connected to these rule amendments.

Rule 19-13.001 is being amended to indicate clarify the Summary Plan Description is one of the plan documents for the FRS Investment Plan and further to make some editorial revisions. Rule 19-13.002 is being amended to indicate that the Division of Retirement is responsible for administering the new in-line-of-duty death benefits available to Investment Plan members. Rule 19-13.003 is being amended to update the responsibilities of participating employers. Rule 19-13.004 is being amended to make some minor editorial revisions.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

**(See Attachments 7A and 7B)**

**ACTION REQUIRED**

**STATE BOARD OF ADMINISTRATION  
1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308**

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**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Sufficiency  
**DATE:** October 12, 2016



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**APPROVAL OF FISCAL SUFFICIENCY OF AN AMOUNT NOT EXCEEDING \$8,200,000 STATE OF FLORIDA, BOARD OF GOVERNORS, FLORIDA STATE UNIVERSITY PARKING FACILITY REVENUE REFUNDING BONDS, SERIES (TO BE DETERMINED):**

The Division of Bond Finance of the State Board of Administration (the "Division") has submitted for approval as to fiscal sufficiency a proposal to issue an amount not exceeding \$8,200,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2007A Bonds and to pay costs associated to the issuance and sale of the bonds.

The Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended on November 26, 2002, August 9, 2005, May 15, 2007, and November 9, 2010, and as supplemented by the authorizing resolution which is anticipated to be adopted on October 25, 2016 (collectively referred to herein as the "Resolution"). The Division has heretofore issued Florida State University Parking Facility Revenue and Revenue Refunding Bonds, Series 2007A through Series 2014A (collectively, the "Outstanding Bonds"). The Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues as defined in the Resolution, with the Outstanding Bonds.

A study of this proposal and the estimates of revenue expected to accrue indicate that the proposed Bonds are fiscally sufficient and that the proposal will be executed pursuant to the applicable provisions of law.

**RECOMMENDATION:** It is recommended that the Board approve the proposal outlined above.

cc: Janie knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION  
APPROVING THE FISCAL SUFFICIENCY OF AN AMOUNT NOT  
EXCEEDING \$8,200,000 STATE OF FLORIDA, BOARD OF GOVERNORS,  
FLORIDA STATE UNIVERSITY PARKING FACILITY REVENUE REFUNDING  
BONDS, SERIES (TO BE DETERMINED)**

**WHEREAS**, the Division of Bond Finance of the State Board of Administration (the "Division") proposes to issue an amount not exceeding \$8,200,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined) (the "Bonds"), for the purpose of refunding all or a portion of the outstanding Series 2007A Bonds and to pay costs associated to the issuance and sale of the bonds; and,

**WHEREAS**, the Division has requested the State Board of Administration to approve the fiscal sufficiency of the proposed issue as required by Section 215.73, Florida Statutes; and,

**WHEREAS**, the Bonds will be issued pursuant to the Original Resolution adopted by the Governor and Cabinet on July 21, 1992, as amended on November 26, 2002, August 9, 2005, May 15, 2007, and November 9, 2010, and as supplemented by the authorizing resolution which is anticipated to be adopted on October 25, 2016 (collectively referred to herein as the "Resolution"); and,

**WHEREAS**, the Division has heretofore issued Florida State University Parking Facility Revenue and Revenue Refunding Bonds, Series 2007A through Series 2014A (collectively, the "Outstanding Bonds"); and,

**WHEREAS**, the Bonds shall be payable on a parity and rank equally as to lien on and source and security for payment from the Pledged Revenues and in all other respects, with the Outstanding Bonds; and,

**WHEREAS**, the principal of and interest due on the Bonds shall be paid solely out of revenues and other amounts pledged therefor, as described in the Resolution; and,

**WHEREAS**, the Bonds do not constitute an obligation, either general or special, of the State of Florida or any of its units of local government and shall not be a debt of the State or of any unit of local government, and neither the State nor any unit of local government shall be liable thereon; and,

**WHEREAS**, the Florida State University shall not have the power to pledge the credit, the revenues, or the taxing power of the State or of any unit of local government, and neither the credit, the revenues, nor the taxing power of the State or of any unit of local government shall be deemed to be pledged to the payment of the Bonds; and,

**WHEREAS**, the proceeds of the Bonds shall be and constitute trust funds and shall be used and applied solely in the manner and for the purposes provided in the Resolution; and,

**WHEREAS**, the estimate of funds pledged to the issue indicates that in no State fiscal year will the debt service requirements of the Bonds and all other issues secured by the same pledged revenues exceed the Pledged Revenues available for payment of such debt service requirements and that in no State fiscal year will the moneys pledged for the debt service requirements be less than the required coverage amount; and,

**WHEREAS**, the Division, has furnished sufficient information to enable the State Board of Administration to fulfill its duties pursuant to Section 215.73, Florida Statutes; and,

**WHEREAS**, the State Board of Administration has relied upon information from others but has not independently verified the accuracy or completeness of such information; and,

**WHEREAS**, the State Board of Administration does not approve or disapprove the Bonds as an investment and has not passed upon the accuracy or adequacy of the Official Statement;  
**Now, Therefore,**

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, that pursuant to the requirements of Section 215.73, Florida Statutes, the proposal of the Division of Bond Finance of the State Board of Administration to issue an amount not exceeding \$8,200,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, (to be determined) for the uses and purposes hereinabove set forth, is hereby approved as to fiscal sufficiency.

**ADOPTED** October 25, 2016

**STATE OF FLORIDA )**  
**:**  
**COUNTY OF LEON    )**

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held October 25, 2016, approving the fiscal sufficiency of an amount not exceeding \$8,200,000 State of Florida, Board of Governors, Florida State University Parking Facility Revenue Refunding Bonds, Series (to be determined).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 25th day of October 2016.

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**Ashbel C. Williams**, Executive Director & CIO

**(SEAL)**

**STATE BOARD OF ADMINISTRATION  
1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308**

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**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Determination  
**DATE:** October 10, 2016

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**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$10,600,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) ( PARK AT WELLINGTON II)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$10,600,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Pasco County, Florida (Park at Wellington II). The Notes shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

**RECOMMENDATION:** It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this note issue.

cc: Janie Knight



**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE  
OF AN AMOUNT NOT EXCEEDING \$10,600,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES,  
(SERIES TO BE DESIGNATED) (PARK AT WELLINGTON II)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$10,600,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Pasco County, Florida (Park at Wellington II); and,

**WHEREAS**, the Corporation has requested the State Board of Administration of Florida (the "Board") to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

**WHEREAS**, the Notes shall be secured by a Trust Indenture; and,

**WHEREAS**, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Notes shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

**WHEREAS**, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Notes proposed to be issued and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

**WHEREAS**, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

**WHEREAS**, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

**WHEREAS**, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Notes as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Park at Wellington II), in an amount not exceeding \$10,600,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

**ADOPTED** October 25, 2016

**STATE OF FLORIDA)**  
:  
**COUNTY OF LEON )**

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held October 25, 2016, making the fiscal determination in connection with the issuance of an amount not exceeding \$10,600,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Park at Wellington II).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 25th day of October 2016.

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**Ashbel C. Williams, Executive Director & CIO**

**(SEAL)**

**STATE BOARD OF ADMINISTRATION  
1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308**

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**TO:** Ash Williams  
**FROM:** Robert Copeland  
**SUBJECT:** Fiscal Determination  
**DATE:** October 10, 2016

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**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE OF AN AMOUNT NOT EXCEEDING \$17,950,000 FLORIDA HOUSING FINANCE CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES, (SERIES TO BE DESIGNATED) (TUSCANY COVE I)**

The Florida Housing Finance Corporation has submitted for approval as to fiscal determination a proposal to issue an amount not exceeding \$17,950,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Miami-Dade County, Florida (Tuscany Cove I). The Notes shall be payable as to principal, premium (if any), and interest solely out of revenues and other amounts pledged therefor, and shall not be secured by the full faith and credit of the State of Florida.

**RECOMMENDATION:** It is recommended that, pursuant to the fiscal determination requirements of Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, and in reliance upon information provided by the Florida Housing Finance Corporation, the Board find and determine that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements. The Board does not assume any responsibility for, and makes no warranty (express or implied) with respect to any aspect of this note issue.

cc: Janie Knight

**A RESOLUTION OF THE STATE BOARD OF ADMINISTRATION OF FLORIDA  
MAKING THE FISCAL DETERMINATION IN CONNECTION WITH THE ISSUANCE  
OF AN AMOUNT NOT EXCEEDING \$17,950,000 FLORIDA HOUSING FINANCE  
CORPORATION MULTIFAMILY MORTGAGE REVENUE NOTES,  
(SERIES TO BE DESIGNATED) (TUSCANY COVE I)**

**WHEREAS**, the Florida Housing Finance Corporation (the "Corporation") proposes to issue an amount not exceeding \$17,950,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (the "Notes") for the purpose of financing the construction of a multifamily rental development located in Miami-Dade County, Florida (Tuscany Cove I); and,

**WHEREAS**, the Corporation has requested the State Board of Administration of Florida (the "Board") to make the fiscal determination required by Section 420.509, Florida Statutes, as stated in Section 16(c) of Article VII of the Constitution of the State of Florida, as revised in 1968 and subsequently amended (the "Florida Constitution"); and,

**WHEREAS**, the Notes shall be secured by a Trust Indenture; and,

**WHEREAS**, in accordance with Section 420.509, Florida Statutes, the principal of and all interest and any premium on the Notes shall be payable solely out of revenues and other amounts pledged therefor, as described in the Trust Indenture and other required documents, and shall not be secured by the full faith and credit of the State of Florida; and,

**WHEREAS**, the cash flow analysis furnished by the Corporation shows that in no State fiscal year will the debt service requirements of the Notes proposed to be issued and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues available for payment of such debt service requirements; and,

**WHEREAS**, the Corporation has furnished sufficient information to enable the State Board of Administration of Florida to fulfill its duties pursuant to Section 420.509(2), Florida Statutes; and,

**WHEREAS**, the Board has relied upon information from others, including the Corporation, but has not independently verified the accuracy or completeness of such information; and,

**WHEREAS**, the Board's determination pursuant to Section 16(c) of Article VII of the Florida Constitution and Section 420.509(2), Florida Statutes, is limited to a review of the matters essential to making such determination and the Board does not approve or disapprove of the Notes as investments and has not passed upon the accuracy or adequacy of the Trust Indenture or any other required documents; **Now, Therefore,**

**BE IT RESOLVED**, by the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Florida Constitution, that in connection with the issuance of the Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Tuscany Cove I), in an amount not exceeding \$17,950,000, for the uses and purposes hereinabove set forth, it makes the fiscal determination required by Section 420.509, Florida Statutes.

Accordingly, as required by Section 16(c) of Article VII of the Florida Constitution, the Board finds and determines that in no state fiscal year will the debt service requirements of the Notes and all other bonds or notes secured by the same pledged revenues exceed the pledged revenues, as defined in Section 420.503, Florida Statutes and described in the Trust Indenture, which are available for payment of such debt service requirements.

**ADOPTED** October 25, 2016

**STATE OF FLORIDA)**  
:  
**COUNTY OF LEON )**

**I, Ashbel C. Williams**, Executive Director & CIO of the State Board of Administration of Florida, a constitutional body described in Section 4 of Article IV of the Constitution of the State of Florida, as revised in 1968 and subsequently amended, **DO HEREBY CERTIFY** that the above and foregoing is a true and correct copy of a resolution adopted by said Board at a meeting held October 25, 2016, making the fiscal determination in connection with the issuance of an amount not exceeding \$17,950,000 Florida Housing Finance Corporation Multifamily Mortgage Revenue Notes, (series to be designated) (Tuscany Cove I).

**IN WITNESS WHEREOF**, I have hereunto set my hand and the seal of said Board at Tallahassee, Leon County, Florida, this 25th day of October 2016.

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**Ashbel C. Williams, Executive Director & CIO**

**(SEAL)**



STATE BOARD OF ADMINISTRATION  
OF FLORIDA

1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308  
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RICK SCOTT  
GOVERNOR  
AS CHAIRMAN  
JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
AS TREASURER  
PAM BONDI  
ATTORNEY GENERAL  
AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

CHARTER OF THE AUDIT COMMITTEE  
OF THE  
STATE BOARD OF ADMINISTRATION OF FLORIDA

**A. PURPOSE:**

Acting pursuant to Section 215.44(2)(c), Florida Statutes, the Board of Trustees (“Board”) of the State Board of Administration (SBA) has established an Audit Committee (the “Committee”) whose purpose is to assist the board in fulfilling its oversight responsibilities. The Committee shall serve as an independent and objective party to monitor processes for financial reporting, internal controls and risk assessment, audit processes, and compliance with laws, rules, and regulations.

**B. AUTHORITY:**

The Committee’s authority comes from Section 215.44(2)(c), Florida Statutes and from the Board. The Committee has the authority to direct the Board’s independent external auditors, the SBA’s Chief Audit Executive (“CAE”) or the SBA’s Office of Internal Audit (“OIA”) staff to conduct an audit, review, and/or a special investigation into any matters within the scope of the Committee’s responsibility.

**C. MEMBERSHIP:**

The Committee shall consist of three (3) members appointed by the Board. Members shall be appointed for four (4) year terms. A vacancy shall be filled for the remainder of the unexpired term. Per statute, the persons appointed must have relevant knowledge and expertise as determined by the ~~board~~Board.

The Committee will annually elect its chair and vice chair from its membership by majority vote of the members. A member may not be elected to consecutive terms as chair or vice chair.

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Approved by SBA Board of Trustees on September 18, 2012

Reviewed by SBA

Revised for Audit Committee Approval on August 13, 2012, 22, 2016  
September 3, 2013, and August 25, 2014

Reviewed and revised by SBA Audit Committee on August 17, 2015

Approved by SBA Board of Trustees on September 29, 2015



Each Committee member will be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee and will be required to complete an annual independence statement.

#### **D. MEMBERSHIP QUALIFICATIONS:**

The Committee members are appointed by the Board pursuant to ~~s.~~Section 215.44(1)(c), Florida Statutes. At the time of his or her appointment, each member shall be independent and financially literate according to the following standards:

1. Each member must meet the independence ~~requirement~~requirements of the United States Securities and Exchange Commission (SEC) with respect to the activities and funds of the State Board of Administration.
2. Each member must be able to read and understand fundamental financial statements, including balance sheet, income statement and statement of cash flows and have working familiarity with financial practices applicable to fiduciary trust, banking, brokerage, asset management or other similar financial services operations.

The Board shall consider the following guidelines when appointing members to ensure the Audit Committee, as an entity, has the collective knowledge, skills, and abilities necessary to accomplish its statutory mission. Members must possess one or more of the following attributes:

1. Financial expertise as defined in the “audit committee financial expert” corporate governance rules and regulations of the SEC.
2. Investment literacy consistent with a current working knowledge of investment products commonly used by institutional investors.
3. Knowledge and experience in the practice of internal and/or external auditing, including familiarity with current auditing standards.

The Board shall endeavor to ensure at least one member is deemed to meet the requirements of an “audit committee financial expert” as defined by the corporate governance rules and regulations of the SEC, to the extent practical.

#### **E. MEETINGS AND COMMUNICATIONS:**

The Committee shall meet four (4) times annually, or more frequently as deemed necessary by the Committee. All Committee members are expected to attend each meeting in person or via teleconference or video conference. The Committee may not conduct any meeting with fewer than three (3) members present. The Committee may ask members of the SBA management or others to attend meetings and provide pertinent information as necessary. The CAE, in conjunction with the Committee chair and the Executive Director & CIO, will ensure that meeting agendas and appropriate briefing materials are prepared and provided

in advance to ~~member~~the Committee and SBA management. Minutes of all Committee meetings will be prepared and approved.

The Committee is subject to Florida's Government in the Sunshine Law (Sunshine Law) as set forth in Chapter 286, Florida Statutes. The Sunshine Law extends to all discussions and deliberations as well as any formal action taken by the Committee. The law is applicable to any gathering, whether formal or casual, of two or more members of the Committee to discuss some matter on which foreseeable action will be taken. Reasonable public notice must be given for all such gatherings. In the event any meeting or portion thereof would reveal information that specifically is made exempt under the Sunshine Law, the Committee either may hold a separate closed meeting to discuss the exempted information or the Committee can close the portion of the publicly noticed meeting in which the exempted information is discussed but will notify the public of such closed meeting in a manner advised by the SBA's General Counsel (or his or her designee). The Committee will make an audio or other recording in the manner advised by the SBA's General Counsel (or his or her designee) of all or any portion of a meeting that is closed because of such exemption.

#### **F. REPORTING RESPONSIBILITIES:**

The Committee shall report periodically, but no less than quarterly, to the Board and the Executive Director & CIO of the SBA regarding the Committee activities, issues, and recommendations.

#### **G. DUTIES AND RESPONSIBILITIES:**

The primary duties and responsibilities of the Committee are to:

##### **1. Financial Reporting**

- Review the annual financial statements of all Trust Funds required to be audited and any certification, report, opinion, or review rendered by internal or external auditors.
- Inquire as to the external auditors' independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and clarity of financial disclosures practices used or proposed to be adopted by SBA.
- Inquire as to the external auditors' views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or a minority practice.

- Review, in consultation with the external auditors and the CAE, the integrity of SBA's financial reporting processes.

## **2. Internal Controls and Risk Assessment**

- Review OIA or external evaluation of the effectiveness of the SBA's process for assessing significant risks or exposures and the steps management has taken to monitor and control such risks, including internal controls.
- Review significant findings and recommendations of the auditors (internal and external) with management's responses, including the timetable for implementation of recommendations to correct weaknesses in the internal controls.
- Review with the independent auditors, CAE and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the SBA and review any significant recommendations for the improvement of such internal control procedures or particular areas where more effective controls or procedures are desirable.

## **3. Compliance**

- Review OIA or external provider's evaluation of the effectiveness of the system for ensuring compliance with laws, rules, regulations, policies, and procedures and the results of management's investigation and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies.
- Review information from management and legal counsel regarding compliance matters.
- Review reports on compliance activities from the Chief Risk and Compliance Officer.
- Review the results of the externally commissioned governance, risk and compliance review as it pertains to compliance activities.

## **4. Enterprise Risk Management**

- Review quarterly reports on enterprise risk management activities from the Chief Risk and Compliance Officer.

- Review the results of the externally commissioned governance, risk and compliance review as it pertains to enterprise risk management activities.

## 5. Internal Audit

- Review and approve annually, in consultation with the Executive Director & CIO and the CAE, the OIA Charter, annual audit plan, budget, staffing, and organizational structure of the internal audit department. Confirm and assure the independence and objectivity of the OIA.
- Receive internal audit reports and a progress report on the approved annual audit plan on a periodic basis.
- Assist the Board in decisions regarding the appointment and removal of the CAE.
- Review periodic internal and no less frequently than every five years self-assessment with independent external validation of quality assurance reviews required by the Standards.

## 6. External Audit

- Search, select, and engage external audit firms by approving:
  - Scope of work for competitive solicitations
  - Selection process
  - ~~○ Final engagement letters (for execution by the Executive Director & CIO)~~
  - External audit firms selected by the evaluation team chaired by the CAE or the CAE's designee)
- Meet, as needed, with the representatives of the Auditor General and other external auditors regarding the proposed scope and approach of their external auditing functions and subsequently the results of their audit of the SBA.
- Meet, as needed, with representatives of OPPAGA regarding its review of the performance of the SBA.
- Review with management the results of all audits, including any difficulties encountered by the auditors or disputes with management during the course of their audit. External auditors will be consulted, as needed.

## 7. Other Responsibilities

- Review and assess the adequacy of the Committee Charter no less than annually, and request Board approval for the proposed changes.

~~Approved by SBA Board of Trustees on September 18, 2012~~

~~Reviewed by SBA Revised for Audit Committee Approval on August 13, 2012, 22, 2016~~

~~September 3, 2013, and August 25, 2014~~

~~Reviewed and revised by SBA Audit Committee on August 17, 2015~~

~~Approved by SBA Board of Trustees on September 29, 2015~~

- Commission a SBA governance, risk management and compliance (GRC) program evaluation and performance improvement analysis (including the assessment of the utilization and effectiveness of both the internal and external audit functions) to be performed by an external provider no less frequently than every three years and incorporating input from SBA management.
- Directing the CAE to conduct investigations into any matters within its scope of responsibility and obtaining advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.

While the Committee has the responsibilities and the authority as set forth in Section 215.44(2)(c), Florida Statutes, and this Charter, it is not the responsibility of the Committee to plan or conduct individual audits, reviews and/or investigations, to attest to the SBA's financial information or condition, to resolve disagreements, or to assume responsibility for compliance with laws, rules, regulations, policies, procedures, the Employee Handbook, or the Code of Ethics.



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

1801 HERMITAGE BOULEVARD  
TALLAHASSEE, FLORIDA 32308  
(850) 488-4406

POST OFFICE BOX 13300  
32317-3300

RICK SCOTT  
GOVERNOR  
AS CHAIRMAN  
JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
AS TREASURER  
PAM BONDI  
ATTORNEY GENERAL  
AS SECRETARY  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

**CHARTER OF THE AUDIT COMMITTEE  
OF THE  
STATE BOARD OF ADMINISTRATION OF FLORIDA**

**A. PURPOSE:**

Acting pursuant to Section 215.44(2)(c), Florida Statutes, the Board of Trustees (“Board”) of the State Board of Administration (SBA) has established an Audit Committee (the “Committee”) whose purpose is to assist the board in fulfilling its oversight responsibilities. The Committee shall serve as an independent and objective party to monitor processes for financial reporting, internal controls and risk assessment, audit processes, and compliance with laws, rules, and regulations.

**B. AUTHORITY:**

The Committee’s authority comes from Section 215.44(2)(c), Florida Statutes and from the Board. The Committee has the authority to direct the Board’s independent external auditors, the SBA’s Chief Audit Executive (“CAE”) or the SBA’s Office of Internal Audit (“OIA”) staff to conduct an audit, review, and/or a special investigation into any matters within the scope of the Committee’s responsibility.

**C. MEMBERSHIP:**

The Committee shall consist of three (3) members appointed by the Board. Members shall be appointed for four (4) year terms. A vacancy shall be filled for the remainder of the unexpired term. Per statute, the persons appointed must have relevant knowledge and expertise as determined by the Board.

The Committee will annually elect its chair and vice chair from its membership by majority vote of the members. A member may not be elected to consecutive terms as chair or vice chair.

Each Committee member will be independent and free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee and will be required to complete an annual independence statement.

**D. MEMBERSHIP QUALIFICATIONS:**

The Committee members are appointed by the Board pursuant to Section 215.44(1)(c), Florida Statutes. At the time of his or her appointment, each member shall be independent and financially literate according to the following standards:

1. Each member must meet the independence requirements of the United States Securities and Exchange Commission (SEC) with respect to the activities and funds of the State Board of Administration.
2. Each member must be able to read and understand fundamental financial statements, including balance sheet, income statement and statement of cash flows and have working familiarity with financial practices applicable to fiduciary trust, banking, brokerage, asset management or other similar financial services operations.

The Board shall consider the following guidelines when appointing members to ensure the Committee, as an entity, has the collective knowledge, skills, and abilities necessary to accomplish its statutory mission. Members must possess one or more of the following attributes:

1. Financial expertise as defined in the “audit committee financial expert” corporate governance rules and regulations of the SEC.
2. Investment literacy consistent with a current working knowledge of investment products commonly used by institutional investors.
3. Knowledge and experience in the practice of internal and/or external auditing, including familiarity with current auditing standards.

The Board shall endeavor to ensure at least one member is deemed to meet the requirements of an “audit committee financial expert” as defined by the corporate governance rules and regulations of the SEC, to the extent practical.

**E. MEETINGS AND COMMUNICATIONS:**

The Committee shall meet four (4) times annually, or more frequently as deemed necessary by the Committee. All Committee members are expected to attend each meeting in person or via teleconference or video conference. The Committee may not conduct any meeting with fewer than three (3) members present. The Committee may ask members of the SBA management or others to attend meetings and provide pertinent information as necessary. The CAE, in conjunction with the Committee chair and the Executive Director & CIO, will ensure that meeting agendas and appropriate briefing materials are prepared and provided in advance to the Committee and SBA management. Minutes of all Committee meetings will be prepared and approved.

The Committee is subject to Florida’s Government in the Sunshine Law (Sunshine Law) as set forth in Chapter 286, Florida Statutes. The Sunshine Law extends to all discussions and deliberations as well as any formal action taken by the Committee. The law is applicable to any gathering, whether formal or casual, of two or more members of the Committee to discuss some matter on which foreseeable action will be taken. Reasonable public notice

must be given for all such gatherings. In the event any meeting or portion thereof would reveal information that specifically is made exempt under the Sunshine Law, the Committee either may hold a separate closed meeting to discuss the exempted information or the Committee can close the portion of the publicly noticed meeting in which the exempted information is discussed but will notify the public of such closed meeting in a manner advised by the SBA's General Counsel (or his or her designee). The Committee will make an audio or other recording in the manner advised by the SBA's General Counsel (or his or her designee) of all or any portion of a meeting that is closed because of such exemption.

**F. REPORTING RESPONSIBILITIES:**

The Committee shall report periodically, but no less than quarterly, to the Board and the Executive Director & CIO of the SBA regarding the Committee activities, issues, and recommendations.

**G. DUTIES AND RESPONSIBILITIES:**

The primary duties and responsibilities of the Committee are to:

**1. Financial Reporting**

- Review the annual financial statements of all Trust Funds required to be audited and any certification, report, opinion, or review rendered by internal or external auditors.
- Inquire as to the external auditors' independent qualitative judgments about the appropriateness, not just the acceptability, of the accounting principles and clarity of financial disclosures practices used or proposed to be adopted by SBA.
- Inquire as to the external auditors' views about whether management's choices of accounting principles are conservative, moderate or aggressive from the perspective of income, asset and liability recognition, and whether those principles are common practices or a minority practice.
- Review, in consultation with the external auditors and the CAE, the integrity of SBA's financial reporting processes.

**2. Internal Controls and Risk Assessment**

- Review OIA or external evaluation of the effectiveness of the SBA's process for assessing significant risks or exposures and the steps management has taken to monitor and control such risks, including internal controls.
- Review significant findings and recommendations of the auditors (internal and external) with management's responses, including the timetable for



implementation of recommendations to correct weaknesses in the internal controls.

- Review with the independent auditors, CAE and financial and accounting personnel, the adequacy and effectiveness of the accounting and financial controls of the SBA and review any significant recommendations for the improvement of such internal control procedures or particular areas where more effective controls or procedures are desirable.

### **3. Compliance**

- Review OIA or external provider's evaluation of the effectiveness of the system for ensuring compliance with laws, rules, regulations, policies, and procedures and the results of management's investigation and follow-up of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies.
- Review information from management and legal counsel regarding compliance matters.
- Review reports on compliance activities from the Chief Risk and Compliance Officer.
- Review the results of the externally commissioned governance, risk and compliance review as it pertains to compliance activities.

### **4. Enterprise Risk Management**

- Review quarterly reports on enterprise risk management activities from the Chief Risk and Compliance Officer.
- Review the results of the externally commissioned governance, risk and compliance review as it pertains to enterprise risk management activities.

### **5. Internal Audit**

- Review and approve annually, in consultation with the Executive Director & CIO and the CAE, the OIA Charter, annual audit plan, budget, staffing, and organizational structure of the internal audit department. Confirm and assure the independence and objectivity of the OIA.
- Receive internal audit reports and a progress report on the approved annual audit plan on a periodic basis.
- Assist the Board in decisions regarding the appointment and removal of the CAE.

- Review periodic internal and no less frequently than every five years self-assessment with independent external validation of quality assurance reviews required by the Standards.

## **6. External Audit**

- Search, select, and engage external audit firms by approving:
  - Scope of work for competitive solicitations
  - Selection process
  - External audit firms selected by the evaluation team chaired by the CAE or the CAE's designee)
- Meet, as needed, with the representatives of the Auditor General and other external auditors regarding the proposed scope and approach of their external auditing functions and subsequently the results of their audit of the SBA.
- Meet, as needed, with representatives of OPPAGA regarding its review of the performance of the SBA.
- Review with management the results of all audits, including any difficulties encountered by the auditors or disputes with management during the course of their audit. External auditors will be consulted, as needed.

## **7. Other Responsibilities**

- Review and assess the adequacy of the Committee Charter no less than annually, and request Board approval for the proposed changes.
- Commission a SBA governance, risk management and compliance (GRC) program evaluation and performance improvement analysis (including the assessment of the utilization and effectiveness of both the internal and external audit functions) to be performed by an external provider no less frequently than every three years and incorporating input from SBA management.
- Directing the CAE to conduct investigations into any matters within its scope of responsibility and obtaining advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.

While the Committee has the responsibilities and the authority as set forth in Section 215.44(2)(c), Florida Statutes, and this Charter, it is not the responsibility of the Committee to plan or conduct individual audits, reviews and/or investigations, to attest to the SBA's financial information or condition, to resolve disagreements, or to assume responsibility for compliance with laws, rules, regulations, policies, procedures, the Employee Handbook, or the Code of Ethics.

~~Approved by Trustees on December 9, 2014~~

~~Effective January 1, 2015~~

Draft for Review by Trustees on October 25, 2016

## **FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT**

### **I. DEFINITIONS**

**Absolute Real Target Rate of Return** - The total rate of return by which the FRS Portfolio must grow, in excess of inflation as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), in order to achieve the long-run investment objective.

**Asset Class** - An asset class is an aggregation of one or more portfolios with the same principal asset type.<sup>1</sup> For example, all of the portfolios whose principal asset type was stocks would be aggregated together as the Global Equity asset class. As such, it would contain primarily—but not exclusively—the principal asset type.

**Asset Type** - An asset type is a category of investment instrument such as common stock or bond.

**Portfolio** - A portfolio is the basic organization unit of the FRS Fund. Funds are managed within portfolios. A portfolio will typically contain one principal asset type (common stocks, for example), but may contain other asset types as well. The discretion for this mix of asset types is set out in guidelines for each portfolio.

### **II. OVERVIEW OF THE FRS AND SBA**

The State Board of Administration (Board) provides investment management of assets contributed and held on behalf of the Florida Retirement System (FRS). The investment of retirement assets is one aspect of the activity involved in the overall administration of the Florida Retirement System. The Division of Retirement (DOR), the administrative agency for the FRS, provides full accounting and administration of benefits and contributions, commissions actuarial studies, and proposes rules and regulations for the administration of the FRS. The State Legislature has the responsibility of setting contribution and benefit levels, and providing the statutory guidance for the administration of the FRS.

### **III. THE BOARD**

The State Board of Administration has the authority and responsibility for the investment of FRS assets. The Board consists of the Governor, as Chairman, the Chief Financial Officer, and the Attorney General. The Board has statutory responsibility for the investment of FRS assets, subject to limitations on investments as outlined in Section 215.47, Florida Statutes.

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<sup>1</sup> The Strategic Investments asset class is an exception, purposefully established to contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Sections 215.44(2)(a) and 215.47(10), Florida Statutes.

The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the investment of FRS assets. An Investment Advisory Council (IAC) is appointed by the Board. The IAC meets quarterly, and is charged with the review and study of general portfolio objectives, policies and strategies, including a review of investment performance.

The mission of the State Board of Administration is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards.

#### **IV. THE EXECUTIVE DIRECTOR**

The Executive Director is charged with the responsibility for managing and directing administrative, personnel, budgeting, and investment functions, including the strategic and tactical allocation of investment assets.

The Executive Director is charged with developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities.

The Executive Director has investment responsibility for maintaining diversified portfolios, and maximizing returns with respect to the broad diversified market standards of individual asset classes, consistent with appropriate risk constraints. The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by

management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board and is authorized to directly access these bodies at any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group(s) to regularly review, document and formally escalate guideline compliance exceptions and events that may have a material impact on the Trust Fund. The Executive Director is delegated the authority and responsibility to prudently address any such compliance exceptions, with input from the Investment Advisory Council and Audit Committee as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

The Executive Director is responsible for evaluating the appropriateness of the goals and objectives in this Plan in light of actuarial studies and recommending changes to the Board when appropriate.

## **V. INVESTMENT OBJECTIVES**

The investment objective of the Board is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and keeps the plan cost at a reasonable level. To achieve this, a long-term real return approximating 5% per annum (compounded and net of investment expenses) should be attained, consistent with the actuarial investment return assumption of 7.65%. As additional considerations, the Board seeks to avoid excessive risk in long-term cost trends. To manage these risks, the volatility of annual returns should be reasonably controlled.

The Board's principal means for achieving this goal is through investment directives to the Executive Director. The main object of these investment directives is the asset class. The Board directs the Executive Director to manage the asset classes in ways that, in the Board's opinion, will maximize the likelihood of achieving the Board's investment objective within an appropriate risk management framework. The Board establishes asset classes, sets target allocations and reasonable ranges around them for each and establishes performance benchmarks for them. In addition, it establishes a performance benchmark for the total portfolio.

## VI. TARGET PORTFOLIO AND ASSET ALLOCATION RANGES

The Board's investment objective is an absolute one: achieve a specific rate of return, the absolute real target rate of return. In order to achieve it, the Board sets a relative objective for the Executive Director: achieve or exceed the return on a performance benchmark known as the Target Portfolio over time. The Target Portfolio is a portfolio composed of a specific mix of the authorized asset classes. The return on this portfolio is a weighted-average of the returns to passive benchmarks for each of the asset classes. The expectation is that this return will equal or exceed the absolute real target rate of return long-term and will thus assure achievement of the Board's investment objective.

This relative return objective is developed in a risk management framework. Risk from the perspective of the Board is any shortfall of actual investment returns relative to the absolute real target rate of return over long periods of time, and the asset mix is developed to manage this risk. In selecting the Target Portfolio, the Board considers information from actuarial valuation reviews and asset/liability studies of the FRS, as well as asset class risk and return characteristics. In addition, the timing of cash demands on the portfolio to honor benefit payments and other liabilities are an important consideration. Potential asset mixes are thus evaluated with respect to their expected return, volatility, liquidity, and other risk and return measures as appropriate.

The Target Portfolio defined in Table 2 has a long-term expected compound annual real return that approximates the absolute real target rate of return. To achieve the absolute real target rate of return or actuarial return, material market risk must be borne (i.e., year to year volatility of returns). For example, in 2008 the Trust Fund's net managed real return was -26.81% compared to gains of 17.56% in 2009 and 21.48% in 2003. While downside risk is considerably greater over shorter horizons, the natural investment horizon for the Trust Fund is the long-term. Table 1 illustrates a modeled estimate of the Target Portfolio's potential range of real returns that could result over longer-term investment horizons. Over a 15-year investment horizon there is an 80 percent probability that the Target Portfolio will experience a compound annual real return between -1.2% and 10.4% and a 90 percent probability that the Target Portfolio will experience a compound annual real return between -3.2% and 11.7%.

**Table 1: Expected Risk in Target Portfolio's Real Returns**

| Time Horizon | 5 <sup>th</sup> Percentile Real Return | 10 <sup>th</sup> Percentile Real Return | 90 <sup>th</sup> Percentile Real Return | 95 <sup>th</sup> Percentile Real Return |
|--------------|--|---|---|---|
| 10 Years     | -5.5%                                  | -3.2%                                   | 11.5%                                   | 12.7%                                   |
| 15 Years     | -3.2%                                  | -1.2%                                   | 10.4%                                   | 11.7%                                   |
| 20 Years     | -2.3%                                  | -0.2%                                   | 9.7%                                    | 10.8%                                   |
| 25 Years     | -1.6%                                  | 0.1%                                    | 9.1%                                    | 10.3%                                   |

|          |       |      |      |       |
|----------|-------|------|------|-------|
| 30 Years | -1.1% | 0.7% | 9.0% | 10.0% |
|----------|-------|------|------|-------|

Although the Target Portfolio has an expected return and risk associated with it, it is important to note that this expected return is neither an explicit nor an implicit goal for the managers of the Florida Retirement System Trust Fund (FRSTF). These figures are used solely in developing directives for fund management that will raise the probability of success in achieving the absolute real target rate of return. The Executive Director is held responsible not for specifically achieving the absolute real target rate of return in each period, but rather for doing at least as well as the market using the Target Portfolio's mix of assets.

In pursuit of incremental investment returns, the Executive Director may vary the asset mix from the target allocation based on market conditions and the investment environment for the individual asset classes. The Executive Director shall adopt an asset allocation policy guideline which specifies the process for making these tactical decisions. The guideline shall concentrate on the analysis of economic conditions, the absolute values of asset class investments and the relative values between asset classes. The Board establishes ranges for tactical allocations, as shown in Table 2.

**Table 2: Authorized Asset Classes, Target Allocations and Policy Ranges**

| Asset Class           | Target Allocation | Policy Range Low | Policy Range High |
|-----------------------|-------------------|------------------|-------------------|
| Global Equity         | 53%               | 45%              | 70%               |
| Fixed Income          | 18%               | 10%              | 26%               |
| Real Estate           | 10%               | 4%               | 16%               |
| Private Equity        | 6%                | 2%               | 9%                |
| Strategic Investments | 12%               | 0%               | 16%               |
| Cash Equivalents      | 1%                | 0.25%            | 5%                |
| Total Fund            | 100%              | --               | --                |

For purposes of determining compliance with these policy ranges, an asset class is considered to be an aggregation of one or more portfolios with substantially the same principal asset type.<sup>2</sup> An asset type is a category of investment instrument such as common stock or bond. For example, all of the portfolios whose principal asset type is bonds would be aggregated together as the Fixed Income asset class. As such, it would contain primarily—but not exclusively—the principal asset type. As

<sup>2</sup> The Strategic Investments asset class is an exception, purposefully established to potentially contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

a standard management practice, portfolio managers are expected to meet their goals for all assets allocated to their portfolio.

It is expected that the FRS Portfolio will be managed in such a way that the actual allocation mix will remain within these ranges. Investment strategies or market conditions which result in an allocation position for any asset class outside of the enumerated ranges for a period exceeding thirty (30) consecutive business days shall be reported to the Board, together with a review of conditions causing the persistent deviation and a recommendation for subsequent investment action.

The asset allocation is established in concert with the investment objective, capital market expectations, projected actuarial liabilities, and resulting cash flows. Table 3 indicates estimated net cash flows (benefit payments less employer and employee contributions) and associated probabilities that are implicit in this policy statement, assuming the Legislature adheres to system funding provisions in current law. Additionally, the annualized income yield of the fund is projected to approximate 2% to 3%.

**Table 3: Estimated Net Cash Outflow (\$ millions/ % Fund)**

|                             | In 5 Years |      | In 10 Years |      |
|-----------------------------|------------|------|-------------|------|
| 10 <sup>th</sup> Percentile | \$ 6,317   | 5.3% | \$ 11,200   | 6.3% |
| 25 <sup>th</sup> Percentile | \$ 6,189   | 4.7% | \$ 9,762    | 5.5% |
| Median                      | \$ 6,063   | 4.2% | \$ 8,674    | 4.8% |
| 75 <sup>th</sup> Percentile | \$ 5,925   | 3.8% | \$ 6,875    | 4.2% |
| 90 <sup>th</sup> Percentile | \$ 5,760   | 3.6% | \$ 4,002    | 3.7% |



## VII. PERFORMANCE MEASUREMENT

Asset class performance is measured in accordance with a broad market index appropriate to the asset class. The indices identified in Table 4 are used as the primary benchmarks for the authorized asset classes.

**Table 4: Authorized Target Indices**

| Asset Class   | Index  |
|---------------|--|
| Global Equity | A custom version of the MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act   |
| Fixed Income  | The Barclays Capital U.S. Intermediate Aggregate Index   |
| Real Estate   | The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10% <sup>3</sup> |

$$\begin{array}{c}
 \text{3} \quad \text{Core RE} \qquad \qquad \text{Non-Core RE} \qquad \qquad \text{Public RE} \\
 \underbrace{\hspace{1.5cm}} \quad \underbrace{\hspace{3.5cm}} \quad \underbrace{\hspace{2.5cm}} \\
 (76.5\% * \text{NFI-ODCE}) + [13.5\% * (\text{NFI-ODCE} + 150 \text{ bps})] + (10\% * \text{REIT Index})
 \end{array}$$

|                       |   |
|-----------------------|---|
| Private Equity        | The MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida’s Investments Act, plus a fixed premium return of 300 basis points per annum |
| Strategic Investments | A weighted-average of individual portfolio level benchmark returns  |
| Cash Equivalents      | iMoneyNet First Tier Institutional Money Market Funds Net Index   |

The return on the Target Portfolio shall be calculated as an average of the returns to the target indices indicated in Table 4 weighted by the target allocations indicated by Table 2, but adjusted for floating allocations. The policy allocations for the private market asset classes would all “float” against the public market asset classes (i.e., limited short-term liquidity available for rebalancing and benefit payments means that their policy allocations would equal their actual allocations) as identified in Table 5.

**Table 5: Allocations of Private Market (Real Estate, Private Equity and Strategic Investments) Under and Overweights to Public Market (Global Equity, Fixed Income and Cash) Table 2 Target Allocations**

| Public Market Asset Classes | Float Allocation Limit | Private Market Asset Classes |                |                       |
|-----------------------------|------------------------|------------------------------|----------------|-----------------------|
|                             |                        | Real Estate                  | Private Equity | Strategic Investments |
| Global Equity               | N/A                    | 50%                          | 100%           | 75%                   |
| Fixed Income                | N/A                    | 50%                          | 0%             | 25%                   |

Measurement of asset allocation performance shall be made by comparing the actual asset allocation times the return for the appropriate indices to the target allocation times the index returns. For asset classes with floating allocations the basis of tactical measurement shall be the asset class’s actual share.

Performance measurement of the effectiveness of the implementation of the Private Equity asset class shall be based on an internal rate of return (IRR) methodology, applied over significant periods of time. Performance measurement of the effectiveness of the implementation of the Private Equity and Strategic Investments asset classes shall be assessed relative to both the applicable index in Table 4 and:

- For Private Equity, ~~a fund-based private equity benchmark (e.g., from Venture Economics or Cambridge Associates)~~ the joint Cambridge Associates Global Private Equity and Venture Capital Index pooled return at peer group weights.
- For Strategic Investments, the CPI, as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), plus

5%. Fundamentally, the Strategic Investments asset class is expected to improve the risk-adjusted return of the total fund over multiple market cycles.

## **VIII. ASSET CLASS PORTFOLIO MANAGEMENT**

### **General Asset Class and Portfolio Guidelines**

The Executive Director is responsible for developing asset class and individual portfolio policies and guidelines which reflect the goals and objectives of this Investment Policy Statement. In doing so, he is authorized to use all investment authority spelled out in Section 215.47, Florida Statutes, except as limited by this Plan or SBA Rules. The Executive Director shall develop guidelines for the selection and retention of portfolios, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. To obtain appropriate compensation for associated performance risks:

- Public market asset classes shall be well diversified with respect to their benchmarks and have a reliance on low cost passive strategies scaled according to the degree of efficiency in underlying securities markets, capacity in effective active strategies, and ongoing total fund liquidity requirements.
- Private Equity, Real Estate and Strategic Investments asset classes shall utilize a prudent process to maximize long-term access to attractive risk-adjusted investment opportunities through use of business partners with appropriate:
  - Financial, operational and investment expertise and resources;
  - Alignment of interests;
  - Transparency and repeatability of investment process; and
  - Controls on leverage.

### **Strategic Investments Guidelines**

The objective of the asset class is to proactively identify and utilize non-traditional and multi-asset class investments, on an opportunistic and strategic basis, in order to accomplish one or more of the following:

- Generate long-term incremental returns in excess of a 5% annualized real rate of return, commensurate with risk.
- Diversify the FRS Pension Plan assets.
- Provide a potential hedge against inflation.

- Increase investment flexibility, across market environments, in order to access evolving or opportunistic investments outside of traditional asset classes and effective risk-adjusted portfolio management strategies.

Strategic Investments may include, but not be limited to, direct investments authorized by s. 215.47, Florida Statutes or investments in capital commitment partnerships, hedge funds or other vehicles that make or involve non-traditional, opportunistic and/or long or short investments in marketable and nonmarketable debt, equity, and/or real assets (e.g., real estate, infrastructure, or commodities). Leverage may be utilized subject to appropriate controls.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2007-88, Laws of Florida, the “Protecting Florida’s Investments Act.” Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.473(6), Florida Statutes.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2016-36, Laws of Florida, an act relating to companies that boycott Israel. Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.472(5), Florida Statutes.

## **IX. REPORTING**

The Board directs the Executive Director to coordinate the preparation of quarterly reports of the investment performance of the FRS by the Board's independent performance evaluation consultant.

The following formal periodic reports to the Board shall be the responsibility of the Executive Director:

- An annual report on the SBA and its investment portfolios, including that of the FRS.
- A monthly report on performance and investment actions taken.
- Special investment reports pursuant to Section 215.44-215.53, Florida Statutes.

## **X. IMPLEMENTATION SCHEDULE**

This policy statement shall be effective January 1, 201~~5~~7.

## **FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PLAN INVESTMENT POLICY STATEMENT**

### **I. DEFINITIONS**

**Absolute Real Target Rate of Return** - The total rate of return by which the FRS Portfolio must grow, in excess of inflation as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), in order to achieve the long-run investment objective.

**Asset Class** - An asset class is an aggregation of one or more portfolios with the same principal asset type.<sup>1</sup> For example, all of the portfolios whose principal asset type was stocks would be aggregated together as the Global Equity asset class. As such, it would contain primarily—but not exclusively—the principal asset type.

**Asset Type** - An asset type is a category of investment instrument such as common stock or bond.

**Portfolio** - A portfolio is the basic organization unit of the FRS Fund. Funds are managed within portfolios. A portfolio will typically contain one principal asset type (common stocks, for example), but may contain other asset types as well. The discretion for this mix of asset types is set out in guidelines for each portfolio.

### **II. OVERVIEW OF THE FRS AND SBA**

The State Board of Administration (Board) provides investment management of assets contributed and held on behalf of the Florida Retirement System (FRS). The investment of retirement assets is one aspect of the activity involved in the overall administration of the Florida Retirement System. The Division of Retirement (DOR), the administrative agency for the FRS, provides full accounting and administration of benefits and contributions, commissions actuarial studies, and proposes rules and regulations for the administration of the FRS. The State Legislature has the responsibility of setting contribution and benefit levels, and providing the statutory guidance for the administration of the FRS.

### **III. THE BOARD**

The State Board of Administration has the authority and responsibility for the investment of FRS assets. The Board consists of the Governor, as Chairman, the Chief Financial Officer, and the Attorney General. The Board has statutory responsibility for the investment of FRS assets, subject to limitations on investments as outlined in Section 215.47, Florida Statutes.

The Board shall discharge its fiduciary duties in accordance with the Florida statutory fiduciary standards of care as contained in Sections 215.44(2)(a) and 215.47(10), Florida Statutes.

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<sup>1</sup> The Strategic Investments asset class is an exception, purposefully established to contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

The Board delegates to the Executive Director the administrative and investment authority, within the statutory limitations and rules, to manage the investment of FRS assets. An Investment Advisory Council (IAC) is appointed by the Board. The IAC meets quarterly, and is charged with the review and study of general portfolio objectives, policies and strategies, including a review of investment performance.

The mission of the State Board of Administration is to provide superior investment management and trust services by proactively and comprehensively managing risk and adhering to the highest ethical, fiduciary and professional standards.

#### **IV. THE EXECUTIVE DIRECTOR**

The Executive Director is charged with the responsibility for managing and directing administrative, personnel, budgeting, and investment functions, including the strategic and tactical allocation of investment assets.

The Executive Director is charged with developing specific individual investment portfolio objectives and policy guidelines, and providing the Board with monthly and quarterly reports of investment activities.

The Executive Director has investment responsibility for maintaining diversified portfolios, and maximizing returns with respect to the broad diversified market standards of individual asset classes, consistent with appropriate risk constraints. The Executive Director will develop policies and procedures to:

- Identify, monitor and control/mitigate key investment and operational risks.
- Maintain an appropriate and effective risk management and compliance program that identifies, evaluates and manages risks within business units and at the enterprise level.
- Maintain an appropriate and effective control environment for SBA investment and operational responsibilities.
- Approve risk allocations and limits, including total fund and asset class risk budgets.

The Executive Director will appoint a Chief Risk and Compliance Officer, whose selection, compensation and termination will be affirmed by the Board, to assist in the execution of the responsibilities enumerated in the preceding list. For day-to-day executive and administrative purposes, the Chief Risk and Compliance Officer will proactively work with the Executive Director and designees to ensure that issues are promptly and thoroughly addressed by management. On at least a quarterly basis, the Chief Risk and Compliance Officer will provide reports to the Investment Advisory Council, Audit Committee and Board and is authorized to

directly access these bodies at any time as appropriate to ensure the integrity and effectiveness of risk management and compliance functions.

Pursuant to written SBA policy, the Executive Director will organize an Investment Oversight Group(s) to regularly review, document and formally escalate guideline compliance exceptions and events that may have a material impact on the Trust Fund. The Executive Director is delegated the authority and responsibility to prudently address any such compliance exceptions, with input from the Investment Advisory Council and Audit Committee as necessary and appropriate, unless otherwise required in this Investment Policy Statement.

The Executive Director is responsible for evaluating the appropriateness of the goals and objectives in this Plan in light of actuarial studies and recommending changes to the Board when appropriate.

## **V. INVESTMENT OBJECTIVES**

The investment objective of the Board is to provide investment returns sufficient for the plan to be maintained in a manner that ensures the timely payment of promised benefits to current and future participants and keeps the plan cost at a reasonable level. To achieve this, a long-term real return approximating 5% per annum (compounded and net of investment expenses) should be attained, consistent with the actuarial investment return assumption of 7.65%. As additional considerations, the Board seeks to avoid excessive risk in long-term cost trends. To manage these risks, the volatility of annual returns should be reasonably controlled.

The Board's principal means for achieving this goal is through investment directives to the Executive Director. The main object of these investment directives is the asset class. The Board directs the Executive Director to manage the asset classes in ways that, in the Board's opinion, will maximize the likelihood of achieving the Board's investment objective within an appropriate risk management framework. The Board establishes asset classes, sets target allocations and reasonable ranges around them for each and establishes performance benchmarks for them. In addition, it establishes a performance benchmark for the total portfolio.

## VI. TARGET PORTFOLIO AND ASSET ALLOCATION RANGES

The Board's investment objective is an absolute one: achieve a specific rate of return, the absolute real target rate of return. In order to achieve it, the Board sets a relative objective for the Executive Director: achieve or exceed the return on a performance benchmark known as the Target Portfolio over time. The Target Portfolio is a portfolio composed of a specific mix of the authorized asset classes. The return on this portfolio is a weighted-average of the returns to passive benchmarks for each of the asset classes. The expectation is that this return will equal or exceed the absolute real target rate of return long-term and will thus assure achievement of the Board's investment objective.

This relative return objective is developed in a risk management framework. Risk from the perspective of the Board is any shortfall of actual investment returns relative to the absolute real target rate of return over long periods of time, and the asset mix is developed to manage this risk. In selecting the Target Portfolio, the Board considers information from actuarial valuation reviews and asset/liability studies of the FRS, as well as asset class risk and return characteristics. In addition, the timing of cash demands on the portfolio to honor benefit payments and other liabilities are an important consideration. Potential asset mixes are thus evaluated with respect to their expected return, volatility, liquidity, and other risk and return measures as appropriate.

The Target Portfolio defined in Table 2 has a long-term expected compound annual real return that approximates the absolute real target rate of return. To achieve the absolute real target rate of return or actuarial return, material market risk must be borne (i.e., year to year volatility of returns). For example, in 2008 the Trust Fund's net managed real return was -26.81% compared to gains of 17.56% in 2009 and 21.48% in 2003. While downside risk is considerably greater over shorter horizons, the natural investment horizon for the Trust Fund is the long-term. Table 1 illustrates a modeled estimate of the Target Portfolio's potential range of real returns that could result over longer-term investment horizons. Over a 15-year investment horizon there is an 80 percent probability that the Target Portfolio will experience a compound annual real return between -1.2% and 10.4% and a 90 percent probability that the Target Portfolio will experience a compound annual real return between -3.2% and 11.7%.

**Table 1: Expected Risk in Target Portfolio's Real Returns**

| Time Horizon | 5 <sup>th</sup> Percentile Real Return | 10 <sup>th</sup> Percentile Real Return | 90 <sup>th</sup> Percentile Real Return | 95th Percentile Real Return |
|--------------|--|---|---|-----------------------------|
| 10 Years     | -5.5%                                  | -3.2%                                   | 11.5%                                   | 12.7%                       |
| 15 Years     | -3.2%                                  | -1.2%                                   | 10.4%                                   | 11.7%                       |
| 20 Years     | -2.3%                                  | -0.2%                                   | 9.7%                                    | 10.8%                       |
| 25 Years     | -1.6%                                  | 0.1%                                    | 9.1%                                    | 10.3%                       |
| 30 Years     | -1.1%                                  | 0.7%                                    | 9.0%                                    | 10.0%                       |

Although the Target Portfolio has an expected return and risk associated with it, it is important to note that this expected return is neither an explicit nor an implicit goal for the managers of the



Florida Retirement System Trust Fund (FRSTF). These figures are used solely in developing directives for fund management that will raise the probability of success in achieving the absolute real target rate of return. The Executive Director is held responsible not for specifically achieving the absolute real target rate of return in each period, but rather for doing at least as well as the market using the Target Portfolio's mix of assets.

In pursuit of incremental investment returns, the Executive Director may vary the asset mix from the target allocation based on market conditions and the investment environment for the individual asset classes. The Executive Director shall adopt an asset allocation policy guideline which specifies the process for making these tactical decisions. The guideline shall concentrate on the analysis of economic conditions, the absolute values of asset class investments and the relative values between asset classes. The Board establishes ranges for tactical allocations, as shown in Table 2.

**Table 2: Authorized Asset Classes, Target Allocations and Policy Ranges**

| Asset Class           | Target Allocation | Policy Range Low | Policy Range High |
|-----------------------|-------------------|------------------|-------------------|
| Global Equity         | 53%               | 45%              | 70%               |
| Fixed Income          | 18%               | 10%              | 26%               |
| Real Estate           | 10%               | 4%               | 16%               |
| Private Equity        | 6%                | 2%               | 9%                |
| Strategic Investments | 12%               | 0%               | 16%               |
| Cash Equivalents      | 1%                | 0.25%            | 5%                |
| Total Fund            | 100%              | --               | --                |

For purposes of determining compliance with these policy ranges, an asset class is considered to be an aggregation of one or more portfolios with substantially the same principal asset type.<sup>2</sup> An asset type is a category of investment instrument such as common stock or bond. For example, all of the portfolios whose principal asset type is bonds would be aggregated together as the Fixed Income asset class. As such, it would contain primarily—but not exclusively—the principal asset type. As a standard management practice, portfolio managers are expected to meet their goals for all assets allocated to their portfolio.

It is expected that the FRS Portfolio will be managed in such a way that the actual allocation mix will remain within these ranges. Investment strategies or market conditions which result in an allocation position for any asset class outside of the enumerated ranges for a period exceeding

<sup>2</sup> The Strategic Investments asset class is an exception, purposefully established to potentially contain a variety of portfolios which may represent asset types and strategies not suitable for inclusion in other asset classes.

thirty (30) consecutive business days shall be reported to the Board, together with a review of conditions causing the persistent deviation and a recommendation for subsequent investment action.

The asset allocation is established in concert with the investment objective, capital market expectations, projected actuarial liabilities, and resulting cash flows. Table 3 indicates estimated net cash flows (benefit payments less employer and employee contributions) and associated probabilities that are implicit in this policy statement, assuming the Legislature adheres to system funding provisions in current law. Additionally, the annualized income yield of the fund is projected to approximate 2% to 3%.

**Table 3: Estimated Net Cash Outflow (\$ millions/ % Fund)**

|                             | In 5 Years |      | In 10 Years |      |
|-----------------------------|------------|------|-------------|------|
| 10 <sup>th</sup> Percentile | \$ 6,317   | 5.3% | \$ 11,200   | 6.3% |
| 25 <sup>th</sup> Percentile | \$ 6,189   | 4.7% | \$ 9,762    | 5.5% |
| Median                      | \$ 6,063   | 4.2% | \$ 8,674    | 4.8% |
| 75 <sup>th</sup> Percentile | \$ 5,925   | 3.8% | \$ 6,875    | 4.2% |
| 90 <sup>th</sup> Percentile | \$ 5,760   | 3.6% | \$ 4,002    | 3.7% |

## VII. PERFORMANCE MEASUREMENT

Asset class performance is measured in accordance with a broad market index appropriate to the asset class. The indices identified in Table 4 are used as the primary benchmarks for the authorized asset classes.

**Table 4: Authorized Target Indices**

| Asset Class           | Index  |
|-----------------------|--|
| Global Equity         | A custom version of the MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act   |
| Fixed Income          | The Barclays Capital U.S. Intermediate Aggregate Index   |
| Real Estate           | The core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 76.5%, and the non-core portion of the asset class is benchmarked to an average of the National Council of Real Estate Investment Fiduciaries (NCREIF) Fund Index – Open-ended Diversified Core Equity, NET of fees, weighted at 13.5%, plus a fixed return premium of 150 basis points per annum, and the FTSE EPRA/NAREIT Developed Index, in dollar terms, net of withholding taxes on non-resident institutional investors, weighted at 10% <sup>3</sup> |
| Private Equity        | The MSCI All Country World Investable Market Index (ACWI IMI), in dollar terms, net of withholding taxes on non-resident institutional investors, adjusted to reflect the provisions of the Protecting Florida's Investments Act, plus a fixed premium return of 300 basis points per annum  |
| Strategic Investments | A weighted-average of individual portfolio level benchmark returns   |
| Cash Equivalents      | iMoneyNet First Tier Institutional Money Market Funds Net Index  |

The return on the Target Portfolio shall be calculated as an average of the returns to the target indices indicated in Table 4 weighted by the target allocations indicated by Table 2, but adjusted for floating allocations. The policy allocations for the private market asset classes would all

$$\begin{array}{c}
 \text{3} \quad \text{Core RE} \qquad \qquad \qquad \text{Non-Core RE} \qquad \qquad \qquad \text{Public RE} \\
 \underbrace{\hspace{1.5cm}} \quad \underbrace{\hspace{3.5cm}} \quad \underbrace{\hspace{2.5cm}} \\
 (76.5\% * \text{NFI-ODCE}) + [13.5\% * (\text{NFI-ODCE} + 150 \text{ bps})] + (10\% * \text{REIT Index})
 \end{array}$$

“float” against the public market asset classes (i.e., limited short-term liquidity available for rebalancing and benefit payments means that their policy allocations would equal their actual allocations) as identified in Table 5.

**Table 5: Allocations of Private Market (Real Estate, Private Equity and Strategic Investments) Under and Overweights to Public Market (Global Equity, Fixed Income and Cash) Table 2 Target Allocations**

| Public Market Asset Classes | Float Allocation Limit | Private Market Asset Classes |                |                       |
|-----------------------------|------------------------|------------------------------|----------------|-----------------------|
|                             |                        | Real Estate                  | Private Equity | Strategic Investments |
| Global Equity               | N/A                    | 50%                          | 100%           | 75%                   |
| Fixed Income                | N/A                    | 50%                          | 0%             | 25%                   |

Measurement of asset allocation performance shall be made by comparing the actual asset allocation times the return for the appropriate indices to the target allocation times the index returns. For asset classes with floating allocations the basis of tactical measurement shall be the asset class’s actual share.

Performance measurement of the effectiveness of the implementation of the Private Equity asset class shall be based on an internal rate of return (IRR) methodology, applied over significant periods of time. Performance measurement of the effectiveness of the implementation of the Private Equity and Strategic Investments asset classes shall be assessed relative to both the applicable index in Table 4 and:

- For Private Equity, the joint Cambridge Associates Global Private Equity and Venture Capital Index pooled return at peer group weights.
- For Strategic Investments, the CPI, as reported by the U.S. Department of Labor, Bureau of Labor Statistics (Consumer Price Index – All Urban Consumers), plus 5%. Fundamentally, the Strategic Investments asset class is expected to improve the risk-adjusted return of the total fund over multiple market cycles.

## VIII. ASSET CLASS PORTFOLIO MANAGEMENT

### General Asset Class and Portfolio Guidelines

The Executive Director is responsible for developing asset class and individual portfolio policies and guidelines which reflect the goals and objectives of this Investment Policy Statement. In doing so, he is authorized to use all investment authority spelled out in Section 215.47, Florida Statutes, except as limited by this Plan or SBA Rules. The Executive Director shall develop guidelines for the selection and retention of portfolios, and shall manage all external contractual relationships in accordance with the fiduciary responsibilities of the Board.

All asset classes shall be invested to achieve or exceed the return on their respective benchmarks over a long period of time. To obtain appropriate compensation for associated performance risks:

- Public market asset classes shall be well diversified with respect to their benchmarks and have a reliance on low cost passive strategies scaled according to the degree of efficiency in underlying securities markets, capacity in effective active strategies, and ongoing total fund liquidity requirements.
- Private Equity, Real Estate and Strategic Investments asset classes shall utilize a prudent process to maximize long-term access to attractive risk-adjusted investment opportunities through use of business partners with appropriate:
  - Financial, operational and investment expertise and resources;
  - Alignment of interests;
  - Transparency and repeatability of investment process; and
  - Controls on leverage.

### **Strategic Investments Guidelines**

The objective of the asset class is to proactively identify and utilize non-traditional and multi-asset class investments, on an opportunistic and strategic basis, in order to accomplish one or more of the following:

- Generate long-term incremental returns in excess of a 5% annualized real rate of return, commensurate with risk.
- Diversify the FRS Pension Plan assets.
- Provide a potential hedge against inflation.
- Increase investment flexibility, across market environments, in order to access evolving or opportunistic investments outside of traditional asset classes and effective risk-adjusted portfolio management strategies.

Strategic Investments may include, but not be limited to, direct investments authorized by s. 215.47, Florida Statutes or investments in capital commitment partnerships, hedge funds or other vehicles that make or involve non-traditional, opportunistic and/or long or short investments in marketable and nonmarketable debt, equity, and/or real assets (e.g., real estate, infrastructure, or commodities). Leverage may be utilized subject to appropriate controls.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2007-88, Laws of Florida, the “Protecting Florida’s Investments Act.” Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.473(6), Florida Statutes.

The Executive Director shall develop and implement policies as appropriate for the orderly and effective implementation of the provisions of Chapter 2016-36, Laws of Florida, an act relating to companies that boycott Israel. Actions taken and determinations made pursuant to said policies are hereby incorporated by reference into this Investment Policy Statement, as required by subsection 215.472(5), Florida Statutes.

## **IX. REPORTING**

The Board directs the Executive Director to coordinate the preparation of quarterly reports of the investment performance of the FRS by the Board's independent performance evaluation consultant.

The following formal periodic reports to the Board shall be the responsibility of the Executive Director:

- An annual report on the SBA and its investment portfolios, including that of the FRS.
- A monthly report on performance and investment actions taken.
- Special investment reports pursuant to Section 215.44-215.53, Florida Statutes.

## **X. IMPLEMENTATION SCHEDULE**

This policy statement shall be effective January 1, 2017.



**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

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CHIEF FINANCIAL OFFICER  
PAM BONDI  
ATTORNEY GENERAL  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

**MEMORANDUM**

To: Ashbel C. Williams, Executive Director & CIO

From: Ruth A. Smith, Assistant General Counsel

Subject: Agenda Item for the October 25, 2016 Cabinet Meeting: Proposed Amendments to Rules 19-11.001, 19-11.003, 19-11.004, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.010, 19-11.011, 19-11.012 and 19-11.013; and Rules 19-13.001, 19-13.002, 19-13.003 and 19-11.004, F.A.C

Request Approval to File the Rules for Notice and For Adoption/Repeal if No Member of the Public Timely Requests a Rule Hearing

Date: October 12, 2016

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**ACTION REQUESTED:**

**REQUEST APPROVAL TO FILE FOR NOTICE, AMENDMENTS TO RULES 19-11.001, , 19-11.003, 19-11.004, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.010, 19-11.011, 19-11.012 and 19-11.013 IN RULE CHAPTER 19-11, F.A.C. (PROCEDURES FOR THE FRS INVESTMENT PLAN), AND FURTHER TO FILE THE RULES FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The proposed amendments serve to update and clarify certain information and to adopt the most recent versions of forms. There are no significant policy issues or controversial issues connected to these rule amendments.

The specific changes proposed are: Rule 19-11.001, F.A.C. is being amended to add new definitions for “death in the line of duty” and “special risk member” that pertain to the new In-Line of Duty death benefit that may be available to survivors of Special Risk Class Investment Plan members who are killed in the line of duty; to clarify other definitions; and to correct some typographical errors. Rule 19-11.003, F.A.C. is being amended to clarify certain

information regarding Required Minimum Distributions (RMDs); to add new information concerning pending distributions; and to clarify certain information. Rule 19-11.004, F.A.C. is being amended to clarify certain information. Rule 19-11.005, F.A.C. is being amended to clarify information and to indicate how copies of issued Final Orders can be obtained. Rule 19-11.006 is being amended to adopt the latest versions of the applicable enrollment forms; and to indicate that an employee who terminates employment prior to making a retirement plan choice will be given another opportunity to make a plan choice if the employee returns to FRS-covered employment in the future. Rule 19-11.007, F.A.C. is being amended to adopt the latest versions of the Second Election enrollment forms; to clarify that members who are teachers on summer break cannot submit a 2<sup>nd</sup> election form during the calendar months comprising summer break; and to indicate that a member that transfers to the Investment Plan and provides a cell phone number or email address will be deemed to have consented to electronic delivery of documents through the MyFRS.com website. Rule 19-11.008, F.A.C. is being amended to indicate the any unvested account balances will be transferred to a suspense account which is invested in the FIAM Intermediate Duration Pool Fund. Rule 19-11.009 is being amended to indicate that if a member receives an invalid distribution, the member may elect to terminate employment rather than to pay back the invalid distribution. Rule 19-11.010 is being amended to state that a power of attorney may be submitted by electronic means or by hard copy. Rule 19-11.011, F.A.C. is being amended to indicate how employer errors and corrections will be made and resolved; and to indicate that the Division of Retirement is responsible for monitoring the federally-mandated annual salary that may be applied towards retirement. Rule 19-11.012, F.A.C. is being amended to adopt the latest version of the rollover forms. Rule 19-11.013, F.A.C. is being amended to set forth how the Self-Directed Brokerage Account enrollment form can be obtained and to make a few clarifications.

The rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification of the proposed amendments is required.

**REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULES 19-13.001, 19-13.002, 19-13.003 AND 19-13.004 IN RULE CHAPTER 19-3 (ROLES AND RESPONSIBILITIES FOR THE FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN) AND TO FILE THE RULES FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The purpose and effect of the proposed rule amendments to Rules 19-13.001, 19-13.002, 19-13.003 and 19-13.004 is to update and clarify certain information concerning the responsibilities of the State Board of Administration,



the Division of Retirement, participating employers and certain third party vendors with respect to the FRS Investment Plan. There are no significant policy issues or controversial issues connected to these rule amendments.

Rule 19-13.001 is being amended to indicate clarify the Summary Plan Description is one of the plan documents for the FRS Investment Plan and further to make some editorial revisions. Rule 19-13.002 is being amended to indicate that the Division of Retirement is responsible for administering the new in-line-of-duty death benefits available to Investment Plan members. Rule 19-13.003 is being amended to update the responsibilities of participating employers. Rule 19-13.004 is being amended to make some minor editorial revisions.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

The proposed amendments serve to update certain information and to adopt the most recent versions of various incorporated forms. There are no significant policy issues or controversial issues connected to these rule amendments.

## ATTACHMENTS:

### I. AMENDMENT TEXT:

--Proposed Amendments to Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.011, 19-11.012 and 19-11.013, F.A.C.

--Proposed Amendments to Rules 19-13.001, 19-13.002, 19-13.003 and 19-11.004, F.A.C.

### II. FORMS:

Rule 19-11.006:

- EZ Retirement Plan Enrollment Form
- General Retirement Plan Enrollment Form
- Elected Officers' Class Retirement Plan Form
- Community College Optional Retirement Program (CCORP) Enrollment Form
- State Senior Management Service Employees Retirement Plan Enrollment Form
- Local Senior Management Service Employees Retirement Plan Enrollment Form

Rule 19-11.007:

- 2<sup>nd</sup> Election Retirement Plan Enrollment Form
- 2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form

Rule 19-11.012:

- Employee Rollover Deposit Instructions and Form
- DROP Accumulation Direct Rollover Form- Current DROP Members
- DROP Direct Rollover Form- Former DROP Members

### 19-11.001 Definitions.

The following words and terms shall have the following meanings for purposes of Chapters 19-11 and 19-13, F.A.C.:

(1) “Accumulated Benefit Obligation” or “ABO” means the present value of a member’s benefit in the ~~FRS~~ Pension Plan, which is the defined benefit program of the Florida Retirement System (FRS), to which the member would be entitled if the member retired from the ~~FRS~~ Pension Plan. This present value shall be calculated in accordance with the formula set out in Section 121.4501(3)(b)1., F.S., by the Division of Retirement (Division) within the Department of Management Services. The ABO changes on a monthly basis based on the following factors: age, service credit, salary level, and membership class.

(2) “Administrator”, “Investment Plan Administrator”, or “Plan Choice Administrator,” means the entity hired by the State Board of Administration (SBA), pursuant to Section 121.4501(8)(a)1., F.S., to provide administrative services to the ~~FRS~~ Investment Plan or the entity responsible for processing enrollment forms received from employees making a retirement plan choice either by form or electronically.

(3) No change.

(4) “Alternate Payee” is the person or persons eligible to receive payments under the Plan in accordance with a Qualified Domestic Relations Order (QDRO). A QDRO can only name a mMember’s spouse, former spouse, child, or other dependent as an Alternate Payee.

(5) “Annual addition” means the sum for any limitation year of all employer and employee contributions which are treated as annual additions to a defined contribution plan for purposes of Section 415(c) of the U.S. Internal Revenue Code, as amended (“Code”) and forfeitures. Examples of such contributions to a defined contribution plan include the following: employer and employee contributions to the ~~FRS~~ Investment Plan; contributions to the Senior Management Service Optional Annuity Program described in Section 121.055(6), F.S.; contributions to a Code s. 401(k) plan; employer contributions to an individual retirement account; voluntary employee contributions to accounts in a defined benefit plan [but not including contributions to a qualified cost-of-living arrangement in accordance with Code s. 415(k)]; amounts allocated to the separate account of a key employee for post-retirement medical benefits described in Code s. 419A(d)(2); and contributions to an individual medical benefit account, as described in Code s. 415(l). Examples of contributions which are not annual additions for purposes of Section 415(c) of the Code as applied to the ~~FRS~~ Investment Plan include the following: rollover contributions or transfers from another eligible retirement plan to the ~~FRS~~ Investment Plan; contributions to a Code s. 403(b) annuity plan; contributions to a Code s. 457 deferred compensation plan; and contributions which are additional elective deferrals under Code s. 414(v).

(6) – (8) No change

(9) “Complaint” shall mean a member’s written or verbal expression of dissatisfaction with an ~~FRS~~ Investment Plan provider or one of its representatives.

(10) “Death in line of duty” means death arising out of and in the actual performance of duty required by a Special Risk Class member’s employment during his or her regularly scheduled working hours or irregular working hours as required by the employer. The Division may require such proof as deemed necessary as to the time, date, and cause of death, including evidence from any available witnesses. Workers’ compensation records under the provisions of chapter 440, Florida Statutes, may also be used.

(11) “Defined contribution plan” means a plan, such as the ~~FRS~~ Investment Plan, which provides for an individual account for each member and for benefits based solely on the amount contributed to the member’s account, and any income, expenses, gains and losses, and any forfeitures of accounts of other members which may be allocated to such member’s account.

(12) “De Minimus Distribution” is an automatic distribution made when an inactive member’s account balance is \$1,000 or less. However, such a distribution will not occur until the member has been terminated from all employment with FRS-participating covered employers for a minimum of six (6) calendar months.

(13) “Direct rollover” means a payment by the ~~FRS~~ Investment Plan to another ~~the~~ eligible retirement plan specified by the distributee.

(14) “Distributee” means a member or former member who has taken a distribution from the ~~FRS~~ Investment Plan. In addition, the member’s or former member’s surviving spouse and the member’s or former member’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code s. 414(p), are distributees with regard to the interest of the spouse or former spouse. Effective January 1, 2010, a non-spouse beneficiary is also a “distributee,” but the term “eligible retirement plan” for such individual is limited to an individual retirement account described in Code s. 408(a), an individual retirement annuity described in Code s. 408(b), or a Roth individual retirement account or annuity described in Code s. 408A that is treated as an inherited individual retirement account or annuity pursuant to Code s. 402(c)(11).

(154) “Division” means the Division of Retirement within the Department of Management Services.

(165) “Domestic Relations Order” or “DRO” is any draft DRO, court judgment, decree, or order (including an approval of a property settlement agreement) that relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a member and that is made pursuant to a state domestic relations law (including a community property law).

(176) “Effective date of enrollment” or “effective enrollment in the ~~FRS~~ Investment Plan” means the employee completed the enrollment into the Plan by filing the appropriate enrollment form, or by electronic means, in the applicable membership class or by filing a separate document for the applicable membership class with the Administrator; the Administrator has entered the employee into its recordkeeping system; and the Administrator has informed the Division of the employee’s effective date of enrollment in either the ~~FRS~~ Pension Plan or the ~~FRS~~ Investment Plan. For purposes of this rule, the term “enrollment form” or “form” shall also refer to the separate document described in ~~Rules paragraphs~~ 19-11.006(2)(b) and 19-11.007(3)(a), F.A.C.

(187) “Electronic Means” shall mean an enrollment or other member directive made on the MyFRS.com website, by telephone or other technology as specified by the SBA.

(198) “Eligible retirement plan” means an individual retirement account described in Code s. 408(a), an individual retirement annuity described in Code s. 408(b), an annuity plan described in Code s. 403(a), an annuity contract described in Code s. 403(b), a Roth individual retirement account or annuity described in Code s. 408A, an eligible deferred compensation plan described in Code s. 457(b) which is maintained by an eligible employer described in Code s. 457(e)(1)(A) or a qualified trust described in Code s. 401(a), that accepts the distributee’s eligible rollover distribution.

(2049) “Eligible rollover distribution” means any distribution of all or any portion of the balance of the member’s account(s) in the ~~FRS~~ Investment Plan to the credit of the distributee. An eligible rollover distribution does not include any distribution which is made upon hardship of the employee; any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code s. 401(a)(9); or a deemed distribution of a loan under Code s. 72(p). Any portion of a distribution that consists of after-tax employee contributions which are not includible in gross income may be transferred only to paragraph (1)(a) a traditional individual retirement account or annuity described in Code s. 408(a) (a “traditional IRA”); or (b) a Roth individual retirement account or annuity described in Code s. 408A (a “Roth IRA”); or (2) to a qualified plan or an annuity contract described in Code s. 401(a) and 403(b), respectively, that agrees to separate accounting for amounts so transferred (and earnings thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(210) “Employee” means an eligible employee as defined in Section 121.4501(2)(e), F.S.

(224) “Employer” means an employer as defined in Section 121.4501(2)(f), F.S. For purposes of the ~~FRS~~ Investment Plan, there are three (3) general categories of employers: state agencies; school districts; and local employers.

(232) “Excessive trading” means multiple occurrences of Market Timing Trades by a member. The definition of a Market Timing Trade is set forth in subsection (36) (~~35~~) herein.

(243) “Exempt transaction” is any transaction that is initiated for purposes of: depositing employer payroll and employee contributions; processing a distribution; processing a Qualified Domestic Relations Order; or mapping funds from terminated products. Exempt transactions are not included in any calculations for the purposes of Rule 19-11.004, F.A.C.

(254) “FRS Investment Plan”, “Florida Retirement System Investment Plan,” or “Investment Plan” means the defined contribution retirement program of the Florida Retirement System, established in Parts II and III of Chapter 121, F.S. Although established in Parts II and III, certain parts of Part I of Chapter 121, F.S., also apply to the ~~FRS~~ Investment Plan, to the extent such provisions are not inconsistent with, or duplicative of, the provisions of parts II and III. The ~~FRS~~ Investment Plan refers to both the ~~FRS~~ Investment Plan and the ~~FRS~~ Investment Plan Hybrid Option, also known as the ~~FRS~~ Hybrid Option.

(265) “FRS Investment Plan Hybrid Option” or “FRS Hybrid Option” means the plan choice option within the Florida Retirement System, established in Parts II and III of Chapter 121, F.S., in which a member chooses to retain his or her accrued service benefit in the ~~FRS~~ Pension Plan, in accordance with Section 121.4501(3)(a), F.S., and further chooses that all future employer and employee contributions be deposited in his or her ~~FRS~~ Investment Plan account.

(276) “FRS Investment Plan providers” are:

(a) The FRS Investment Plan Administrator or Investment Plan Administrator;

(b) Companies providing educational services, which include retirement planning, financial planning services, and retirement plan choice guidance;

(c) Investment managers providing investment services supporting mutual funds or institutional funds offered in the ~~FRS~~ Investment Plan;

(d) Marketing companies providing marketing and educational support for their investment products or providing individual counseling; and

(e) Any other company or state agency providing Investment Plan services (including the State Board of Administration of Florida).

(287) “FRS Pension Plan,” “Florida Retirement System Pension Plan” or “Pension Plan” means the defined benefit retirement program of the Florida Retirement System, established in Part I of Chapter 121, F.S.

(298) “Florida Retirement System Trust Fund” or “FRSTF” shall mean the trust fund holding the assets of the ~~FRS~~ Pension Plan, which is the defined benefit plan of the Florida Retirement System.

(3029) “Grace period” means that procedure described in ~~Rules subsections~~ Rules subsections 19-11.006(3) and 19-11.007(4), F.A.C., which permits, under certain circumstances, the voiding of a retirement plan choice election.

(310) “In-service distribution” is an invalid distribution made to a member who is actively employed with an FRS-participating employer in a regularly established position at the time of taking a distribution.

(324) “Invalid distribution” is a distribution to a member to which the member was not entitled.

(332) “Investment Plan primary funds” or “primary funds” shall mean investment funds offered under the Investment Plan. It does not include additional investment opportunities available under the Self-Directed Brokerage Account (“SDBA”).

(343) “Limitation year” is the consecutive twelve (12) month period of time to which Code limitations with respect to compensation, contributions and forfeitures are applied. For the ~~FRS~~ Investment Plan, the limitation year is the calendar year.

(354) “Market losses” shall be defined, for purposes of Section 121.78(3)(c), F.S., (which states that employers shall reimburse ~~FRS~~ Investment Plan members for market losses resulting from late contributions, or from contribution adjustments as a result of employer errors or corrections), as the value of a member’s account that otherwise would have been realized had the employer and employee contributions and accompanying payroll data been submitted on a timely basis. “Market losses” applies only to the monthly contribution or ABO that is late, not to the member’s aggregate value in his or her Investment Plan account.

(356) “Market Timing Trade” is a member-directed series of trades with the following two characteristics:

(a) At least one Roundtrip Trade within a 30-day period, and

(b) The trade amount for all Roundtrip Trades is an aggregate amount of \$75,000 or more.

(376) “Member”, “FRS Investment Plan Member,” or “Investment Plan Member means an employee who elected to participate, and has an account established, in the ~~FRS~~ Investment Plan as a result of current or previous employment with an FRS-covered employer; a person who has been designated as an alternate payee due to a qualified domestic relations order (“QDRO”); or a designated beneficiary when a member is deceased.

(387) “Member’s account” or “member’s accounts” shall mean an Investment Plan account for an individual ~~FRS~~ Investment Plan member in which employer and employee contributions and, if applicable, ~~FRS~~ Pension Plan benefit transfers, are invested for an ~~FRS~~ Investment Plan member.

(398) “Primary Investment Account” or “primary account” shall mean the member’s Investment Plan account that is invested in the Investment Plan’s primary funds.

(4039) “Qualified Domestic Relations Order” (“QDRO”) is a domestic relations order that has been determined to meet the ~~FRS~~ Investment Plan’s qualification requirements.

(410) “Required Minimum Distributions” (“RMD”) are the annual minimum distributions that, pursuant to the Internal Revenue Code must be taken by members who are age 70 1/2 or older from their qualified retirement plan accounts, including 401(k), 457, 403(b) plans and IRA accounts, when they terminate employment. The amount of an RMD in any year is based on account balances as of December 31st of the prior year. The member must have terminated all FRS covered employment in order for an RMD to be processed. Once the RMD has been calculated, the RMD will be paid to the member, even if the member returns to active FRS employment during the calendar year.

(424) “Retiree” is a member who has received a self-initiated distribution from the ~~FRS~~ Investment Plan.

(432) “Retirement Date Fund” or “Target Date Fund” is a diversified portfolio of other Investment Plan primary funds that is based on the amount of time a member has before retirement. The portfolio gradually changes as the member gets closer to retirement.

(443) “Roundtrip Trade” occurs when a member conducts a series of at least two non-exempt transactions that include one or more transfers into an authorized investment fund and one or more transfers out of the same authorized investment fund in either order (i.e., in/out or out/in), regardless of any multiple transfers from or to other different authorized investment funds during the roundtrip. A roundtrip trade includes a trade from an Investment Plan primary fund to the SDBA and a trade from the SDBA to an Investment Plan primary fund.

(454) “SBA” means the State Board of Administration of Florida, the plan sponsor for the ~~FRS~~ Investment Plan.

(465) “Self-Directed Brokerage Account” or “SDBA” shall mean an account within the Investment Plan that allows a member access to additional investment opportunities that are not available in the Investment Plan primary funds.

(47) “Special risk member” or “Special Risk Class member” means a member of the Florida Retirement System who meets the eligibility and criteria required under s. 121.0515, F. S., for participation in the Special Risk Class.

(486) “Third Party Administrator” “Administrator,” “Plan Administrator”, or “TPA” shall mean the Investment Plan Administrator hired by the State Board of Administration of Florida pursuant to Section 121.4501(8), F.S.

(497) “True-up Amount” means the difference between the ABO calculated by using the member’s actual creditable service and the actual final average compensation as of the member’s effective date in the ~~FRS~~ Investment Plan and the ABO initially transferred.

*Rulemaking Authority 121.78(3)(c), 121.4501(8) FS. Law Implemented 121.78, 121.4501 FS. History—New 12-8-02, Amended 3-9-06, 7-12-12, 12-16-12, 6-5-14, 8-18-14, 12-30-15,\_\_\_\_\_.*

#### **19-11.003 Distributions from FRS Investment Plan Accounts.**

(1) Distributions from ~~FRS~~ Investment Plan accounts are made either after the member terminates employment from all Florida Retirement System (FRS)-participating employers and meets distribution eligibility requirements as set out below in subsection (2), or after the member’s death. Monies ~~that are rolled over from the Pension Plan from a Deferred Retirement Option Program (DROP) rollover~~ are available for immediate distribution.

(2) Distributions are available after the member terminates employment with all FRS-participating employers ~~FRS covered employment.~~

(a) An ~~FRS~~ Investment Plan member shall not be entitled to an account distribution until the member has terminated employment from all FRS-participating employers, including temporary, part-time, Other Personal Services (OPS) and any regularly established position with an FRS-participating employer, for three (3) full calendar months following the month of termination, except as provided in paragraph ~~(2)~~(d) below. Example: If a member terminates on May 15, the three full calendar months are June, July, and August. Therefore, the member cannot request a distribution until September.

(b) If the member’s termination date has not been submitted by the employer via the monthly payroll file within three (3) calendar months, the employer can complete and return the “Employment Termination Form,” Form ETF-2, rev. 05/13, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05798>, which is hereby adopted and incorporated by this reference. The termination form can be obtained by accessing the MyFRS website at ~~www~~-MyFRS.com, clicking on Resources, and then on Forms or by calling the MyFRS Financial Guidance Line at 1(866) 446-9377, Option 4, or, for members who are deaf, hard of hearing, or speech impaired, TRS 711. This form has instructions and a section for the employer to provide the member’s date of termination. Alternatively, the employer can log onto the employer page at MyFRS.com and go to Online Payroll and submit the termination date electronically.

(c) Upon the expiration of the three calendar months after termination, the member may request a distribution from the ~~FRS~~ Investment Plan Administrator, by calling the toll free MyFRS Financial Guidance Line at 1(866) 446-9377, Option 4 (TRS 711), or by logging on to the MyFRS.com website, accessing his or her personal account information, and then requesting the distribution through the online services.

(d) A member who has reached his or her normal retirement date, as provided in Section 121.021(29), F.S., and has terminated employment from all FRS-participating employers ~~covered employment~~ for one (1) calendar month may request a one-time distribution of up to 10 percent (10%) of the vested account balance. For example, if such a member terminates on May 15, the one calendar month is June. The member can request a one-time distribution of up to 10 percent (10%) in July.

(e) A member who transfers to the Pension Plan from the Investment Plan and leaves a balance in the member's Investment Plan account is a member of the Pension Plan and, as such, the member cannot take a distribution of the surplus Investment Plan funds until the member begins receiving Pension Plan benefits.

(3) All distributions of benefits from a member's account(s) in the Investment Plan shall begin and be made no later than as prescribed by Code s. 401(a)(9) and the regulations issued thereunder, including any proposed regulations, and shall be subject to the incidental death benefit rules of Code s. 401(a)(9)(G). A copy of the Code section can be obtained by accessing the IRS website at [irs.gov](http://irs.gov) and clicking on the Tax Professionals section, and then clicking on the Code, Regs. & Guidance section.

(a) Distribution of benefits to a member shall be made or commence not later than April 1 following the close ~~of the later~~ of the calendar year during which the member attains age 70 1/2 and has terminated employment from all FRS-participating employers or retires.

(b) Any benefits payable to a beneficiary designated by the ~~m~~Member shall be distributed as set forth in Rule 19-11.002, F.A.C.

(4) A member may request benefits to be distributed as a periodic or installment distribution, a partial lump-sum payment, various annuity options, or a lump-sum distribution. A member distributee may elect to have any portion of the eligible rollover distribution paid directly to an eligible retirement plan specified by the member distributee as a direct rollover. Any distribution, if applicable, will be subject to the withholding of taxes which are remitted to the Internal Revenue Service.

(5) All distributions of benefits must be made in accordance with Code provisions, which shall override any distribution options inconsistent with such provisions.

(6) Distributions to Alternate Payees as a result of a Qualified Domestic Relations Order (QDRO)-

(a) Upon receipt of a QDRO from a court of competent jurisdiction, the amount of the member's Investment Plan assets specified by the QDRO will be transferred to the named alternate payee. The alternate payee may leave the transferred assets in the Investment Plan or request a distribution from the account once the account has been established in the alternate payee's name as provided in the QDRO and the alternate payee has received a Personal Identification Number (PIN).

(b) Upon receipt of the PIN, the alternate payee may request a distribution by calling the toll free MyFRS Financial Guidance Line at 1(866)446-9377, Option 4, or by logging on to MyFRS.com, going to "Manage Investments," accessing his or her ~~their~~ personal account information, and then requesting the distribution through the online services.

(7) De Minimus Distributions-

(a) If an inactive member's account balance is \$1,000 or less, such amount may be subject to an automatic distribution. However, a distribution will not occur until the member has been terminated from all employment with FRS-participating covered employers for a minimum of six (6) calendar months.

(b) If the member meets the termination requirements and upon receiving notification of the automatic distribution, the distribution either will be made as a complete lump-sum liquidation of the account balance, subject to the provisions of the Internal Revenue Code, or if so instructed by the member, a lump-sum direct rollover distribution on the member's behalf paid directly to the custodian of an eligible retirement plan, as defined by the Internal Revenue Code. If a member rolls money into the Investment Plan from another qualified plan, which brings the account balance greater than \$1,000, no automatic distribution will occur unless the balance should become \$1,000 or less in the future.

(c) If such member returns to work for an FRS-participating employer ~~covered employment~~ after receiving this automatic distribution, the member is not considered a reemployed retiree and will not be subject to any limitation applicable to such employees.

(8) Required Minimum Distributions ("RMD")-

(a) Members, age 70 1/2 or older, must begin taking an annual minimum distribution from their Investment Plan accounts ~~qualified plan accounts including 401(k), 457, 403(b) plans and IRA accounts~~ if they have terminated all employment with FRS-participating employers. ~~The amount of an RMD in any year is based on account balances as of December 31st of the prior year. The member must have terminated all FRS covered employment in order for an RMD to be processed. Once the RMD has been calculated, the RMD will be paid to the member, even if the member returns to active FRS employment during the calendar year.~~

(b) The amount of an RMD in any year is based on account balances as of December 31st of the prior year. Once the RMD has been calculated, the RMD will be paid to the member, even if the member returns to active FRS employment during the calendar year.

~~(c)~~ The FRS Investment Plan Administrator will notify a member who is subject to an RMD distribution at the beginning of each calendar year. At the end of the calendar year in which the RMD was required to be paid, if the member has not requested the

required RMD distribution amount, the ~~FRS~~ Investment Plan Administrator will initiate an automatic RMD to meet the mandatory required distribution amount. Members have the right to defer the initial RMD to April of the year following the year in which the RMD was payable. Members can defer the initial RMD by calling the ~~FRS~~ Investment Plan Administrator at 1(866)446-9377, Option 4 or, for members who are deaf, hard of hearing, or speech impaired, TRS 711, by November 30.

(~~de~~) If such member returns to work with an FRS-participating employer ~~covered employment~~ after receiving this automatic distribution, the member is not considered a reemployed retiree and will not be subject to any limitations applicable to such employees.

(9) Pending Distributions.

(a) An Investment Plan member eligible to request a distribution pursuant to subsection (2) above may request a distribution forty five (45) days prior to his or her eligibility date and have it pended for processing until the first business day of the month the member is eligible for the distribution. A member who has reached his or her normal retirement date is eligible to request a distribution fifteen (15) days prior to his or her eligibility date for the one-time distribution of up to ten (10%) of the member's vested account balance. The distribution will process after 4 p.m. EST on the first business day of the month the member is eligible for the distribution. The distribution will be based on the total account balance at the close of business on the day the distribution is processed. The member can call the Investment Plan Administrator at 1(866)446-9377, Option 4, or, if deaf, hard of hearing, or speech impaired, at TRS 711, to process the distribution.

1. Example 1: A member terminates on May 15. The three calendar months are June, July, and August. Thus, he member is eligible to request a distribution the first business day of September. On July 15, or the first business day after July 15, the member can call the Investment Plan Administrator to process the distribution. The distribution will pend and process on the first business day in September.

2. Example 2: A member who has reached his or her normal retirement as provided in subsection (2)(a) above, terminates on August 15. One calendar month is September. The member is eligible to request a one-time distribution of up to 10 percent (10%) of the vested account balance on the first business day of October. On September 15, or the first business day after September 15, the member can call the Investment Plan to process the distribution. The distribution will pend and process on the first business day in October.

(b) A member can make changes to a pending distribution up until 4 p.m. EST on the pending distribution date. Example: If a pending distribution is scheduled to process on June 1, the member can make changes to the pending distribution up to 4 p.m. EST on June 1.

(c) A member who returns to employment with an FRS-participating employer during the pending distribution period must notify the Investment Plan Administrator to cancel the distribution.

(d) If the Investment Plan Administrator receives notification that the member's employment status has changed from terminated to active during the pending distribution period, the pending distribution will be canceled.

(e) A distribution cannot be pended if the member has passed his or her distribution eligibility date.

(109) Invalid distributions.

(a) If a member or a former member of the ~~FRS~~ Investment Plan receives an invalid distribution, the member or former member is required to repay the entire invalid distribution within ninety (90) days of the member's receipt of a final notification from the SBA, or in lieu of repayment, the member must terminate employment from all ~~FRS~~-participating employers. If the member fails to repay the invalid distribution, or terminate employment, the employer is liable for the repayment of the invalid distribution even if the member signed a statement at the time the member was hired that no benefit had been received from the Plan.

1. If a member repays the entire distribution, the member's repayment will be deposited in the ~~FRS~~ member's Investment Plan account; the member will be returned to the Investment Plan; and all future employee and employer contributions will be deposited in the funds the member has chosen.

2. If the employer repays the entire distribution, the repayment will be deposited in the Investment Plan Trust Fund and allocated to the Investment Plan's forfeiture account to offset plan expenses. The member will be returned to the Investment Plan; and all future employee and employer contributions will be deposited in the funds the member has chosen. The member will not receive contributions for the amount repaid by the employer.

3. If the member fails to repay the invalid distribution and terminates employment, the SBA will declare the member a retiree and will not pursue the repayment of the invalid distribution pursuant to paragraph (~~ab~~) above. As a retiree, the member is subject to



the provisions of Section 121.122, F.S., if the member is reemployed in the future with an FRS-participating covered employer in a regularly established position.

(b) The following are examples of scenarios that could result in invalid distributions. These~~y~~ are only examples and are not inclusive of all possible situations. Members and employers are encouraged to contact the ~~FRS~~ Investment Plan Administrator to discuss the particular situation.

1. Example 1: A member joined the ~~FRS~~ Investment Plan effective September 1, 2002. The member terminated all employment from his FRS-participating ~~covered~~ employer on August 24, ~~2015~~ ~~2012~~. On December 15, ~~2015~~ ~~2012~~, the member takes a partial distribution from the Investment Plan account. However, the member returned to employment with an FRS-participating employer on December 1, ~~2015~~ ~~2012~~. The member took an invalid distribution because the member was working for an FRS-participating employer at the time the member received the distribution.

2. Example 2: A member joined the ~~FRS~~ Investment Plan effective April 1, 2004. The member terminates ~~all FRS-covered~~ employment with an FRS-participating employer on November 12, ~~2015~~ ~~2012~~. On March 1, ~~2016~~ ~~2013~~, the member takes a total distribution from his Investment Plan account. The member returns to employment as a substitute teacher with a FRS-participating employer ~~FRS-covered employment~~ on April 15, ~~2016~~ ~~2013~~. The March 1, ~~2016~~ ~~2013~~ distribution is invalid since the member returned to work within six (6) full calendar months of the retirement date.

3. Example 3: A member joined the ~~FRS~~ Investment Plan effective May 1, 2005. The member terminates employment with the member's FRS-participating employer ~~all FRS-covered employment~~ on November 12, ~~2015~~ ~~2012~~. The member has reached the normal retirement date. On January 5, ~~2016~~ ~~2013~~, the member receives the one-time distribution of up to 10 percent from the Investment Plan account. The member returns ~~to FRS-covered employment~~ with an FRS-participating employer on May 15, ~~2016~~ ~~2013~~. The January 5, ~~2016~~ ~~2013~~, distribution is invalid since the member returned to work within six (6) calendar months of the member's ~~his~~ retirement date.

4. Example 4: A member joined the Investment Plan effective December 1, 2010. The member is terminated by his FRS-participating employer on April 3, 2014 for violating standards of employee conduct. The member files a grievance against the employer and requests to be reinstated with full back pay. On February 15, 2015, the member requests a total distribution from the Investment Plan account. On September 22, 2015, the member's grievance is granted, the member's termination is negated and the member is reinstated to employment as of April 3, 2014 with full back pay through September 22, 2015. The member's employment records are corrected to show the member had an employee/employer relationship from April 3, 2014 through September 22, 2015. The member's February 15, 2015 distribution is invalid since the member was not terminated from employment with an FRS-participating employer at the time the member received the distribution.

~~(1149)~~ Documentation of a distribution made prior to January 1, 2010-

A member or beneficiary who requests documentation of a distribution made prior to January 1, 2010, will incur a special service charge due to the extensive resources required to retrieve and produce such documentation, if such retrieval is possible. The requestor will be advised of the amount of such charge at the time the request is made. Upon payment of the charge by the requestor, the request will be promptly processed. If the document cannot be retrieved, the payment will be reimbursed to the requestor.

*Rulemaking Authority 121.4501(8) FS. Law implemented 119.07(4)(d), 121.021(29), (39), 121.091(5)(j), 121.4501(20), 121.591, 121.77, 732.802 FS. History-New 3-9-06, Amended 11-26-07, 5-19-09, 1-7-10, 8-7-11, 7-12-12, 12-16-12, 12-30-15,\_\_\_\_\_.*

#### **19-11.004 Excessive Trading in the FRS Investment Plan.**

(1)-(2)(b)3. No changes.

4. Members who engage in Market Timing Trades and who have previously received a direction letter as described in subparagraph 3., above, will be sent another direction letter, delivered by courier. The direction letter will advise ~~shall require that~~ the member that the member will ~~shall~~ only be permitted to conduct trades involving primary funds via paper trading forms for at least three full calendar months following the date of the direction letter. The form to be used by the member in conducting the trades is the "Transfer Request Form, Excessive Fund Trading Violators," Form EFTPV-1, rev. 06/10, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01127>, which hereby is adopted and incorporated by this reference. The form will be sent to the member by the Investment Plan Administrator with the direction letter. This form must be notarized and returned to the Office of Defined Contribution Programs, via U.S. mail, certified\return receipt requested. This form cannot be used

to trade in, out or within the SDBA.

5. Members who engage in Market Timing Trades and who have previously received a direction letter as described in subparagraph 4., above, will be sent another direction letter, delivered by courier. The direction letter shall require that the member shall only be permitted to conduct trades involving primary funds via paper trading forms for at least twelve (12) full calendar months following the date of the direction letter. The form to be used by the member in conducting the trades is the "Transfer Request Form, Excessive Fund Trading Violators," Form EFTPV-1, rev. 06/10. This form must be notarized and returned to the Office of Defined Contribution Programs, via U.S. mail, certified\return receipt requested.

6. Members who engage in Market Timing Trades and who have previously received a direction letter as described in subparagraph 5., above, will be sent another direction letter, delivered by courier. The direction letter will advise the member ~~shall require~~ that the member will ~~shall~~ only be permitted to conduct trades involving primary funds via paper trading forms for the remainder of any time that any balance exists in the member's Investment Plan account following the date of the direction letter. The form to be used by the member in conducting the trades is the "Transfer Request Form, Excessive Fund Trading Violators," Form EFTPV-1, rev. 06/10. This form must be notarized and returned to the Office of Defined Contribution Programs, via U.S. mail, certified/return receipt requested.

7. If the member submits a transfer request form that is incomplete, the form will not be processed. A form is considered as "incomplete" if it does not contain the name of the member; does not set forth the social security number of the member; is not notarized; is sent by facsimile, email or regular U.S. mail; does not specify what fund(s), dollar amount(s) or percentages(s) are to be transferred; or does not indicate the fund(s) into which the amounts are to be transferred. The form also will be considered "incomplete" if there are insufficient assets to execute the transfer(s), or if the requested transfer does not comply with the FRS Investment Plan Excessive Fund Trading Policy. Deficiencies are corrected through the resubmission of a transfer request form that is deemed to be complete.

8. Members who receive ~~received~~ direction letters and who are ~~were~~ placed on restricted trading within their primary funds, as provided in subparagraphs 2., 3., 4., 5. and 6. of paragraph (2)(b), shall be allowed to make automated trades in, out and within the SDBA. Any such ~~The~~ member must meet the requirements of the SDBA as provided in Rule 19-11.013, F.A.C. Such ~~The~~ member's activity within the SDBA is not subject to this policy, but will be subject to the applicable excessive trading rules and purchase restrictions of the funds in the SDBA.

(3)(a) – (e) No changes.

(f) Member A transfers \$250,000 in his ~~FRS~~ Investment Plan account that ~~and~~ is the subject of a QDRO with the result that the ~~m~~Member's spouse becomes entitled to half of the ~~m~~Member's ~~FRS~~ Investment Plan account. A total of \$125,000 is transferred from the ~~m~~Member's account to a newly-established account for the ~~m~~Member's spouse and the funds are put into a foreign stock fund on December 1. On December 5, the ~~m~~Member's spouse rolls over the entire \$125,000 into an IRA. This is neither a Roundtrip Trade nor a Market Timing Trade because the transfer is an exempt transaction, as defined in Rule 19-11.001, F.A.C.

(g) Member A ~~member~~ transfers \$32,000 into Fund A on August 5 and then transfers \$32,000 out of Fund A on August 11 and then transfers \$31,000 into Fund A on August 17 and finally transfers \$31,000 out of Fund A on August 18. The entire series of trades are Roundtrip Trades and the trades are also a Market Timing Trade because the aggregate amount of all trades exceeded \$75,000 within a 30 day period.

(h) If Member A transfers \$50,000 out of Fund A and into the SDBA on January 2, and then transfers \$35,000 from the SDBA into Fund A on January 25, the transaction is a Roundtrip Trade and a Market Timing Trade because the aggregate amount of all trades into and out of Fund A exceeded \$75,000 within a 30 day period.

(i) If Member A transfers \$40,000 out of Fund B and into the SDBA on February 15, and then transfers \$55,000 from Fund C into Fund B on March 3, the transaction is a Roundtrip Trade and a Market Timing Trade because the aggregate amount of all trades into and out of Fund B exceeded \$75,000 within a 30 day period.

(4) No changes.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(13), (14), (15) FS. History--New 10-21-04, Amended 3-9-06, 10-25-07, 12-8-08, 1-7-10, 7-12-12, 6-5-14, 8-18-14, 12-30-15, \_\_\_\_\_.*

#### **19-11.005 Florida Retirement System (FRS) Investment Plan State Board of Administration Complaint Procedures.**

(1) Request for Intervention.

(a) Any ~~FRS~~ Investment Plan or ~~FRS~~ Pension Plan member who has a complaint regarding the FRS laws, rules, plan provisions

or services rendered by an Investment Plan or MyFRS Financial Guidance Program provider or one of the representatives thereof, except the Self-Directed Brokerage Account (“SDBA”), may send a written Request for Intervention to the State Board of Administration (SBA). The member may submit the request in writing with personally identifiable information or use the form referenced in paragraph (b) below. The written Request for Intervention shall be sent:

1. By regular U.S. mail service to:  
Investment Plan Complaint Resolution  
Office of Defined Contribution Programs  
State Board of Administration  
P. O. Box 13300  
Tallahassee, FL 32317-3300

2. By e-mail: [DefinedContributionPrograms@sbafla.com](mailto:DefinedContributionPrograms@sbafla.com); or

3. By fax: (850) 413-1489.

(b) The mMember may ~~shall~~ use “FRS Investment Plan Request for Intervention,” Form SBA-RFI 01/2009, contained in the FRS Investment Plan Complaint Procedures package, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01128>, which is hereby adopted and incorporated by reference. The form may be obtained by calling ~~using~~ the toll free number at 1(866)446-9377, Option 4, (TRS 711), and request that the form be mailed to the mMember or by accessing the MyFRS.com website, clicking on Resources, and then clicking on Forms. By using this form or any other written request, the mMember grants permission to the SBA to obtain any personally identifiable information shared with or generated by any services provider to the FRS, including the MyFRS Financial Guidance Program. The member must provide all information requested by the form.

(c) ~~The Member must provide all information requested by the form.~~ If all information is not provided, the member shall be required to submit additional information ~~another completed form~~, upon notification by the SBA.

(d) Upon receipt of the complete Request for Intervention, an acknowledgment will be sent by regular US mail or emailed to the mMember.

(e) The SBA will conduct an investigation and will prepare and send to the mMember a final agency action letter detailing the SBA’s findings; any proposed resolution; and information on any next steps in the dispute resolution process.

(f) Complaints regarding the SDBA shall be handled in accordance with Rule 19-11.013, F.A.C.

(2) Request for Hearing.

(a) If the mMember is not satisfied with the proposed resolution as set out in the final agency action letter and the mMember wishes to protest the determination, the mMember may ~~must~~ file a fully-completed Petition for Hearing, “FRS Investment Plan Petition for Hearing,” Form SBA-PFH 01/2009, contained in the FRS Investment Plan Complaint Procedures package, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01128>, which is hereby adopted and incorporated by reference, with the SBA. The Petition for Hearing is routinely attached to the final agency action letter and may also be obtained by calling the toll free number at 1(866)446-9377, Option 4, (TRS 711), and requesting that it be sent to the mMember or by accessing the MyFRS.com website, and clicking on Resources and then clicking on Forms. The Petition for Hearing must be received within 21 days of the mMember’s receipt of the agency action letter or it will be rejected as untimely and the mMember will have waived the right to a hearing.

(b) By signing the FRS Investment Plan Petition for Hearing, the mMember thereby grants permission to the SBA to obtain any personally identifiable information shared with or generated by any services provider to the FRS, including the MyFRS Financial Guidance Program. Any such information obtained will be used by the SBA for the sole purpose of resolving the complaint.

(c) The SBA has 15 days to respond to the Petition for Hearing, in accordance with Section 120.569(2)(a), F.S.

(d) If the hearing request contains a disputed issue of material fact, the SBA shall, within the required 15 days, forward the hearing request to the Division of Administrative Hearings, requesting that an administrative law judge be assigned to conduct the hearing and will notify the mMember accordingly.

(e) If there is no disputed issue of material fact, then the SBA shall assign the matter to an independent presiding officer, who will send out a “Notice of Proceeding and Initial Order of Instructions” to the Petitioner/member and to the Respondent or Respondent’s counsel.

(f) The balance of the hearing process shall conform to the requirements of Chapter 120, F.S.

(g) A Final Order will be issued by the SBA after the conclusion of the hearing process. The ~~m~~Member will have appeal rights as set forth in Section 120.68, F.S. All Final Orders can be viewed by accessing the MyFRS.com website and clicking on "Resources" and then "Intervention/Final Orders". The Final Orders are listed by category.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 120.569, 120.57, 120.573, 121.4501(8)(g) FS. History--New 10-21-04, Amended 3-9-06, 11-26-07, 5-19-09, 7-12-12, 12-16-12, 6-5-14, 12-30-15,\_\_\_\_\_.*

#### **19-11.006 Enrollment Procedures for New Hires-**

##### (1) General Enrollment Procedures-

(a) All newly-hired Florida Retirement System (FRS)-covered employees are initially enrolled in the ~~FRS~~ Pension Plan. If a newly-hired employee chooses, within the statutory election period, to enroll in the ~~FRS~~ Investment Plan, or the ~~FRS~~ Investment Plan Hybrid Option, the effective date of enrollment in the ~~FRS~~ Investment Plan or the ~~FRS~~ Investment Plan Hybrid Option is the date of hire of the employee.

(b) Eligible newly-hired employees enrolled in the ~~R~~regular, ~~S~~pecial ~~R~~risk, and ~~S~~pecial ~~R~~risk ~~A~~administrative ~~S~~upport classes may choose to enroll in the ~~FRS~~ Investment Plan by submitting an enrollment form or by electronic means.

(c) Eligible newly-hired employees may enroll in the ~~FRS~~ Investment Hybrid Option if they have at least five (5) years of ~~FRS~~ Pension Plan service, if enrolled in the FRS prior to July 1, 2011, or at least eight (8) years of ~~FRS~~ Pension Plan service, if initially enrolled in the FRS on or after July 1, 2011.

(d) Eligible newly-hired employees enrolled in the Elected Officers' Class (EOC) or Senior Management Service Class (SMSC) may only enroll in the ~~FRS~~ Investment Plan by submitting an enrollment form.

(e) Eligible newly-hired employees eligible to enroll in the State Community College System Optional Retirement Program (CCORP) or State University System Optional Retirement Program (SUSORP) may only enroll in the ~~FRS~~ Investment Plan by submitting an enrollment form.

(f) Eligible State Senior Managers and Local Senior Managers eligible to enroll in the Senior Manager Service Annuity Optional Program (SMSOAP) may enroll in the ~~FRS~~ Investment Plan by submitting an enrollment form.

(g) Enrollment forms for eligible newly-hired employees enrolled in the Regular, Special Risk and Special Risk Administrative Support classes are available in the enrollment package which is sent to an employee's address of record or by accessing ~~www~~.MyFRS.com, and clicking on Resources and then on Forms; or by calling toll-free 1(866)446-9377, Option 2, or for the hearing impaired TRS 711. Enrollment forms for newly hired employees in the EOC, SMSC and newly-hired employees eligible to enroll in the CCORP are available by accessing MyFRS.com, and clicking on Resources and then on Forms; or by calling toll-free 1(866)446-9377, Option 2, or for the hearing impaired TRS 711.

##### (2) Specific Enrollment Procedures-

(a) All newly-hired employees may enroll in the ~~FRS~~ Investment Plan no later than 4:00 p.m. (Eastern Time) the last business day of the 5th month following the employee's month of hire or may elect to remain in the ~~FRS~~ Pension Plan. Example: If an employee is hired on January 15, the employee must complete a plan choice no later than 4:00 p.m. (Eastern Time) the last business day of June. If no plan choice is filed; by 4:00 p.m. (Eastern Time) on the last business day of June, the employee will default to the ~~FRS~~ Pension Plan and will be considered the employee's initial plan choice.

(b) The employee must be actively employed, earning salary and service credit when the plan choice is processed by the ~~FRS~~ Plan Choice Administrator.

(c) If the employee terminates employment during the plan choice enrollment window and fails to make a plan choice, he or she will be considered a newly-hired employee if returning to FRS-covered employment in the future and will be given another opportunity to make a plan choice. All previous service will be considered Pension Plan service.

(ed) The State Board of Administration (SBA) has designed the forms set forth below for ease of use for employees in the several membership classes of the ~~Florida Retirement System~~ FRS. As an alternative, an employee not wishing to use the forms may provide the same information requested by the forms available for use for the appropriate membership class in a separate document. Employees may determine their membership class by contacting the agency's human resources office. The forms available are: an EZ Retirement Plan Enrollment Form, Form ELE-1-EZ, rev. 08/16 06/14, <http://www.flrules.org/Gateway/reference.asp?No=Ref-04388>, which is only for regular, special risk, and special risk administrative support class employees; a General Retirement Plan Enrollment Form, Form ELE-1, rev. 08/16 07/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05800> for regular, special

risk, and special risk administrative support class employees; an Elected Officers' Class Retirement Plan Form, Form EOC-1, rev. 10/16 07/15, [http://www.flrules.org/Gateway/reference.asp?No=Ref\\_05801](http://www.flrules.org/Gateway/reference.asp?No=Ref_05801); a Community College Optional Retirement Program (CCORP) Enrollment Form, Form OCC-1, rev. 10/16 07/15, [http://www.flrules.org/Gateway/reference.asp?No=Ref\\_05802](http://www.flrules.org/Gateway/reference.asp?No=Ref_05802); a State Senior Management Service Employees Retirement Plan Enrollment Form, Form SMS-1, Rev. 08/16 07/15, [http://www.flrules.org/Gateway/reference.asp?No=Ref\\_05803](http://www.flrules.org/Gateway/reference.asp?No=Ref_05803); and a Local Senior Management Service Employees Retirement Plan Enrollment Form, Form SMS-3, rev. 08/16 07/15, [http://www.flrules.org/Gateway/reference.asp?No=Ref\\_05804](http://www.flrules.org/Gateway/reference.asp?No=Ref_05804). All of the preceding forms are hereby adopted and incorporated by this reference.

1. All enrollment forms can be obtained at the sources listed in subsection paragraph (1)(g), above.

2. Only members of the Regular, Special Risk, and Special Risk Administrative Support classes of employees may use the EZ form, "EZ Retirement Plan Enrollment Form for Regular, Special Risk and Special Risk Administrative Support Class Employees," Form ELE-1-EZ. If an employee chooses to use the EZ form, only limited information (i.e., name, plan choice, last four digits of the social security number, date of birth and signature) is required. An age appropriate retirement date fund as provided under the Plan provisions is the initial investment option (although that investment option may be changed by the member once the account is funded). A member's initial beneficiary designation will be per Florida law, as provided in Section 121.4501(20), F.S. However, a beneficiary designation may be made as set forth in Rule 19-11.002, F.A.C.

(e)1. The enrollment by form or electronic means shall be complete and the election shall be final if all the required information is clearly indicated and if the enrollment is received by the ~~FRS~~ Plan Choice Administrator by 4:00 p.m. (Eastern Time) on the last business day of the 5th month following the date of hire. The form shall be transmitted via mail, courier, or by fax, as provided on the form. It is the responsibility of the member to ensure that the enrollment form is received by the Plan Choice Administrator no later than 4:00 p.m. (Eastern Time) on the last business day that the member is earning salary and service credit, or the last business day of the 5th month following the date of hire, whichever first occurs.

2. The ~~FRS~~ Plan Choice Administrator shall determine that the employee's enrollment in the ~~FRS~~ Investment Plan is complete and the employee's election is clearly indicated. If the Plan Choice Administrator determines that the enrollment is incomplete, the employee will be required to resubmit a completed enrollment. An incomplete enrollment by form is a form which is missing the name of the member, last four digits of the social security number, plan selection, or signature, or one on which the investment elections total greater than or less than 100%. If the form is incomplete only because the member has made no investment selection, the form will be processed and the member will be defaulted into an age appropriate retirement date fund as provided under the Plan provisions for investing any accumulated benefit obligation and all future contributions. Note that this default selection may be changed by the member at any time once the account is activated. An incomplete enrollment by electronic means is one in which the ~~FRS~~ Plan Choice Administrator has no record of receipt and/or processing of the electronic enrollment.

3. By enrolling in the Investment Plan and providing a personal e-mail address or cell phone number, the member has consented to electronic delivery of documents through the MyFRS.com website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, annual fee disclosure statement, and other documents. When one of these documents is available, an e-mail notice will be sent to the e-mail address or a text message to the cell phone number provided by the member notifying the member of the document's availability. The member will need to log in to the MyFRS.com website in order to view and print any of these documents. Receipt of documents through MyFRS.com will continue until the member calls the MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 and revokes the member's consent.

(f) Upon receipt of the completed enrollment form by the ~~FRS~~ Plan Choice Administrator, the ~~FRS~~ Plan Choice Administrator shall enroll the employee in the indicated FRS retirement plan. Upon completion of the enrollment, but no later than two working days after enrollment, the ~~FRS~~ Plan Choice Administrator shall send confirmation of the effective enrollment to the employee at the employee's address of record or electronically if the member has consented to electronic delivery of documents through the MyFRS.com website and to the Division to inform the Division of the employee's retirement plan choice. The employer shall change its employee records to reflect the employee's plan choice, if applicable.

~~(f) If an employee terminates employment prior to making a plan choice, the employee will be considered a newly hired employee if he or she returns to FRS covered employment, and will be given another opportunity to make a plan choice. Any previous service will be considered as being FRS Pension Plan service.~~

(g) Employers shall remit retirement contributions monthly for their employees and those contributions are due to the Division by the 5th working day of the month following the month for which the contributions are made.

(3) Grace Period-

(a) If a member files an election with the ~~FRS~~ Plan Choice Administrator and the member realizes that the election was made in error, or if the member has reconsidered the election made, the SBA will consider, on a case-by-case basis, whether the election will be voided, if the member notifies the SBA by calling the toll-free MyFRS Financial Guidance Line at 1(866)446-9377 or by sending written correspondence directly to the SBA, to the Plan Choice Administrator, or to the Division no later than 4:00 p.m. (Eastern Time) on the last business day of the election effective month, subject to the following requirements:

~~(b) The member must notify the SBA, by a telephone call to the toll free MyFRS Financial Guidance Line at 1(866)446-9377 or by written correspondence directly to the SBA, to the Plan Choice Administrator, or to the Division no later than 4:00 p.m. (Eastern Time) on the last business day of the election effective month.~~

~~(be)~~ If the request to reverse the election is made timely and the SBA finds that the election was made in error, the member will be required to sign a release and return it to the SBA no later than 4:00 p.m. (Eastern Time), on the last business day of the election effective month prior to the election's being officially reversed. The member will acknowledge that failure to return a signed release by the requested due date will result in the original election being reinstated.

~~(cd)~~ Upon receipt of the release, the Division and the Plan Choice Administrator will be directed to do the following:

1. The Division will revise its database to reflect the member's plan change. The member will have until his or her choice period deadline date to make a new election. If the member's choice period has ended, the member will have one calendar month to make a new election. Failure to make a new election will result in the member's defaulting into the Pension Plan, except for the situation described in subparagraph 3., below.

2. The Plan Choice Administrator will send the member written confirmation that the election has been reversed.

3. If the member had elected the ~~FRS~~ Investment Plan and decided to remain in the ~~FRS~~ Pension Plan, there is no need for another election, because the member is already in the ~~FRS~~ Pension Plan, his election to the ~~FRS~~ Investment Plan having been reversed.

~~(de)~~ Nothing contained in this subsection will interfere with a member's right to file a complaint, as permitted by Section 121.4501(8)(g), F.S., and discussed in Rule 19-11.005, F.A.C.

*Rulemaking Authority 121.4501(3)(c)4., (8)(a) FS. Law Implemented 121.051, 121.055, 121.35, 121.4501(2), (3), (4), (5), (6), (8), (15), 121.73, 121.74, 121.78, 215.44(8)(b), 1012.875(3) FS. History--New 10-21-04, Amended 3-9-06, 10-25-07, 12-8-08, 5-19-09, 2-4-10, 7-12-12, 12-16-12, 1-28-14, 8-18-14, 12-30-15, \_\_\_\_\_.*

### **19-11.007 Second Election Enrollment Procedures for the Florida Retirement System ~~FRS~~ Retirement Programs.**

(1) This rule includes procedures for members who initially chose the Florida Retirement System (FRS) Investment Plan or the ~~FRS~~ Investment Plan Hybrid Option to use their 2nd election to transfer to the ~~FRS~~ Pension Plan; and for members who chose or defaulted into the ~~FRS~~ Pension Plan to use their 2nd election to transfer to the ~~FRS~~ Investment Plan or the ~~FRS~~ Investment Plan Hybrid Option.

(2) A member may make a valid 2nd election only if the 2nd election is made and processed by the Plan Choice Administrator while the member is actively employed and earning salary and service credit in an employer-employee relationship consistent with the requirements of Section 121.021(17)(b), F.S. ~~Members on an unpaid leave of absence, or terminated members, or employees of an educational institution on summer break cannot use their 2nd election until they return to FRS-covered FRS employment. Employees of an educational institution on summer break cannot use their 2nd election during the full calendar months of their summer break. For example, if the last day of the school term is May 21st and the first day of the new school term is August 17th, the employee may not file a 2nd election in the calendar months of June or July. The beginning of the school term is determined by the employer. In general terms, this means that the 2nd election can only must be made and processed while the member is actively working and being paid for that work. It is the responsibility of the member to assure that the 2nd election is received by the Plan Choice Administrator no later than 4:00 p.m. (Eastern Time) on the last business day of the month the member is actively employed working and earning salary and service credit.~~

(a) The following are examples of scenarios that could result in an invalid 2nd election. They are only examples and are not inclusive of all possible situations. Members and employers are encouraged to contact the MyFRS Financial Guidance Line to discuss their particular situation.

1. Example 1: A member goes on unpaid leave of absence on November 12, 2015. On December 4, 2015, the Investment Plan



Administrator receives a 2<sup>nd</sup> election form from the member electing to transfer from the Pension Plan to the Investment Plan. The member returns from leave of absence on January 7, 2016. The member's 2<sup>nd</sup> election is not valid because the member did not earn salary and service credit in the month of December 2015. The member would be required to submit another 2<sup>nd</sup> election while actively employed and earning salary and service credit.

2. Example 2: A teacher is on summer break from June 6, 2014 through August 12, 2014. On July 21, 2014, the Investment Plan Administrator receives a 2<sup>nd</sup> election from the teacher electing to transfer from the Investment Plan to the Pension Plan. The teacher's second election is not valid because the member did not earn salary and service credit in the month of July 2014. The teacher would be required to submit a second election form while actively employed and earning salary and service credit once the member has returned from summer break.

3. Example 3: A member terminates FRS-covered employment on March 31, 2016. On April 1, 2016, the Investment Plan Administrator receives a 2<sup>nd</sup> election from the member electing to transfer from the Pension Plan to the Investment Plan. The member's 2<sup>nd</sup> election is not valid because the second election form was received after the member terminated FRS-covered employment. The member would be required to return to FRS-covered employment and submit a 2<sup>nd</sup> election form while actively employed and earning salary and service credit.

(3) General Procedures:-

(a) All members who wish to change their FRS retirement plan using their 2<sup>nd</sup> election must use a 2<sup>nd</sup> election enrollment form or, if moving from the ~~FRS~~ Pension Plan to the ~~FRS~~ Investment Plan or ~~FRS~~ Investment Plan Hybrid Option, may do so online by accessing the Second Election Choice Service at MyFRS.com. There are two types of enrollment forms:- The "2<sup>nd</sup> Election Retirement Plan Enrollment Form", Form ELE-2, rev.08/16 07/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05805>, which is hereby adopted and incorporated by reference. This form allows the member to select different investment fund options if the member is changing from the ~~FRS~~ Pension Plan to either the ~~FRS~~ Investment Plan or the ~~FRS~~ Investment Plan Hybrid Option. Alternatively, the member can complete the "2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form," Form ELE-2EZ, rev. 08/16 07/15, <http://www.flrules.org/Gateway/reference.asp?No=Ref-05806>, which is hereby adopted and incorporated by reference. By completing this form, the member is choosing to have the employer and employee contributions and any transfers from the ~~FRS~~ Pension Plan invested in an age appropriate retirement date fund as provided under the Plan provisions. The member may change the investment selection at any time after the ~~FRS~~ Investment Plan or the ~~FRS~~ Investment Plan Hybrid Option account is activated. Activation occurs when contributions are deposited to the member's ~~FRS~~ Investment Plan account.

(b) Both forms are available by calling the toll-free number for the MyFRS Financial Guidance Line: 1(866)446-9377, Option 4 or for members who are deaf, hard of hearing, or speech-impaired: TRS 711; or by using the MyFRS.com website and clicking on Resources and then on Forms.

(c) Elections made by form must be mailed to the ~~FRS~~ Plan Choice Administrator, P. O. Box 785027, Orlando, Florida 32878-5027; or faxed toll-free to the number provided on the form. It is the responsibility of the member to ensure that the 2<sup>nd</sup> election Election form Form is received by the Plan Choice Administrator.

(d) For members transferring to the Investment Plan who provide a personal e-mail address or cell phone number, the member has consented to electronic delivery of documents through the MyFRS.com website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, annual fee disclosure statement, and other documents. When one of these documents is available, an e-mail notice will be sent to the e-mail address or a text message to the cell phone number provided by the member notifying the member of the document's availability. The member will need to log in to the MyFRS.com website to view and print any of these documents. Receipt of documents through MyFRS.com will continue until the member calls the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 and revokes the member's consent.

(e) For members transferring to the ~~FRS~~ Pension Plan, if the member's Investment Plan account balance was less than the calculated amount required to buy back into the ~~FRS~~ Pension Plan, the election will require a personal payment. The member will receive notification and proper instructions from the Division of Retirement (Division) detailing where and in what form to send any personal payments. Such payment, if necessary, must be received by the date determined by the Division. If the required amount is not received by the Division by the date due, the election will be voided.

(f) A confirmation statement will be mailed to the member's address of record once the completed form is received and processed.

(g) The member should carefully review the form and be sure that it is signed, dated, and sets forth the member's second election plan choice. A copy of the form should be retained for the member's records.

(~~hg~~) If the member submits a form that is incomplete, it will not be processed. An incomplete form is a form which is missing the name of the member, last four digits of the social security number, plan selection, or signature, or one on which the total investment elections are greater or less than 100%. The member will be required to resubmit a completed ~~second~~2nd election enrollment form. If the form is incomplete only because the member has made no investment selection, the form will be processed and the member will be defaulted into an age appropriate retirement date fund as provided under the Plan provisions for investing the member's accumulated benefit obligation and all future contributions. Note that this default selection may be changed by the member at any time once the account is activated.

(~~ih~~) The second election will become final at 4:00 p.m. (Eastern Time) on the day it is received by the Plan Choice Administrator. Elections received after 4:00 p.m. (Eastern Time) will be considered as being received on the next business day. Elections received on a Saturday, Sunday or holiday will be considered as being received on the next business day.

(4) Grace Period.

(a) If a member files an election with the Plan Choice Administrator and the member realizes that the election was made in error, or if the member has reconsidered his or her plan choice, the SBA will consider, on a case-by-case basis, whether the election will be reversed, subject to the following: The member must notify the SBA by calling a telephone call to the toll free MyFRS Financial Guidance Line at: 1(866)446-9377, or by sending written correspondence directly to the SBA, to the Plan Choice Administrator, to the MyFRS Financial Guidance Line, or to the Division, no later than 4:00 p.m. (Eastern Time) on the last business day of the election effective month.

(b) If the request to reverse the election is made timely and the SBA finds the election was made in error, the member will be required to sign a release and return it to the SBA no later than 4:00 p.m. (Eastern Time), on the last business day of the election effective month prior to the election's being officially reversed. Upon receipt of the release, the Division and the Plan Choice Administrator will be directed to take the necessary steps to reverse the election and to correct the member's records to reflect the election reversal.

(c) A confirmation that the election was reversed will be sent to the member by the ~~FRS~~ Plan Choice Administrator.

(d) The member retains the right to file a subsequent 2<sup>nd</sup> ~~second~~ election consistent with subsections (2) and (3), above.

(e) Nothing contained in this subsection will interfere with a member's right to file a complaint, as permitted by Section 121.4501(8)(g), F.S. and discussed in Rule 19-11.005, F.A.C.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(3), (4), (8), (15)(b), (20) FS. History—New 10-21-04, Amended 3-9-06, 10-25-07, 12-8-08, 5-19-09, 1-7-10, 7-12-12, 12-16-12, 12-28-14, 8-18-14, 12-30-15,\_\_\_\_\_.*

**19-11.008 Forfeitures.**

(1) Forfeitures after Separation or Retirement from Florida Retirement System (FRS) Investment Plan Employment.

(a) If a member terminates FRS-covered employment before vesting in an Investment Plan benefit or any transferred Pension Plan benefit, the member will not be entitled to any benefit, other than employee contributions, which are immediately vested. In such case, the unvested account balance will be placed in a suspense account for a period not to exceed five (5) years from the date of the member's termination. The suspense account shall be invested in the FIAM Pyramis Intermediate Duration Pool Fund, where it will accrue actual investment earnings or losses.

(b) If the member returns to work for an FRS-participating employer in an FRS-covered position within the five (5) years from the date of termination, the member will be returned to the Investment Plan and the unvested account balance, reflecting any earnings or losses while invested in the FIAM Pyramis Intermediate Duration Pool Fund, will be returned to the member's account, together with the associated service credit. Any additional service credit earned will be applied towards vesting of the member's benefit.

(c) If the member never returns to work for an FRS-participating employer in an FRS-covered position or if the member returns to FRS-covered employment five (5) or more years after the date of termination, the member will forfeit the unvested account balance and the associated service credit.

(d) If the member leaves FRS-covered employment after vesting in an Investment Plan benefit, but before the member vests in any transferred Pension Plan benefit, the member shall only be entitled to receive the vested Investment Plan benefit. However, if the member takes any self-initiated distribution from the vested Investment Plan benefit, the unvested Pension Plan benefit transferred into the Investment Plan, plus any earnings on these funds will be forfeited along with the associated service credit.



(e) If the member does not take a self-initiated distribution of any vested Investment Plan benefit after terminating from all ~~FRS-participating employers employment~~, the unvested Pension Plan benefit will be transferred six (6) months following termination to a suspense account. The suspense account is invested in the ~~FIAM Pyramis~~ Intermediate Duration Pool Fund, where it will accrue actual investment earnings or losses. If the member returns to FRS-covered employment within five (5) years from the date of termination, the member's benefit, reflecting any earnings or losses while invested in the ~~FIAM Pyramis~~ Intermediate Duration Pool Fund, will be returned to the member's account, together with the associated service credit. Any additional service credit earned will be applied towards the vesting of the member's benefit.

(f) If an ~~FRS~~ Investment Plan Hybrid Option member leaves FRS-covered employment after vesting in the Investment Plan benefit, but before vesting in the Pension Plan benefit, the member shall only be entitled to receive the vested Investment Plan benefit. However, if the member takes any self-initiated distribution of the vested Investment Plan benefit, the unvested Pension Plan benefit will be forfeited along with the associated service credit. If the member does not take a distribution from the Investment Plan and later returns to work for an FRS-covered employer, the member will be returned to the ~~FRS~~ Investment Plan Hybrid Option and the service credit for the existing Pension Plan and Investment Plan service, combined with any future service credit, will be applied towards vesting of the member's account.

(g) If a member is required to receive a required minimum distribution (RMD), the unvested Pension Plan benefit and the associated service credit, will not be forfeited.

(h) If a member's benefit and service are forfeited because the member did not return to FRS-covered employment within five (5) years, but the member later returns to FRS-covered employment after the forfeiture has occurred, the member will be returned to the plan in which he or she was participating at the time of the forfeiture. If the member's benefit and service credit in the Pension Plan are forfeited because the member took a self-initiated distribution of the vested Investment Plan benefit, and the member later returns to FRS-covered employment, the member will be considered a new employee and will be entitled to a new retirement plan choice, if applicable.

(2) Forfeitures of ~~FRS~~ Investment Plan accounts Due to Criminal Activity-

(a) Any member who has been found guilty by a verdict of a jury or by the court trying the case without a jury, or who has entered a plea of guilty or a plea of nolo contendere to certain specified offenses committed prior to retirement; or any member whose employment is terminated because the member admitted committing, aiding, or abetting any such offenses; or any elected official who is convicted by the Senate of an impeachable offense, shall forfeit all rights and benefits under the FRS except for return of any accumulated employee contributions. Specified offenses are the committing, aiding, or abetting any embezzlement or theft from the member's employer; bribery in connection with employment; any other felony specified in Chapter 838, F.S., except for commercial bribery as provided in Section 838.15 or 838.16, F.S.; committing an impeachable offense; willfully committing any felony with intent to defraud the public or the public agency which employs the member or for which the member acts, of the right to receive the faithful performance of the member's duties while realizing or attempting to realize a profit, gain or advantage for the member or for someone else through the powers, rights, privileges and duties of the member's office or position; committing any felony described in Section 800.04, F.S., against a victim younger than 16 years of age, or any felony described in Chapter 794, F.S., against a victim younger than 18 years of age while using or attempting to use the power, rights, privileges, or duties of the member's office or employment position.

(b) When the State Board of Administration (SBA), becomes aware of any accusation of criminal wrong doing against any member of the ~~FRS~~ Investment Plan, the SBA will place ~~put~~ a hold on the member's account to preclude the member from removing any money from the account, until a determination is made on whether charges have been filed and whether the charges are for a forfeitable offense.

(c) If the charges against the member are not pursued and are dropped by law enforcement officials, the hold on the member's account will be released upon receipt of notification from the proper law enforcement agency.

(d) If the member is indicted and convicted or pleads guilty, or pleads nolo contendere, the SBA will acquire a certified copy of the judgment and will contact the member to advise the member that the Investment Plan benefit is forfeited and that the member has the right to a hearing to contest the forfeiture. The hold on the member's account will remain in place until:

1. The time to request a hearing has passed and no request for a hearing is made, or
2. The conclusion of the hearing and any appeal of the final order issued after the conclusion of the hearing.

(e) At the conclusion of either subparagraph (d)1. above, or subparagraph (d)2. above, if the member's hearing and/or appeal are unsuccessful, the SBA will direct the Investment Plan Administrator to transfer the member's account balance to the Investment

Plan Forfeiture Account. If such member is subsequently reemployed, the member shall be eligible for benefits based on creditable service earned subsequent to the reemployment. The member is not eligible to claim any period of employment which was forfeited ~~shall not be eligible to claim as creditable service, rights or benefits for any period prior to the employment which was forfeited, provided the member did not take a self-initiated distribution of employee contributions.~~

(f) If a member has requested a self-initiated distribution of all or part of any benefit, the member shall be required to repay the benefit, if it is determined that the member forfeited all rights and benefits under the FRS. Any such member may contest the forfeiture as stated in paragraph (d) above. If the member fails to repay the benefit, the SBA may pursue all legal options.

(g) If a member receives a pardon for any crime applicable to any FRS employment, the member shall have all benefits previously forfeited returned to his or her ~~FRS~~ Investment Plan account reflecting any earnings or losses while invested in the FIAM Pyramis Intermediate Duration Pool Fund.

(3) Forfeiture of Beneficiary's Rights Due to Criminal Activity.

(a) A beneficiary, whether designated or pursuant to Florida law, of a deceased member who, by a verdict of a jury or by a court trying the case without a jury, is found guilty, or who has entered a plea of nolo contendere, of unlawfully and intentionally killing or procuring the death of such member, shall forfeit all rights to the deceased member's retirement benefits. Any benefits will be paid as such beneficiary had predeceased the deceased member.

(b) No benefits will be paid until there is a final resolution of such charges against the beneficiary, including any appeals.

(4) Authorized uses of the Investment Plan Trust Fund Forfeiture Account.

(a) The Investment Plan Forfeiture Account is funded with unvested account balances forfeited by members or as described above in this rule and with account balances forfeited due to criminal activity as described herein above in this rule.

(b) Section 121.4501(13), F.S., requires that the Investment Plan be administered so as to comply with the requirements of the Internal Revenue Code in order to maintain a tax-qualified status.

(c) Pursuant to a private letter ruling from the Internal Revenue Service, the Forfeiture Account may be used for two purposes:

1. Payment of Investment Plan Administrative expenses, such as fees related to the activities of the ~~FRS~~ Investment Plan Administrator and the custodian, investment and administrative consulting fees, and services rendered for the benefit of members of ~~both the FRS Investment Plan and the FRS Pension Plan~~ where costs can reasonably be allocated to the each plan; and

2. Reduction of future employer contributions to the Investment Plan.

(d) Consistent with Internal Revenue Service Rulings 80-155 and 74-340, unallocated reserves within the Forfeiture Account will be used as quickly and as prudently as possible considering fiduciary duty. The expected withdrawals from the Account should endeavor to reduce the Account to zero each fiscal year end.

*Rulemaking Authority 121.4501(8) FS. Law implemented 112.3173, 121.021(29), (39), 121.091(5), 121.4501(6), (13), 121.591, 732.802 FS. History—New 11-26-07, Amended 12-8-08, 7-12-12, 8-18-14, 12-30-15, \_\_\_\_\_.*

**19-11.009 Reemployment with an FRS-Participating covered Employer after Retirement.**

(1) If reemployed prior to July 1, 2010, a member may return to work with an FRS-participating employer covered employment after being retired for six (6) calendar months. Six calendar months means six full calendar months following the month the member retired. For example, if a member retires in January, the six calendar months are February, March, April, May, June and July. The retiree may return to employment in August. The retiree may return to employment in one of the excepted positions identified in Section 121.091(9)(b), F.S., and continue to take distributions from prior career benefits. If the retiree returns to work in a position that is not one of the exceptions allowed by law, the receipt of any remaining retirement benefits is suspended until either employment is terminated or the completion of 12 calendar months of retirement.

(2) If reemployed on or after July 1, 2010, a member may return to work in any position with an FRS-participating covered employer after being retired for six (6) calendar months. Six calendar months means six full calendar months following the month the member retired. For example, if a member retires in January, the six calendar months are February, March, April, May, June, and July. The retiree may return to employment in August. The member must suspend receipt of any remaining retirement benefits until either employment is terminated or the completion of 12 calendar months of retirement. Effective July 1, 2010, there are no excepted positions.

(3) To prevent hiring an ineligible retiree, the employer should obtain a written statement from each prospective employee as to the employee's retirement status. The written statement can be set forth on the "Certification Form," Form CERT, rev. 02-12

<http://www.flrules.org/Gateway/reference.asp?No=Ref-01067>, which is hereby adopted and incorporated by reference. The form can be found on the MyFRS.com website. This form should be retained in the employee's personnel file.

(4) A retiree who returns to work with an FRS-participating employer prior to being retired for six (6) calendar months and an employer that employs or appoints such retiree are jointly and severally liable for repaying retirement benefits paid from the Investment Plan. In lieu of repayment, the member may terminate employment from all FRS-participating employers.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.021(29), (39), 121.091(9)(b), (c), 121.4501(2)(j), 121.591(1)(a)4. FS. History--New 11-26-07, Amended 12-8-08, 8-7-11, 7-12-12, \_\_\_\_\_.*

#### **19-11.010 FRS Investment Plan: Privacy-**

(1) ~~FRS~~ Investment Plan members and beneficiaries are required to submit certain personal identifying information, including their federally-issued social security number. Each of the vendors under contract with the State Board of Administration (SBA) is contractually obligated to protect this information to the fullest extent permissible by law.

(2) A member of the ~~FRS~~ Investment Plan may authorize a particular person such as the member's spouse or financial advisor, to receive personal identifying information by giving the person a power of attorney or by submitting by electronic means or in paper form a signed and notarized consent clearly identifying the person to whom the information may be given as well as specifying exactly what information may be disclosed.

(3) Upon the death of an Investment Plan member who had submitted a beneficiary designation form, the named beneficiary(ies) must provide certain personal identifying information to the SBA before any information regarding the member will be released. The types of information are letters of administration issued by the relevant probate court; certified copies of the death certificate; copies of marriage certificates; the member's social security number; and any other requested information that can be verified with a governmental agency.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 119.071, 121.4501(19) FS. History--New 11-26-07, Amended 7-12-12, \_\_\_\_\_.*

#### **19-11.011 Employer and Employee Contributions and ABO or Present Value Transfer Procedures.**

(1) Employer and Employee contributions-

(a) All state, school district, and local employers (employers) who participate in the Florida Retirement System (FRS) and each employee are responsible for making the contributions required by Chapter 121, F.S.

(b) Employers shall submit, to the Division of Retirement (Division), a monthly payroll report and accompanying employer and employee contributions by the fifth (5th) business day following the month in which the salary was paid. For example, if the salary is paid in March, the monthly payroll report and contributions are due to the Division by the 5th business day of April.

(2) One Percent Penalty for Late Payroll Reporting-

(a) A one percent penalty will be applied to contributions that are late pursuant to Section 121.78(3), F.S. The portion of the one percent penalty assessed on late contributions and accompanying payroll data attributable to contributions for the ~~FRS~~ Investment Plan members shall be proportionally divided and deposited into affected member accounts, using the members' ~~FRS~~ Investment Plan investment allocation in effect at the time of the deposit.

(b) Any employer requesting a waiver of the delinquency fee in accordance with Section 121.78(3)(c), F.S., shall make a written request, setting forth a full description of the facts and circumstances, to the Office of Defined Contribution Programs, State Board of Administration of Florida, 1801 Hermitage Blvd., Suite 100, Tallahassee, Florida 32308. Waiver of the fee is at the discretion of the SBA. A waiver may be granted only once for an employer in any one fiscal year. Once a delinquency fee has been paid to a member's account, it cannot be waived.

(3) Market loss calculation for late payroll reporting-

(a) Market loss calculations will be applied to contributions and benefit transfers that are late pursuant to Section 121.78(3), F.S. A market loss occurs when an employer fails to timely remit the monthly payroll file and accompanying employer and employee contributions to the Division by the 5th business day of the next month the payroll file and associated employer and employee contributions are due as described in subsection (1) above and the receipt of monthly payroll file and/or the employer and employee contributions are received in the month following the due date or after.

(b) The Division will notify the Investment Plan Administrator (Administrator) of the late filing by the employer. Upon notification, the Administrator will determine market losses using the affected member's investment allocation on record with the Administrator at the time of calculation.

(c) The Administrator will perform the market value calculation using a period certain which is the 15th of the month in which the payroll is due, or the next succeeding business day if the day falls on a weekend or legal holiday, in which contributions would have been processed, and ending on the date the payroll is received by the Administrator.

(d) If contributions and accompanying payroll data are not received within the calendar month they are due, but that lateness does not result in market losses to members, only the one percent late assessment will apply to the employer.

(e) The Administrator will not perform the market loss calculation until a covered payroll and accompanying payroll data is received and processed by the Administrator.

(4) Prior Period Adjustments-

(a) Employer and employee contributions paid for a prior period shall be subject to a delinquent fee of one percent for each calendar month or part thereof that said contributions should have been paid. This includes prior period contributions due to incorrect wages and contributions for an earlier report or wages and contributions that should have been reported, but were not. If the delinquent assessment is not remitted within 30 days following the Division's invoice date, an additional delinquent assessment of one percent on the invoiced amount shall be assessed for each calendar month or part thereof that said invoice is delinquent. This delinquent assessment cannot be waived.

(b) When an employer requests an adjustment to retirement contributions or accompanying payroll data for prior periods for ~~FRS~~ Investment Plan members, the adjustment will be processed to the extent administratively possible. Under no circumstance shall the SBA, the FRS Investment Plan Trust Fund, or the Florida Retirement System Trust Fund incur any loss or gain as a result of an employer's adjustments for an ~~FRS~~ Investment Plan member or a former member.

(5) Employer errors or corrections-

(a) Market loss calculations will be applied to contributions and benefit transfers that are late due to an employer error or correction. An employer error or correction is deemed to have occurred if the employer changes previously reported information that now requires contributions and benefit transfers to be posted retroactively.

~~(6)~~ If an agency fails to pay the total amount due within 120 calendar days from the date of the Division's invoice, the procedures outlined in the Division's subsection 60S-3.011(5), F.A.C., shall be applicable.

~~(7)~~ Federally Mandated Monitoring of Contributions and Annual Salary-

(a) The ~~FRS~~ Investment Plan Administrator will be responsible for monitoring federally mandated contribution limits pursuant to Internal Revenue Code s. 415(c) ("Section 415(c) limitation"). The monitoring of federally mandated contribution limits will only be conducted if the employer has properly reported the applicable annual salary and contributions on the payroll reports submitted each month. The Investment Plan Administrator, the Division or SBA will not be held responsible for a failure to monitor the limits due to the employers inability or failure to report the necessary data.

(b) The Division will be responsible for monitoring federally mandated annual salary that may be applied towards retirement under a qualified retirement plan pursuant to Internal Revenue Code s. 401(a)(17).

~~(c)~~ In no event shall the aggregate of the allocation of employer and employee contributions to an ~~FRS~~ Investment Plan member's account(s) in the ~~FRS~~ Investment Plan and the annual addition to an ~~FRS~~ Investment Plan member's account(s) in any other defined contribution plan maintained by the employer exceed the Section 415(c) limitations for defined contribution plans.

(d) In no event shall an Investment Plan member have contributions deposited to an Investment Plan account on salary above the Section 401(a)(17) limitations. In the event an Investment Plan member has contributions deposited to an Investment Plan account on salary above the Section 401(a)(17) limit, the excess contributions, and applicable investment earnings on excess contributions, shall be deducted from the member's Investment Plan account and returned to the entity that submitted the excess contributions.

~~(e)~~ Employers shall cooperate with the ~~FRS~~ Investment Plan Administrator or its agent in order for the Administrator or its agent to be able to monitor the 415(c) limitation on employer and employee contributions.

~~(f)~~ Employers shall be responsible for providing all financial and payroll data which the ~~FRS~~ Investment Plan Administrator or its agent must use to determine whether or not the 415(c) limitation has been exceeded.

~~(g)~~ Pursuant to Section 121.4501(5)(d), F.S., the Administrator will notify the employer regarding maximum contribution levels permitted under the Internal Revenue Code and if a member exceeds those limits.

~~(h)~~ The Employer is responsible for notifying a member if the total contributions made to the ~~FRS~~ Investment Plan and to any other such plan exceed federally permitted maximums and to take appropriate steps to correct such excess contributions as set forth in paragraphs ~~(i)~~ ~~(g)~~ and ~~(j)~~ ~~(h)~~ below.

(ig) In the event the aggregate annual additions to a member's account(s) in the ~~FRS~~ Investment Plan and in any other defined contribution plan maintained by the employer exceed the 415(c) limitation during any limitation year, the excess shall be attributed first to such other plans.

(jh) If any excess remains after attribution to such other plans, the amount of any such excess attributable to the allocation of forfeitures, to a reasonable error in estimating a member's annual compensation or to any other circumstances that the Commissioner of Internal Revenue finds is justified, in accordance with Treasury Regulation 1.415-6(b)(6), shall be used to reduce the employer's contributions for such member under the ~~FRS~~ Investment Plan in the next and succeeding limitation years; provided, however, that if the member is not covered by the ~~FRS~~ Investment Plan at the end of the limitation year, such excess amount will be used to reduce the employer's contributions to remaining members under the ~~FRS~~ Investment Plan in the next, and succeeding, limitation years.

(ki) If the correction method, above, is not available, other methods of correcting excess annual additions are permitted if in accordance with Treasury Regulation 1.415-6(b)(6).

(87) Employer errors or corrections. Market loss calculations will be applied to contributions and benefit transfers that are late due to an employer error or correction. An employer error or correction is deemed to have occurred if the employer changes previously reported information that causes contribution and benefit transfer to be posted retroactively.

(98) Contribution Rates-

(a) The employer and employee contributions received by a member of the ~~FRS~~ Investment Plan prior to effective enrollment in the ~~FRS~~ Investment Plan will be at the rate established pursuant to Section 121.71, F.S. The amount will be transferred into the employee's ~~FRS~~ Investment Plan account as the opening account balance.

(b) After effective enrollment in the ~~FRS~~ Investment Plan, the member shall receive the employer and employee contribution at the rate established by Sections 121.71 and 121.72, F.S. appropriate to that member's class of membership.

(109) Asset Transfer and True-Up Procedures for Newly-hired Employees with Previous FRS Service-

(a) For members who elect to enroll in the ~~FRS~~ Investment Plan who have prior FRS credible service, the Division shall calculate the amount of the member's ABO or present value of the ~~FRS~~ Pension Plan benefit. This amount shall be transferred to the member's ~~FRS~~ Investment Plan account and shall be allocated to each investment product selected by the member.

(b) The Division shall determine the member's ABO or present value as of the last day of the month prior to the employee's effective date of enrollment in the ~~FRS~~ Investment Plan. For example, if the Division receives the enrollment during the month of June, the effective date of enrollment for the employee in the ~~FRS~~ Investment Plan is July 1 and the Division shall calculate the member's ABO or present value, if any, through June 30.

(c) By the 25th day of the effective month of enrollment, the Division shall notify the ~~FRS~~ Investment Plan Administrator of the ABO or present value for each Investment Plan member whose effective date of enrollment is the first day of the month. The Administrator shall notify the SBA of the aggregate ABO or present value of members whose effective date of enrollment is the first day of the month.

(d) On the last business day of the effective month of enrollment in the ~~FRS~~ Investment Plan, the SBA shall effectuate the transfer of the aggregate ABO or present value amount to the ~~FRS~~ Investment Plan Administrator for allocation to the applicable ~~FRS~~ Investment Plan member accounts based on the investment option designated by the member, and if no allocations were provided by the member, then to an age-appropriate retirement date fund.

(e) The total amount initially credited to each ~~FRS~~ Investment Plan member's account who elected to transfer the ABO or present value from the ~~FRS~~ Pension Plan was an estimate of the member's ABO or present value. Pursuant to Section 121.4501(3)(b)2., F.S., the Division shall re-compute the ABO or present value not later than 60 days after the initial transfer of funds. If the re-computed amount differs from the estimated ABO amount by plus or minus \$10 or more, the Division shall provide the aggregate adjustment amount to be transferred to or from the ~~FRS Investment Plan Administrator for the~~ affected member(s).

(f) The Division shall notify the Administrator of the true-up amounts plus interest by member account within 50 days of the initial transfer. The true-up transfer shall include the true-up amount determined by the Division plus interest at the rates specified in Section 121.4501(3)(b)2., F.S., from the date of the initial transfer to the date of the true-up transfer. The transfer of the true-up amount plus interest shall occur on the 60th day following the initial transfer. In the event the 60th day following the initial transfer falls on a Saturday, Sunday, or a legal holiday, the true-up transfer shall occur on the last business day of the month preceding the Saturday, Sunday, or legal holiday.

(g) The Division shall calculate the interest owed on true-up amounts. If the re-computed ABO is greater than the original amount transferred by plus or minus \$10 or more, the member will be owed a true-up amount plus interest. Interest will be calculated pursuant to Section 121.4501(3)(b)2., F.S. If the re-computed ABO is less than the original amount transferred by plus or minus \$10 or more, the member will owe a true-up amount plus interest and the amount will be deducted from the member's Investment Plan account. Interest will be calculated pursuant to Section 121.4501(3)(b)2., F.S.

(h) The Administrator shall notify the SBA of the aggregate true-up value for those members determined to have a true-up adjustment. On the last business day of the month in which the true-up amount is due, the SBA shall effectuate the transfer of the aggregate true-up amount to the FRS Investment Plan Administrator for allocation to the applicable member accounts based on the investment fund allocations designated by the member(s).

*Rulemaking Authority 121.78(3)(c), 121.4501(8) FS. Law Implemented 121.71, 121.72, 121.78, 121.4501 FS. History—New 7-12-12, Amended 12-16-12, 12-30-15,\_\_\_\_\_.*

### **19-11.012 Rollovers or Plan to Plan Transfers to or from the FRS Investment Plan-**

(1) An FRS Investment Plan member may rollover assets from other qualified plans into the Investment Plan. These qualified assets can come from:

(a) A qualified Traditional IRA at another custodian;

(b) An eligible retirement plan (Code s. 401 defined contribution plan, Code s. 401 defined benefit plan, Code s. 457 plan, or Code s. 403(b) plan); or

(c) The Federal Employee's Thrift Savings Plan.

(2) – (4) No changes.

(5) The member must complete the rollover deposit within 60 days of receiving the assets, unless the member qualifies for a waiver of the 60-day time limit as provided by the IRS. It will be the responsibility of the member to submit documentation confirming the qualification for the 60-day waiver. Otherwise, the member may be subject to federal income tax and early withdrawal penalty.

(6)(a) No changes.

(b) All rollovers ~~from~~ into the Investment Plan must be more than \$1,000.00 or such amount that will cause the account balance to be greater than \$1,000.00.

(c) The Investment Plan Administrator may not accept rollovers from:

1. The former spouse of an Investment Plan member who had an account in the Investment Plan, established by terms of a qualified domestic relations order and then removed all of the funds from the account.

2. The former beneficiary of an Investment Plan member who removed all of the funds from the account.

3. Members of the FRS Pension Plan.

4. The spouse or beneficiary of a deceased FRS-Pension Plan member who had a DROP accumulation in the FRS Pension Plan.

(7) No changes.

(8)(a) Instructions regarding check delivery and other information relating to the processing of rollovers, including all applicable forms, may be obtained by calling the MyFRS Financial Guidance Line, which is a toll free line: 1(866)446-9377, Option 4, or, for members who are deaf, hard of hearing, or speech impaired, TRS 711, or by accessing the website at [www.MyFRS.com](http://www.MyFRS.com).

(b) Current members shall use Form IPRO-1, rev. 07/16 ~~10/14~~, "Employee Rollover Deposit Instructions and Form," <http://www.flrules.org/Gateway/reference.asp?No=Ref-05807>, which is hereby adopted and incorporated by reference, to effect rollovers described in this rule.

(c) Current DROP members planning to roll over their DROP accumulation shall use Form IP-DROP-AD-1, "DROP Accumulation Direct Rollover Form for Current DROP Members," rev. 07/16 ~~07/15~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-06264>, which hereby is adopted and incorporated by reference, to effect rollovers described in this rule.

(d) Former DROP members shall use Form IP-DROP-RO-1, "DROP Direct Rollover Form for Former DROP Members," rev. 07/16 ~~07/15~~, <http://www.flrules.org/Gateway/reference.asp?No=Ref-06234>, which hereby is adopted and incorporated by reference, to effect rollovers described in this rule.

(e) Current or former DROP members who roll money into the Investment Plan who provide a personal e-mail address or cell phone number, has consented to electronic delivery of documents through the MyFRS.com website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, annual fee disclosure statement, and other documents. When one of these documents is available, an e-mail notice will be sent to the e-mail address or a text message to the cell phone number provided by the member notifying the member of the document's availability. The member will need to log in to the MyFRS.com website to view and print any of these documents. Receipt of documents through MyFRS.com will continue until the member calls the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 and revokes the member's consent.

(9) – (12) No changes.

(13)(a) An Investment Plan member electing to transfer to the Pension Plan and who has an excess balance remaining in the Investment Plan account after satisfying any required Pension Plan buy-in amounts, may elect to use all or part of that remaining balance to purchase service credit in the Pension Plan. The member will need to complete Form PRO-2, "Pre-tax Direct Rollover/Transfer Form," rev. 10-10, <http://www.flrules.org/Gateway/reference.asp?No=Ref-01184>, which hereby is adopted and incorporated by reference, to effect this purchase. This form is available in paper form and may be obtained by calling the toll-free MyFRS Financial Guidance Line at 1(866)446-9377, Option 4 (TRS 711), Monday through Friday, except holidays, 9:00 a.m. to 8:00 p.m. (Eastern Time), except holidays or by accessing the MyFRS.com website and clicking on "Resources" and then "Forms."

(b) The member must call the Investment Plan Administrator and request that funds be transferred from the Investment Plan to the Pension Plan to effect the purchase of service. The member must confirm that an invoice has been received from the Division of Retirement. The amount to be transferred must be equal to or less than the invoiced amount. If the balance of the member's account is less than the invoice amount, the member may request the total account balance be transferred.

(c) The member must complete the form referenced in paragraph (a) above. The completed form is to be sent to the Investment Plan Administrator.

(d) The Investment Plan Administrator will request authorization to liquidate the requested amount from the SBA. The SBA shall provide a letter of direction to effect the member's request. Upon receipt of the letter, the Plan Administrator will liquidate the funds from the member's account. Upon liquidation, the amount will be received by the Plan Administrator from the Custodian in the form of a check payable to the "Florida Retirement System" and reference the member's name. Upon receipt of the check, the Plan Administrator will send the check and the form by regular U.S. mail to the Division of Retirement as soon as administratively possible. A confirmation of the transaction and the date the check and form were mailed to the Division of Retirement will be sent to the member.

(e) It is the responsibility of the member to confirm receipt of the funds by the Division of Retirement.

*Rulemaking Authority 121.4501(8), (5)(e) FS. Law Implemented 121.4501(4)(g)5., (5)(e), (21), 121.591 FS. History--New 7-12-12, Amended 12-16-12, 10-15-13, 1-28-14, 8-18-14, 12-30-15,\_\_\_\_\_.*

### **19-11.013 FRS Investment Plan Self-Directed Brokerage Account-**

(1) An ~~FRS~~ Investment Plan member meeting certain criteria may transfer assets from the member's Investment Plan primary investment account to a self-directed brokerage account ("SDBA") in order to be able to access additional investment opportunities beyond the primary investment funds offered under the Investment Plan.

(a) In order to participate in the SDBA the member must:

1. Maintain a minimum balance of \$5,000 in the Investment Plan's primary investment funds. This minimum amount may be changed at any time.

2. Make initial and subsequent transfers into the SDBA of at least \$1,000. Transfer requests must be in whole dollars. Percentages are not permitted. This minimum amount is subject to change.

3. Pay all trading fees, commissions, administrative fees, and any other expenses associated with participating in the SDBA.

(b) The member must open an account with the SDBA service provider in one of two ways:

1. By accessing and completing the enrollment form online by logging on to MyFRS.com, then choosing Manage Investments>Open Brokerage Account. The enrollment form includes both a Member Service Agreement and Memorandum of Understanding which the member must acknowledge having received and read.

2. By printing and completing a hard copy of the enrollment form, Member Service Agreement and Memorandum of Understanding. A hard copy of the enrollment form can be printed from the Open Brokerage Account link on MyFRS.com or can be

~~obtained from the Investment Plan Administrator.~~ The member must return the completed enrollment form to the service provider via fax or mail. The member must acknowledge the Member Service Agreement and Memorandum of Understanding were received and read. ~~A hard copy of the enrollment form can be printed from the Open Brokerage Account link on MyFRS.com or can be obtained from the Investment Plan Administrator.~~

3. The SDBA account will be established within two (2) days of receipt of either the online or hardcopy enrollment form. Once the account is established, the member will receive a package from the SDBA service provider containing information on how to access and use the SDBA.

4. The SDBA account will be automatically closed if there is a zero balance for 18 consecutive months. To participate in the SDBA in the future, the member will have to open a new SDBA account as set forth in 1(b) above.

(c) The member is subject to the following fees, transaction charges, expenses:

1. An annual administrative fee of \$25.00 (\$6.25 quarterly) for participating in the SDBA. This fee will be deducted from the member's primary investment account for each quarter the member maintains a balance in the SDBA. This fee is in addition to all applicable commissions, sales charges and transaction fees. This fee is deducted pro rata across the member's Investment Plan primary funds.

2. Any and all commissions, sales charges and transaction fees applicable to transactions executed by the member through the SDBA. The member may review all SDBA commissions and fees by accessing the ~~FRS~~ Investment Plan Self-Directed Brokerage Account Commission and Fee Schedule in the "Investment Funds" section on MyFRS.com.

3. Depending on the investments chosen, transaction fees, commissions or sales charges may be charged to the member's SDBA. These fees are automatically deducted from transaction proceeds or added to the purchases as they are incurred. In addition, investment management fees, 12b-1 fees, or other fees and expenses specific to individual funds may be charged to the member's SDBA. It is the member's sole responsibility to be aware of and understand the commissions and fees as described in the Commission and Fee Schedule and in the prospectus of any mutual fund.

(2)(a) The investment options offered through the SDBA have not been reviewed by the Florida Retirement System (FRS) for suitability for the member. The member is solely responsible for determining the appropriateness of any investments in the SDBA.

(b) The member agrees to fully indemnify and hold harmless the member's employer, the FRS, the State Board of Administration (SBA), and any and all service providers to the FRS against any claims, damages, or other possible causes of actions resulting from the member's decision to participate in the SDBA or from the specific SDBA investment options selected by the member.

(2)(c) – (4)(a) No changes.

(4)(b) The SDBA provider will provide to the member:

1. A separate quarterly statement that will itemize the brokerage transactions and show individual holdings balances as well as the total SDBA balance.

2. If the member has any activity in the SDBA, a separate monthly statement will be provided.

3. If the member has no activity in the quarter, a separate quarterly statement will be provided.

4. If the member provides the SDBA provider with an email address, the member will receive electronic statements, SDBA trade confirmations and other SDBA communications, unless the member affirmatively elects a paper format.

~~5. The member will also receive SDBA trade confirmations and other SDBA communications electronically.~~

~~5~~6. The member may opt out of electronic delivery at any time by logging onto MyFRS.com and accessing the SDBA account or by calling 1(866)446-9377, Option 4, and speaking to an SDBA specialist.

(5)(a) Distributions cannot be made directly from the SDBA. A member must first transfer money in the SDBA back to the member's Investment Plan primary investment account.

(b) If the member is subject to a Required Minimum Distribution (RMD), and has insufficient funds in the member's primary account, the member will be subject to an automatic liquidation of assets by the Investment Plan Administrator from the SDBA of an amount sufficient to cover the RMD requirements and maintain the required account balance in the primary investment funds.

(c)1. If the member is subject to qualified domestic relations orders (QDROs) by a court of competent jurisdiction, income deduction orders as provided in Section 61.1301, F.S., or a federal income tax levy, the member's SDBA balance may be subject to a partial or full liquidation to comply with the court or federally mandated levy and to ensure that at least a \$5,000 account balance in the Investment Plan primary funds is maintained.



2. In the event the member's SDBA account is subject to a lien or levy, the directions of the appropriate levying authority will be followed unless some form of release from the levying authority, or a court order staying or quashing the lien or levy is provided.

(d) A member participating in the SDBA cannot take a distribution from the member's primary account that would make the member's primary account balance fall below \$5,000. In such instance for a distribution to occur, the member first would need to liquidate sufficient SDBA funds and return the funds to the member's primary account. If such a member's primary account balance were to fall below \$5,000 due to market losses, no additional transfers into the SDBA will be allowed, and no additional distributions would be processed until the primary account balance is greater than \$5,000.

(e) A member participating in the SDBA who has requested distributions to be made on an installment basis may request to have installments established based on the total of the funds in both the member's primary account and in the member's SDBA. If a point is reached at which an additional distribution would cause the member's primary account balance to fall below \$5,000, the installments will be stopped and the member will be notified that no additional installments can be processed until the member liquidates sufficient SDBA funds to cover future distributions and maintain a \$5,000 minimum balance in the member's primary account.

(f) If the member terminates FRS-covered employment prior to meeting the vesting requirements of the Investment Plan and has enrolled in the SDBA, the member will be required to liquidate all investments in the SDBA prior to requesting a distribution of any vested account balance. If the member requests a distribution of any portion of the vested account balance, the member will forfeit any unvested account balance and will be considered retired from the FRS. The member can reinvest in the SDBA with vested money so long as a \$5,000 minimum balance is maintained in the primary account and a minimum of \$1,000 is available to transfer to the SDBA.

(g) If the member terminates employment with an FRS-participating employer and has unvested money in the Investment Plan and has enrolled in the SDBA, the member's SDBA account is subject to liquidation by the Investment Plan Administrator within four (4) calendar months of termination and any unvested money will be moved to the Investment Plan's suspense account. The member can reinvest in the SDBA with vested money so long as a \$5,000 minimum balance is maintained in the primary account and a minimum of \$1,000 is available to transfer to the SDBA account. If the member returns to FRS-covered employment and has not taken a distribution from the Investment Plan primary account the money held in suspense will be returned to the member's primary account.

(6)(a)1. Any ~~FRS~~ Investment Plan member who has a complaint regarding the SDBA should call the Investment Plan Administrator at 1(866)446-9377, Option 4, and ask to speak to an SDBA specialist. If the SDBA specialist cannot resolve the complaint over the telephone, the member will be provided with instructions on how to submit a written complaint. If a written complaint is received by the SDBA provider, the SDBA provider will handle the written complaint regarding the SDBA in accordance with the Financial Industry Regulatory Authority ("FINRA") Rule 4530.

2. The Compliance Officer of the SDBA provider will conduct an investigation and will prepare and send the member a letter within 10 business days of receipt of the written complaint detailing the findings, any proposed resolution, and information on any next steps in resolving the complaint. Copies of the complaint and responses thereto will be provided to the SBA.

3. If a complaint is received by the SBA regarding an SDBA issue, the complaint will be forwarded to the Compliance Officer of the SDBA provider for a response.

4. The complaint process provided in Rule 19-11.005, F.A.C., is not applicable to any complaint regarding the SDBA.

(b) If the SDBA provider and the member cannot come to a resolution regarding the complaint the member can request arbitration as detailed in the SDBA Plan Member Agreement.

(c)1. If SDBA provider receives a written complaint that is unrelated to the SDBA, it will be sent to the Investment Plan Administrator and to the SBA. The SDBA provider will acknowledge receipt of the complaint to the member advising the member that the complaint has been forwarded to the appropriate party.

2. Upon receipt of the complaint unrelated to the SDBA referenced in subparagraph (c)1. above, the SBA will handle the complaint in accordance with Rule 19-11.005, F.A.C.

*Rulemaking Authority 121.4501(8), (5)(e) FS. Law Implemented 121.4501(8), (9), (10), (11), (12), (13), (14), (15) FS. History--New 6-5-14, 12-30-15, \_\_\_\_\_.*



### EZ Retirement Plan Enrollment Form

For Regular, Special Risk, and Special Risk Administrative Support Class Employees

Save time and enroll online at MyFRS.com! If you're a first-time user, log in using the PIN supplied with your Benefit Comparison Statement.

Your plan choice is due by 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire. Keep your original Enrollment Form for your records.

|          |   |   |                                |   |   |
|----------|---|---|--------------------------------|---|---|
| <b>1</b> | <b>Enter Your Info</b><br>PLEASE PRINT      | LAST NAME   | FIRST NAME                     | MIDDLE INITIAL  |   |
|          |   | LAST 4 DIGITS OF SOCIAL SECURITY NUMBER   | DATE OF BIRTH (MM/DD/YYYY)     |   |   |
| <b>2</b> | <b>Select Your Plan</b>                     | <input type="checkbox"/> FRS Investment Plan  |                                |   | <input type="checkbox"/> FRS Pension Plan |
|          |   | <p>By signing below, I acknowledge that I have read and understand the information on page 2 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p> |                                |   |   |
| <b>3</b> | <b>Sign Here</b>                            | SIGNATURE   |                                | DATE  |   |
|          |   | EMPLOYER NAME   |                                |   |   |
|          |   | PERSONAL EMAIL  |                                |   |   |
|          |   | PHONE NUMBER WITH AREA CODE   |                                |   |   |
|          |   | <input type="checkbox"/> MOBILE (RECOMMENDED)   | <input type="checkbox"/> OTHER |   |   |
| <b>4</b> | <b>Submit Your Form</b><br>(this page only) | <b>By Fax:</b><br>1-888-310-5559<br>Do not include a cover sheet.   | — OR —                         | <b>By Mail:</b><br>Plan Choice Administrator<br>P.O. Box 785027<br>Orlando, FL 32878-5027 |   |

### Questions?

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

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.



# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form.*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator on or before 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—You have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate, and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
  - Your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions. At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.



# General Retirement Plan Enrollment Form

For Regular, Special Risk, and Special Risk Administrative Support Class Employees

Save time and enroll online at MyFRS.com! If you're a first-time user, log in using the PIN supplied with your Benefit Comparison Statement.

**Your plan choice is due by 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire. Keep your original Enrollment Form for your records.**

|          |  |  |   |  |
|----------|--|--|---|--|
| <b>1</b> | <b>Enter Your Info</b><br>PLEASE PRINT | LAST NAME  | FIRST NAME  | MIDDLE INITIAL   |
|          |  | LAST 4 DIGITS OF SOCIAL SECURITY NUMBER  | DATE OF BIRTH (MM/DD/YYYY)  |  |
| <b>2</b> | <b>Select Your Plan</b>                | <input type="checkbox"/> FRS Investment Plan   | <input type="checkbox"/> FRS Pension Plan                                       | <input type="checkbox"/> FRS Hybrid Option<br><i>See special eligibility requirements on page 3.</i>           |
|          |  | <b>3</b> <b>Choose Your Funds</b> <b>If you selected the FRS Investment Plan or the FRS Hybrid Option, you must choose your Investment Plan funds.</b><br><input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b> Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund. <input type="checkbox"/> <b>I have indicated my choices in the "Choose Your Funds" section of this form.</b> <i>See next page.</i> |   |  |
| <b>4</b> | <b>Sign Here</b>                       | By signing below, I acknowledge that I have read and understand the information on page 3 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.   |   |  |
|          |  | SIGNATURE  | DATE  |  |
|          |  | EMPLOYER NAME  |   |  |
|          |  | PERSONAL EMAIL   |   |  |
|          |  | PHONE NUMBER WITH AREA CODE  | <input type="checkbox"/> MOBILE (RECOMMENDED)<br><input type="checkbox"/> OTHER |  |
| <b>5</b> | <b>Submit Your Form</b>                | <b>By Fax:</b><br><b>1-888-310-5559</b><br>Do not include a cover sheet.   | — OR —  | <b>By Mail:</b><br><b>Plan Choice Administrator</b><br><b>P.O. Box 785027</b><br><b>Orlando, FL 32878-5027</b> |

## Questions?

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**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.



# Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

## Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

## An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

## About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

## About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

|                                       |  | <i>Fees as of July 1, 2016 shown below as (\$).</i>     | Enter % for<br>Each Fund |
|---------------------------------------|--|---|--------------------------|
| <b>RETIREMENT DATE FUNDS</b>          |  |   |                          |
| <i>If you are this age ...</i>        |  | <i>You might consider this Retirement Date Fund ...</i> |                          |
| <b>Regular Class</b>                  | <b>Special Risk or Special Risk Admin.</b> |   |                          |
| Age 26 or younger                     | N/A  | FRS 2055 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 27 to 31                          | Age 26 or younger                          | FRS 2050 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 32 to 36                          | Age 27 to 31                               | FRS 2045 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 37 to 41                          | Age 32 to 36                               | FRS 2040 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 42 to 46                          | Age 37 to 41                               | FRS 2035 Retirement Date Fund (\$0.80)                  | _____ %                  |
| Age 47 to 51                          | Age 42 to 46                               | FRS 2030 Retirement Date Fund (\$1.00)                  | _____ %                  |
| Age 52 to 56                          | Age 47 to 51                               | FRS 2025 Retirement Date Fund (\$1.20)                  | _____ %                  |
| Age 57 to 61                          | Age 52 to 56                               | FRS 2020 Retirement Date Fund (\$1.30)                  | _____ %                  |
| Age 62 to 66                          | Age 57 to 61                               | FRS 2015 Retirement Date Fund (\$1.50)                  | _____ %                  |
| Age 67 or older                       | Age 62 or older                            | FRS Retirement Fund (\$1.50)                            | _____ %                  |
| <b>OTHER FUNDS</b>                    |  |   |                          |
| <b>MONEY MARKET FUND</b>              |  | FRS Money Market Fund (\$0.60)                          | _____ %                  |
| <b>REAL ASSETS FUND</b>               |  | FRS Real Assets Fund (\$4.50)                           | _____ %                  |
| <b>BOND FUNDS</b>                     |  | FRS U.S. Bond Enhanced Index Fund (\$0.50)              | _____ %                  |
|                                       |  | FIAM Intermediate Duration Pool Fund (\$1.21)           | _____ %                  |
|                                       |  | FRS Core Plus Fixed Income Fund (\$2.40)                | _____ %                  |
| <b>U.S. STOCK FUNDS</b>               |  | FRS U.S. Large Cap Equity Fund (\$3.30)                 | _____ %                  |
|                                       |  | FRS U.S. Stock Market Index Fund (\$0.20)               | _____ %                  |
|                                       |  | FRS U.S. Small/Mid Cap Equity Fund (\$6.60)             | _____ %                  |
| <b>FOREIGN AND GLOBAL STOCK FUNDS</b> |  | FRS Foreign Stock Index Fund (\$0.30) (B)               | _____ %                  |
|                                       |  | American Funds EuroPacific Growth Fund (\$4.90) (B)     | _____ %                  |
|                                       |  | American Funds New Perspective Fund (\$4.90) (B)        | _____ %                  |
| <b>TOTAL MUST EQUAL 100%</b>          |  |   | _____ %                  |

# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator on or before 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—You have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement on *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate, and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.



### Elected Officers' Class Retirement Plan Enrollment Form

|          |  |   |                      |                            |
|----------|--|---|----------------------|----------------------------|
| <b>1</b> | <b>Enter Your Info</b><br>PLEASE PRINT | LAST NAME                               | FIRST NAME           | MIDDLE INITIAL             |
|          |  | LAST 4 DIGITS OF SOCIAL SECURITY NUMBER |                      | DATE OF BIRTH (MM/DD/YYYY) |
|          |  | <input type="text"/>                    | <input type="text"/> | <input type="text"/>       |
|          |  | <input type="text"/>                    | <input type="text"/> | <input type="text"/>       |

|          |                         |   |  |
|----------|-------------------------|---|--|
| <b>2</b> | <b>Select Your Plan</b> | <p>The enrollment deadline for options 1, 2, and 3 is 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following the month you assume office.</p> <p><input type="checkbox"/> 1. FRS Pension Plan</p> <p><input type="checkbox"/> 2. FRS Investment Plan</p> <p><input type="checkbox"/> 3. FRS Hybrid Option<br/><i>See special eligibility requirements on page 4.</i></p> | <p>The enrollment deadline for options 4, 5, and 6 is 4:00 p.m. ET on the last business day of the 6<sup>th</sup> calendar month after you assume office.</p> <p><input type="checkbox"/> 4. FRS Pension Plan, Senior Management Service Class (SMSC)</p> <p><input type="checkbox"/> 5. Withdraw from the FRS to participate in a local annuity plan</p> <p><input type="checkbox"/> 6. Withdraw from the FRS entirely</p> <p>If you selected option 4, 5, or 6, you <b>MUST</b> also submit the Employment Certification form on page 3.</p> |
|----------|-------------------------|---|--|

|          |                          |  |  |
|----------|--------------------------|--|--|
| <b>3</b> | <b>Choose Your Funds</b> | <p>If you selected the FRS Investment Plan or the FRS Hybrid Option, you must choose your Investment Plan funds.</p> <p><input type="checkbox"/> Choose a Retirement Date Fund for me.<br/>Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.</p> | <p><input type="checkbox"/> I have indicated my choices in the "Choose Your FRS Funds" section of this form. <i>See next page.</i></p> |
|----------|--------------------------|--|--|

|          |                  |  |      |
|----------|------------------|--|------|
| <b>4</b> | <b>Sign Here</b> | <p>By signing below, I acknowledge that I have read and understand the information on pages 4 and 5 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p> |      |
|          |                  | SIGNATURE  | DATE |
|          |                  | EMPLOYER NAME  |      |
|          |                  | PERSONAL EMAIL   |      |
|          |                  | PHONE NUMBER WITH AREA CODE<br><input type="checkbox"/> MOBILE (RECOMMENDED)<br><input type="checkbox"/> OTHER   |      |

|          |                         |  |               |   |
|----------|-------------------------|--|---------------|---|
| <b>5</b> | <b>Submit Your Form</b> | <p><b>By Fax:</b><br/>1-888-310-5559<br/>Do not include a cover sheet.</p> | <p>— OR —</p> | <p><b>By Mail:</b><br/>Plan Choice Administrator<br/>P.O. Box 785027<br/>Orlando, FL 32878-5027</p> |
|----------|-------------------------|--|---------------|---|



# Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

## Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

## An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

## About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

## About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

|                                       |  | <i>Fees as of October 1, 2016 shown below as (\$).</i>  | <b>Enter % for Each Fund</b> |
|---------------------------------------|--|---|------------------------------|
| <b>RETIREMENT DATE FUNDS</b>          |  |   |                              |
| <i>If you are this age ...</i>        |  | <i>You might consider this Retirement Date Fund ...</i> |                              |
| <b>Regular Class</b>                  | <b>Special Risk or Special Risk Admin.</b> |   |                              |
| Age 26 or younger                     | N/A  | FRS 2055 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 27 to 31                          | Age 26 or younger                          | FRS 2050 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 32 to 36                          | Age 27 to 31                               | FRS 2045 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 37 to 41                          | Age 32 to 36                               | FRS 2040 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 42 to 46                          | Age 37 to 41                               | FRS 2035 Retirement Date Fund (\$0.80)                  | _____ %                      |
| Age 47 to 51                          | Age 42 to 46                               | FRS 2030 Retirement Date Fund (\$1.00)                  | _____ %                      |
| Age 52 to 56                          | Age 47 to 51                               | FRS 2025 Retirement Date Fund (\$1.20)                  | _____ %                      |
| Age 57 to 61                          | Age 52 to 56                               | FRS 2020 Retirement Date Fund (\$1.30)                  | _____ %                      |
| Age 62 to 66                          | Age 57 to 61                               | FRS 2015 Retirement Date Fund (\$1.50)                  | _____ %                      |
| Age 67 or older                       | Age 62 or older                            | FRS Retirement Fund (\$1.50)                            | _____ %                      |
| <b>OTHER FUNDS</b>                    |  |   |                              |
| <b>MONEY MARKET FUND</b>              |  | FRS Money Market Fund (\$0.60)                          | _____ %                      |
| <b>REAL ASSETS FUND</b>               |  | FRS Real Assets Fund (\$4.50)                           | _____ %                      |
| <b>BOND FUNDS</b>                     |  | FRS U.S. Bond Enhanced Index Fund (\$0.50)              | _____ %                      |
|                                       |  | FIAM Intermediate Duration Pool Fund (\$1.22)           | _____ %                      |
|                                       |  | FRS Core Plus Fixed Income Fund (\$2.40)                | _____ %                      |
| <b>U.S. STOCK FUNDS</b>               |  | FRS U.S. Large Cap Equity Fund (\$3.30)                 | _____ %                      |
|                                       |  | FRS U.S. Stock Market Index Fund (\$0.20)               | _____ %                      |
|                                       |  | FRS U.S. Small/Mid Cap Equity Fund (\$6.60)             | _____ %                      |
| <b>FOREIGN AND GLOBAL STOCK FUNDS</b> |  | FRS Foreign Stock Index Fund (\$0.30) (B)               | _____ %                      |
|                                       |  | American Funds EuroPacific Growth Fund (\$5.00) (B)     | _____ %                      |
|                                       |  | American Funds New Perspective Fund (\$4.90) (B)        | _____ %                      |
| <b>TOTAL MUST EQUAL 100%</b>          |  |   | _____                        |



## Elected Officers' Class Retirement Plan Enrollment Form Employment Certification

*Complete and submit this section only if you selected option 4, 5, or 6.*

*The information below MUST be completed by the employer.*

**Employing Agency**

EMPLOYING AGENCY NAME

AGENCY NUMBER

CLASS CODE

POSITION NUMBER

DATE EMPLOYEE ASSUMED OFFICE (MM/DD/YYYY)

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

**Authorized Signature**

By signing below, I certify that the above information is correct.

AUTHORIZED SIGNATURE

TITLE

### Questions?

**MyFRS Financial Guidance Line**

1-866-446-9377, Option 2 (TRS 711)

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.

# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form.*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator according to the deadline indicated for the option you choose.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—If you choose option 1, 2, 3, or 4, you have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize the following:
  - Any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate, and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected the Investment Plan or the Hybrid Option**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may

charge you a fee for the time required to view your documents online or for other services.

- **If You Elected the FRS Pension Plan, Senior Management Service Class**—You understand, acknowledge, and authorize the following:
  - Upon election, your FRS service will be governed by the guidelines of the Senior Management Service Class (SMSC) of the Pension Plan.
  - Your effective date in this class will be the date you took elected office.
- **If You Elected “Withdraw from the FRS to Participate in a Local Annuity Plan”**—You understand, acknowledge, and authorize the following:
  - You will not participate in any FRS program.
  - Your decision to participate in the local annuity plan is irrevocable for as long as you hold a position eligible for the Senior Management Service Class.

– You understand that your election must be made no later than 6 months after assuming office and you must be a local elected officer to select this option.

- **If You Elected “Withdraw from the FRS Entirely”**—You understand, acknowledge, and authorize the following:
  - Your effective date for this election is the date you assumed office.
  - You may rejoin the Elected Officers’ Class (EOC) at any time by submitting a written request to the Division of Retirement, provided you are in an EOC position at the time of your request.
  - You are not eligible for this option if you have already retired from an FRS-administered retirement plan.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.



# Community College Optional Retirement Program (CCORP) Enrollment Form

|   |  |  |   |  |
|---|--|--|---|--|
| 1 | Enter Your Info<br><small>PLEASE PRINT</small> | LAST NAME  | FIRST NAME  | MIDDLE INITIAL   |
|   |  | LAST 4 DIGITS OF SOCIAL SECURITY NUMBER  |   | DATE OF BIRTH (MM/DD/YYYY)   |
|   |  | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>  | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |  |
| 2 | Select Your Plan                               | <p>The enrollment deadline for options 1, 2, and 3 is 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire.</p> <p><input type="checkbox"/> 1. FRS Pension Plan</p> <p><input type="checkbox"/> 2. FRS Investment Plan</p> <p><input type="checkbox"/> 3. FRS Hybrid Option<br/><i>See special eligibility requirements on page 4.</i></p> |   | <p>The enrollment deadline for option 4 is 4:00 p.m. ET on the 90<sup>th</sup> day following your date of hire.</p> <p><input type="checkbox"/> 4. Withdraw from the FRS to participate in the local Community College Optional Retirement Program (CCORP)</p> <p><b>If you selected option 4, you MUST also submit the Employment Certification form on page 3.</b></p> |
|   |  | <p><b>3</b> Choose Your Funds</p> <p>If you selected the FRS Investment Plan or the FRS Hybrid Option, you must choose your Investment Plan funds.</p> <p><input type="checkbox"/> Choose a Retirement Date Fund for me.<br/>Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.</p>   |   | <p><input type="checkbox"/> I have indicated my choices in the "Choose Your FRS Funds" section of this form. <i>See next page.</i></p>   |
| 4 | Sign Here                                      | <p>By signing below, I acknowledge that I have read and understand the information on pages 4 and 5 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p>                       |   |  |
|   |  | SIGNATURE  |   | DATE   |
|   |  | EMPLOYER NAME  |   |  |
|   |  | PERSONAL EMAIL   |   |  |
|   |  | PHONE NUMBER WITH AREA CODE  |   |  |
|   |  | <input type="checkbox"/> MOBILE (RECOMMENDED)  | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |  |
|   |  | <input type="checkbox"/> OTHER   | <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> |  |
| 5 | Submit Your Form                               | <p><b>By Fax:</b><br/>1-888-310-5559<br/>Do not include a cover sheet.</p>   | <p>— OR —</p>   | <p><b>By Mail:</b><br/>Plan Choice Administrator<br/>P.O. Box 785027<br/>Orlando, FL 32878-5027</p>  |



# Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

## Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

## An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

## About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

## About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

| <b>RETIREMENT DATE FUNDS</b>          |  | <b>Fees as of October 1, 2016 shown below as (\$).</b>  | <b>Enter % for Each Fund</b> |
|---------------------------------------|--|---|------------------------------|
| <b>If you are this age ...</b>        |  | <b>You might consider this Retirement Date Fund ...</b> |                              |
| <b>Regular Class</b>                  | <b>Special Risk or Special Risk Admin.</b> |   |                              |
| Age 26 or younger                     | N/A  | FRS 2055 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 27 to 31                          | Age 26 or younger                          | FRS 2050 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 32 to 36                          | Age 27 to 31                               | FRS 2045 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 37 to 41                          | Age 32 to 36                               | FRS 2040 Retirement Date Fund (\$0.70)                  | _____ %                      |
| Age 42 to 46                          | Age 37 to 41                               | FRS 2035 Retirement Date Fund (\$0.80)                  | _____ %                      |
| Age 47 to 51                          | Age 42 to 46                               | FRS 2030 Retirement Date Fund (\$1.00)                  | _____ %                      |
| Age 52 to 56                          | Age 47 to 51                               | FRS 2025 Retirement Date Fund (\$1.20)                  | _____ %                      |
| Age 57 to 61                          | Age 52 to 56                               | FRS 2020 Retirement Date Fund (\$1.30)                  | _____ %                      |
| Age 62 to 66                          | Age 57 to 61                               | FRS 2015 Retirement Date Fund (\$1.50)                  | _____ %                      |
| Age 67 or older                       | Age 62 or older                            | FRS Retirement Fund (\$1.50)                            | _____ %                      |
| <b>OTHER FUNDS</b>                    |  |   |                              |
| <b>MONEY MARKET FUND</b>              |  | FRS Money Market Fund (\$0.60)                          | _____ %                      |
| <b>REAL ASSETS FUND</b>               |  | FRS Real Assets Fund (\$4.50)                           | _____ %                      |
| <b>BOND FUNDS</b>                     |  |   |                              |
|                                       |  | FRS U.S. Bond Enhanced Index Fund (\$0.50)              | _____ %                      |
|                                       |  | FIAM Intermediate Duration Pool Fund (\$1.22)           | _____ %                      |
|                                       |  | FRS Core Plus Fixed Income Fund (\$2.40)                | _____ %                      |
| <b>U.S. STOCK FUNDS</b>               |  |   |                              |
|                                       |  | FRS U.S. Large Cap Equity Fund (\$3.30)                 | _____ %                      |
|                                       |  | FRS U.S. Stock Market Index Fund (\$0.20)               | _____ %                      |
|                                       |  | FRS U.S. Small/Mid Cap Equity Fund (\$6.60)             | _____ %                      |
| <b>FOREIGN AND GLOBAL STOCK FUNDS</b> |  |   |                              |
|                                       |  | FRS Foreign Stock Index Fund (\$0.30) (B)               | _____ %                      |
|                                       |  | American Funds EuroPacific Growth Fund (\$5.00) (B)     | _____ %                      |
|                                       |  | American Funds New Perspective Fund (\$4.90) (B)        | _____ %                      |
| <b>TOTAL MUST EQUAL 100%</b>          |  |   | _____                        |



# Community College Optional Retirement Program (CCORP) Enrollment Form Employment Certification

Complete and submit this section only if you selected option 4.

The information below **MUST** be completed by the employer.

## Employing Agency

EMPLOYING AGENCY NAME

AGENCY NUMBER

POSITION TITLE

POSITION NUMBER

DATE OF EMPLOYMENT (MM/DD/YYYY)

|  |  |  |  |  |  |  |  |
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INITIAL PAYROLL DEDUCTION (SELECT ONE)

HA     OC

EFFECTIVE DATE OF CCORP-ELIGIBLE EMPLOYMENT (MM/DD/YYYY)

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## Authorized Signature

By signing below, I certify that the above information is correct and the member is employed in a CCORP-eligible position.

AUTHORIZED SIGNATURE

TITLE

DATE (MM/DD/YYYY)

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PHONE NUMBER WITH AREA CODE

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## Questions?

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

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.

# Review the Following Important Information Carefully

*Do not submit this page with your form.*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator according to the deadline indicated for the option you choose.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—You have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize the following:
  - Any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate, and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected the Investment Plan or the Hybrid Option**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement on *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
- **If You Elected "Withdraw from the FRS to Participate in the Local Community College Optional Retirement Program (CCORP)"**—You understand, acknowledge, and authorize the following:
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.

- You must execute a contract with a CCORP provider during your first 90 days of employment or you will default into the Pension Plan.
- Your membership in any other state-administered retirement plan will terminate on the effective date of your enrollment in the CCORP.
- As a member of the CCORP, you are not eligible for disability retirement benefits under any FRS-administered retirement plan.
- Your decision to withdraw from the FRS is irrevocable for as long as you are employed in a CCORP-eligible position.
- The State of Florida does not guarantee or insure the benefits paid under the CCORP.
- It is mandatory for you to contribute 3% of your salary to the plan. These mandatory contributions will be deducted from your pay on a pretax basis and will be sent to the provider company as are the employer contributions.
- You have the option to make additional pretax contributions of up to 5.15% of your eligible compensation.
- By taking a distribution of employer/mandatory employee contributions, you will be considered a retiree.
- A retiree of a state-administered retirement system who is reemployed on or after July 1, 2010, is not eligible for renewed membership in any state-administered plan, including the CCORP.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.





# State Senior Management Service Employees Retirement Plan Enrollment Form

|   |   |   |   |   |
|---|---|---|---|---|
| 1   | <b>Enter Your Info</b>  | LAST NAME   | FIRST NAME  | MIDDLE INITIAL  |
|   | PLEASE PRINT  | LAST 4 DIGITS OF SOCIAL SECURITY NUMBER   | DATE OF BIRTH (MM/DD/YYYY)  |   |
|   |   | <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/>   | <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> |   |
| 2   | <b>Select Your Plan</b>   | <p>The enrollment deadline for options 1, 2, and 3 is 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire.</p>   |   | <p>The enrollment deadline for option 4 is 4:00 p.m. ET on the 90<sup>th</sup> day following your date of hire.</p> |
|   | <input type="checkbox"/> 1. FRS Pension Plan for Senior Management Service Class  |   | <input type="checkbox"/> 4. Senior Management Service Optional Annuity Program (SMSOAP)   |   |
| <input type="checkbox"/> 2. FRS Investment Plan for Senior Management Service Class                     |   | <p>If you select option 4, you <b>MUST</b> also submit the Employment Certification form on page 4.</p>   |   |   |
| <input type="checkbox"/> 3. FRS Hybrid Option<br><i>See special eligibility requirements on page 5.</i> |   |   |   |   |
| 3   | <b>Choose Your Funds</b>  | <p>If you selected the FRS Investment Plan or the FRS Hybrid Option:</p>  |   | <p>If you selected the SMSOAP:</p>  |
|   | <input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b> Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund. |   | <input type="checkbox"/> <b>I have indicated my choices in the "Choose Your FRS Funds" section of this form.</b><br><i>See next page.</i>   |   |
|   |   | <input type="checkbox"/> <b>I have indicated my choices in the "Choose Your SMSOAP Funds" section of this form.</b><br><i>See page 3.</i>   |   |   |
| 4   | <b>Sign Here</b>  | <p>By signing below, I acknowledge that I have read and understand the information on pages 5 and 6 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.</p>  |   |   |
|   | SIGNATURE   |   | DATE  |   |
|   | EMPLOYER NAME   |   |   |   |
|   | PERSONAL EMAIL  |   |   |   |
|   | PHONE NUMBER WITH AREA CODE   |   |   |   |
| <input type="checkbox"/> MOBILE (RECOMMENDED)   |   | <input type="checkbox"/> OTHER  |   |   |
|   |   | <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> <input style="width: 40px; height: 20px;" type="text"/> |   |   |
| 5   | <b>Submit Your Form</b>   | <p><b>By Fax:</b><br/>1-888-310-5559<br/>Do not include a cover sheet.</p>  |   | <p>— OR —</p>   |
|   |   |   | <p><b>By Mail:</b><br/>Plan Choice Administrator<br/>P.O. Box 785027<br/>Orlando, FL 32878-5027</p>   |   |



# Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

## Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

## An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

## About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

## About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

|                                       |  | <i>Fees as of July 1, 2016 shown below as (\$).</i>     | Enter % for<br>Each Fund |
|---------------------------------------|--|---|--------------------------|
| <b>RETIREMENT DATE FUNDS</b>          |  |   |                          |
| <i>If you are this age ...</i>        |  | <i>You might consider this Retirement Date Fund ...</i> |                          |
| <b>Regular Class</b>                  | <b>Special Risk or Special Risk Admin.</b> |   |                          |
| Age 26 or younger                     | N/A  | FRS 2055 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 27 to 31                          | Age 26 or younger                          | FRS 2050 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 32 to 36                          | Age 27 to 31                               | FRS 2045 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 37 to 41                          | Age 32 to 36                               | FRS 2040 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 42 to 46                          | Age 37 to 41                               | FRS 2035 Retirement Date Fund (\$0.80)                  | _____ %                  |
| Age 47 to 51                          | Age 42 to 46                               | FRS 2030 Retirement Date Fund (\$1.00)                  | _____ %                  |
| Age 52 to 56                          | Age 47 to 51                               | FRS 2025 Retirement Date Fund (\$1.20)                  | _____ %                  |
| Age 57 to 61                          | Age 52 to 56                               | FRS 2020 Retirement Date Fund (\$1.30)                  | _____ %                  |
| Age 62 to 66                          | Age 57 to 61                               | FRS 2015 Retirement Date Fund (\$1.50)                  | _____ %                  |
| Age 67 or older                       | Age 62 or older                            | FRS Retirement Fund (\$1.50)                            | _____ %                  |
| <b>OTHER FUNDS</b>                    |  |   |                          |
| <b>MONEY MARKET FUND</b>              |  | FRS Money Market Fund (\$0.60)                          | _____ %                  |
| <b>REAL ASSETS FUND</b>               |  | FRS Real Assets Fund (\$4.50)                           | _____ %                  |
| <b>BOND FUNDS</b>                     |  | FRS U.S. Bond Enhanced Index Fund (\$0.50)              | _____ %                  |
|                                       |  | FIAM Intermediate Duration Pool Fund (\$1.21)           | _____ %                  |
|                                       |  | FRS Core Plus Fixed Income Fund (\$2.40)                | _____ %                  |
| <b>U.S. STOCK FUNDS</b>               |  | FRS U.S. Large Cap Equity Fund (\$3.30)                 | _____ %                  |
|                                       |  | FRS U.S. Stock Market Index Fund (\$0.20)               | _____ %                  |
|                                       |  | FRS U.S. Small/Mid Cap Equity Fund (\$6.60)             | _____ %                  |
| <b>FOREIGN AND GLOBAL STOCK FUNDS</b> |  | FRS Foreign Stock Index Fund (\$0.30) (B)               | _____ %                  |
|                                       |  | American Funds EuroPacific Growth Fund (\$4.90) (B)     | _____ %                  |
|                                       |  | American Funds New Perspective Fund (\$4.90) (B)        | _____ %                  |
| <b>TOTAL MUST EQUAL 100%</b>          |  |   | _____ %                  |

## Choose Your SMSOAP Funds

**Complete and submit this section only if you selected the Senior Management Service Optional Annuity Program.**

Designate the company(ies) in which you wish to participate and indicate the portion of the mandatory contribution you wish to allocate to each. You should also indicate any voluntary after-tax contributions you wish to make to each fund. Be sure to contact the marketing companies for the SMSOAP investment funds to get your questions answered.

### About Mandatory Contributions

Your employer will contribute 6.27% of your salary to this plan. Below, indicate how you would like that percentage allocated to each investment provider. Your total must equal 6.27%. You also will make a mandatory contribution of 3% of your salary to this plan. Your contributions will automatically be allocated to the investment providers below in the same ratio as the employer contributions. You only need to enter ONE percentage under Mandatory Contributions for each provider below.

### About Voluntary Contributions

You may choose to make after-tax contributions to the plan, if you like. Your total voluntary after-tax contributions cannot exceed 6.27% of your salary.

| Provider Company | MANDATORY CONTRIBUTIONS | VOLUNTARY AFTER-TAX CONTRIBUTIONS |
|------------------|-------------------------|-----------------------------------|
| VOYA             | _____ %                 | _____ %                           |
| TIAA-CREF        | _____ %                 | _____ %                           |
| VALIC            | _____ %                 | _____ %                           |
| AXA              | _____ %                 | _____ %                           |
| TOTAL            | <b>6.27%</b>            | _____ %                           |

**CANNOT EXCEED 6.27% OF YOUR SALARY**

I have reviewed the investment fund options offered by the above marketing companies and have signed the necessary contract(s) with the company(ies) for the deposit of my contributions as noted above.

**State Senior Management Service Employees  
Retirement Plan Enrollment Form  
Employment Certification**

*Complete and submit this section only if you selected option 4.*

*The information below MUST be completed by the employer.*

**Employing Agency**

EMPLOYING AGENCY NAME

AGENCY NUMBER

POSITION TITLE

POSITION NUMBER

DATE OF EMPLOYMENT (MM/DD/YYYY)

|  |  |  |  |  |  |  |  |
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**Authorized Signature**

By signing below, I certify that the above information is correct and the member is employed in an SMSOAP-eligible position and has executed a contract(s) with the SMSOAP providers(s) elected in the "Choose Your SMSOAP Funds" section on page 3.

AUTHORIZED SIGNATURE

TITLE

DATE (MM/DD/YYYY)

|  |  |  |  |  |  |  |  |
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- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator according to the deadline indicated for the option you choose.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
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- **If You Elected the Investment Plan or the Hybrid Option**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.

- **If you Elected the Senior Management Service Optional Annuity Program (SMSOAP):** You understand, acknowledge, and authorize the following:
  - You must execute a contract with an SMSOAP provider during your first 90 days of employment or you will default into the Pension Plan.
  - Your membership in any other state-administered retirement plan will terminate on the effective date of your enrollment in the SMSOAP.
  - As a member of the SMSOAP, you are not eligible for disability retirement benefits under any FRS-administered retirement plan.
  - The State of Florida does not guarantee nor insure the benefits paid under this program.
- Your payroll-deducted contributions are pretax and it is mandatory to contribute 3% of your salary to the Plan.
- The 3% mandatory contributions will be sent to the same provider company(ies) as receives the employer contributions.
- You have the option to make additional post-tax contributions of up to 6.27% of your eligible compensation.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.



# Local Senior Management Service Employees Retirement Plan Enrollment Form

Your plan choice is due by 4:00 p.m. ET on the last business day of the 5<sup>th</sup> month following your month of hire. Keep your original Enrollment Form for your records.

|   |  |   |   |                            |
|---|--|---|---|----------------------------|
| <b>1</b>  | <b>Enter Your Info</b><br><br>PLEASE PRINT | LAST NAME   | FIRST NAME  | MIDDLE INITIAL             |
|   |  | LAST 4 DIGITS OF SOCIAL SECURITY NUMBER   |   | DATE OF BIRTH (MM/DD/YYYY) |
| <b>2</b>  | <b>Select Your Plan</b>                    | <input type="checkbox"/> 1. FRS Pension Plan, Senior Management Service Class   | <input type="checkbox"/> 3. FRS Hybrid Option, Senior Management Service Class<br><i>See special eligibility requirements on page 4.</i>                                    |                            |
|   |  | <input type="checkbox"/> 2. FRS Investment Plan, Senior Management Service Class  | <input type="checkbox"/> 4. Withdraw from the Florida Retirement System<br><b>If you select option 4, you MUST also submit the Employment Certification form on page 3.</b> |                            |
| <b>3</b>  | <b>Choose Your Funds</b>                   | If you selected the FRS Investment Plan or the FRS Hybrid Option:   |   |                            |
|   |  | <input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b><br>Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund.  | <input type="checkbox"/> <b>I have indicated my choices in the "Choose Your FRS Funds" section of this form.</b><br><i>See next page.</i>                                   |                            |
| <b>4</b>  | <b>Sign Here</b>                           | By signing below, I acknowledge that I have read and understand the information on pages 4 and 5 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature. |   |                            |
|   |  | SIGNATURE   |   | DATE                       |
|   |  | EMPLOYER NAME   |   |                            |
|   |  | PERSONAL EMAIL  |   |                            |
|   |  | PHONE NUMBER WITH AREA CODE   |   |                            |
| <b>5</b>  | <b>Submit Your Form</b>                    | <input type="checkbox"/> MOBILE (RECOMMENDED)   |   |                            |
|   |  | <input type="checkbox"/> OTHER  |   |                            |
| <b>By Fax:</b><br>1-888-310-5559<br>Do not include a cover sheet. |  | — OR —  | <b>By Mail:</b><br>Plan Choice Administrator<br>P.O. Box 785027<br>Orlando, FL 32878-5027   |                            |



# Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

## Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

## An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

## About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

## About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

|                                       |  | <i>Fees as of July 1, 2016 shown below as (\$).</i>     | Enter % for<br>Each Fund |
|---------------------------------------|--|---|--------------------------|
| <b>RETIREMENT DATE FUNDS</b>          |  |   |                          |
| <i>If you are this age ...</i>        |  | <i>You might consider this Retirement Date Fund ...</i> |                          |
| <b>Regular Class</b>                  | <b>Special Risk or Special Risk Admin.</b> |   |                          |
| Age 26 or younger                     | N/A  | FRS 2055 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 27 to 31                          | Age 26 or younger                          | FRS 2050 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 32 to 36                          | Age 27 to 31                               | FRS 2045 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 37 to 41                          | Age 32 to 36                               | FRS 2040 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 42 to 46                          | Age 37 to 41                               | FRS 2035 Retirement Date Fund (\$0.80)                  | _____ %                  |
| Age 47 to 51                          | Age 42 to 46                               | FRS 2030 Retirement Date Fund (\$1.00)                  | _____ %                  |
| Age 52 to 56                          | Age 47 to 51                               | FRS 2025 Retirement Date Fund (\$1.20)                  | _____ %                  |
| Age 57 to 61                          | Age 52 to 56                               | FRS 2020 Retirement Date Fund (\$1.30)                  | _____ %                  |
| Age 62 to 66                          | Age 57 to 61                               | FRS 2015 Retirement Date Fund (\$1.50)                  | _____ %                  |
| Age 67 or older                       | Age 62 or older                            | FRS Retirement Fund (\$1.50)                            | _____ %                  |
| <b>OTHER FUNDS</b>                    |  |   |                          |
| <b>MONEY MARKET FUND</b>              |  | FRS Money Market Fund (\$0.60)                          | _____ %                  |
| <b>REAL ASSETS FUND</b>               |  | FRS Real Assets Fund (\$4.50)                           | _____ %                  |
| <b>BOND FUNDS</b>                     |  | FRS U.S. Bond Enhanced Index Fund (\$0.50)              | _____ %                  |
|                                       |  | FIAM Intermediate Duration Pool Fund (\$1.21)           | _____ %                  |
|                                       |  | FRS Core Plus Fixed Income Fund (\$2.40)                | _____ %                  |
| <b>U.S. STOCK FUNDS</b>               |  | FRS U.S. Large Cap Equity Fund (\$3.30)                 | _____ %                  |
|                                       |  | FRS U.S. Stock Market Index Fund (\$0.20)               | _____ %                  |
|                                       |  | FRS U.S. Small/Mid Cap Equity Fund (\$6.60)             | _____ %                  |
| <b>FOREIGN AND GLOBAL STOCK FUNDS</b> |  | FRS Foreign Stock Index Fund (\$0.30) (B)               | _____ %                  |
|                                       |  | American Funds EuroPacific Growth Fund (\$4.90) (B)     | _____ %                  |
|                                       |  | American Funds New Perspective Fund (\$4.90) (B)        | _____ %                  |
| <b>TOTAL MUST EQUAL 100%</b>          |  |   | _____ %                  |



**Local Senior Management Service Employees  
Retirement Plan Enrollment Form  
Employment Certification**

*Complete and submit this section only if you selected option 4.*

*The information below MUST be completed by the employer.*

**Employing Agency**

EMPLOYING AGENCY NAME

AGENCY NUMBER

POSITION TITLE

POSITION NUMBER

DATE OF EMPLOYMENT (MM/DD/YYYY)

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

**Authorized Signature**

By signing below, I certify that the above information is correct.

AUTHORIZED SIGNATURE

TITLE

DATE (MM/DD/YYYY)

|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|

PHONE NUMBER WITH AREA CODE

|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|

**Questions?**

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

Get free, unbiased guidance from experienced financial planners about the plans or the election process.

**MyFRS.com**

Visit anytime for tools and information about the FRS Investment Plan and Pension Plan.

# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form.*

- **Hybrid Option Special Eligibility Requirements**—The Hybrid Option is available if you have 8 years of previous Pension Plan service and were initially enrolled in the FRS on or after July 1, 2011 (5 years if hired prior to July 1, 2011). This option is designed to freeze your accrued Pension Plan benefit and establish an Investment Plan account for all future employer and employee contributions. For more information, call the MyFRS Financial Guidance Line and select Option 2.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Plan Choice Deadline**—You are responsible for ensuring your election is received by the Plan Choice Administrator according to the deadline indicated for the option you choose.
- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed.
- **Default Enrollment**—If you do not submit a choice, the Pension Plan will be considered your initial election by default.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **2<sup>nd</sup> Election**—You have a one-time opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan. There may be a cost for doing so. You cannot file a 2<sup>nd</sup> Election using this form. Call the MyFRS Financial Guidance Line and select Option 1, or use the online resources on *MyFRS.com* for further information.
- **If You Elected the Pension Plan**—You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
- **If You Elected the Investment Plan**—You understand, acknowledge, and authorize that any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected the Investment Plan or the Hybrid Option**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - You understand a Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **If You Elected "Withdraw from the Florida Retirement System"**— You understand, acknowledge, and authorize the following:

- You either are in a Senior Management Service Class (SMSC)-eligible position or are a compulsory member of the SMSC as provided in Section 121.055(1)(b), Florida Statutes.
  - In lieu of participation in the SMSC, you may withdraw now, or at a later date, from the Florida Retirement System.
  - Your membership in any other state-administered retirement plan will terminate on the effective date of your withdrawal from the Florida Retirement System.
  - By withdrawing from the Florida Retirement System, you are not eligible for disability retirement benefits under any FRS-administered retirement plan.
- Your decision to withdraw from the Florida Retirement System is irrevocable for as long as you are employed in an eligible position.
  - **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.



## 2<sup>nd</sup> Election Retirement Plan Enrollment Form

Before using your 2<sup>nd</sup> Election, be sure you understand the impact of changing from one plan to another. Call the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 and use the 2<sup>nd</sup> Election CHOICE SERVICE on MyFRS.com.

|   |  |   |   |  |  |
|---|--|---|---|--|--|
| 1   | <b>Enter Your Info</b>   | LAST NAME   | FIRST NAME  | MIDDLE INITIAL   |  |
|   | PLEASE PRINT   | LAST 4 DIGITS OF SOCIAL SECURITY NUMBER   | DATE OF BIRTH (MM/DD/YYYY)  |  |  |
|   |  | <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/>   | <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> <input style="width: 20px; height: 20px;" type="text"/> |  |  |
| 2   | <b>Select Your Option</b>  | <input type="checkbox"/> <b>Option 1: Change from the FRS Investment Plan or FRS Hybrid Option to the FRS Pension Plan</b><br>I want to use my existing Investment Plan account balance and possibly other personal resources to "buy" into the Pension Plan.   |   |  |  |
|   |  |   |   | <input type="checkbox"/> <b>Option 2: Change from the FRS Pension Plan to the FRS Investment Plan*</b><br>I want to transfer the present value of my Pension Plan (if any) and direct all future contributions from myself and my employer to the Investment Plan. I understand my assets will be deposited in an age-appropriate Retirement Date Fund based on my current age.<br><i>* This option is not available if you currently participate in the Hybrid Option.</i>  |  |
|   |  |   |   | <input type="checkbox"/> <b>Option 3: Change from the FRS Pension Plan to the FRS Hybrid Option*</b><br>I want to retain my accrued benefit in the Pension Plan (if any), but I want to direct all future contributions from myself and my employer to the Investment Plan.<br><i>* To select this option, you must have 8 years of Pension Plan service if you were initially enrolled in the FRS on or after July 1, 2011, or 5 years of Pension Plan service if you were initially enrolled in the FRS prior to July 1, 2011.</i> |  |
| 3   | <b>Choose Your Funds</b>   | <b>If you selected option 2 or 3, you must choose your Investment Plan funds.</b>   |   |  |  |
|   | <input type="checkbox"/> <b>Choose a Retirement Date Fund for me.</b><br>Your Plan assets will be invested initially in an age-appropriate Retirement Date Fund. |   | <input type="checkbox"/> <b>I have indicated my choices in the "Choose Your FRS Funds" section of this form. See next page.</b>   |  |  |
| 4   | <b>Sign Here</b>   | By signing below, I acknowledge that I have read and understand the information on page 3 of this Enrollment Form, and I certify all supplied information to be true and correct. I understand that this form cannot be processed without the last four digits of my Social Security number, my date of birth, my plan choice, and my signature.  |   |  |  |
|   | SIGNATURE  |   | DATE  |  |  |
|   | EMPLOYER NAME  |   |   |  |  |
|   | PERSONAL EMAIL   |   |   |  |  |
|   | PHONE NUMBER WITH AREA CODE  |   |   |  |  |
| <input type="checkbox"/> MOBILE (RECOMMENDED)<br><input type="checkbox"/> OTHER |  | <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> <input style="width: 50px; height: 20px;" type="text"/> |   |  |  |
| 5   | <b>Submit Your Form</b>  | <b>By Fax:</b><br><b>1-888-310-5559</b><br>Do not include a cover sheet.  |   | <b>— OR —</b>  | <b>By Mail:</b><br><b>Plan Choice Administrator</b><br><b>P.O. Box 785027</b><br><b>Orlando, FL 32878-5027</b> |

Questions? Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711) or visit MyFRS.com.



# Choose Your FRS Funds

**Complete and submit this section only if you selected the FRS Investment Plan or the FRS Hybrid Option.**

## Choosing Your Investment Plan Funds

- You can allocate your contributions to any combination of funds below, but your total allocation must add up to 100%.
- You can change your selections at any time after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or by logging in to *MyFRS.com*. Transfer restrictions may apply.
- For more information about each Investment Plan fund, review the fund profiles, Investment Fund Summary, and the Annual Fee Disclosure Statement available on *MyFRS.com*, or call the MyFRS Financial Guidance Line, Option 2, to speak with an experienced, unbiased financial planner.

## An Important Note About Fees

Each investment fund charges an annual fee based on a percentage of the balance invested in that fund. Fees vary by fund and are automatically deducted from your account. These are the only fees you will pay as an active member of the Investment Plan.

## About Retirement Date Funds

Retirement Date Funds are professionally managed funds that are designed to offer you a single solution for maintaining a diversified portfolio based on the amount of time you have until retirement. As your retirement gets nearer, the fund's investment mix gradually shifts from growth to preservation.

## About the Other Funds

The other funds listed below allow you to create your own customized portfolio. "(B)" identifies a fund that will automatically block trades under certain circumstances.

|                                       |  | <i>Fees as of July 1, 2016 shown below as (\$).</i>     | Enter % for<br>Each Fund |
|---------------------------------------|--|---|--------------------------|
| <b>RETIREMENT DATE FUNDS</b>          |  |   |                          |
| <i>If you are this age ...</i>        |  | <i>You might consider this Retirement Date Fund ...</i> |                          |
| <b>Regular Class</b>                  | <b>Special Risk or Special Risk Admin.</b> |   |                          |
| Age 26 or younger                     | N/A  | FRS 2055 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 27 to 31                          | Age 26 or younger                          | FRS 2050 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 32 to 36                          | Age 27 to 31                               | FRS 2045 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 37 to 41                          | Age 32 to 36                               | FRS 2040 Retirement Date Fund (\$0.70)                  | _____ %                  |
| Age 42 to 46                          | Age 37 to 41                               | FRS 2035 Retirement Date Fund (\$0.80)                  | _____ %                  |
| Age 47 to 51                          | Age 42 to 46                               | FRS 2030 Retirement Date Fund (\$1.00)                  | _____ %                  |
| Age 52 to 56                          | Age 47 to 51                               | FRS 2025 Retirement Date Fund (\$1.20)                  | _____ %                  |
| Age 57 to 61                          | Age 52 to 56                               | FRS 2020 Retirement Date Fund (\$1.30)                  | _____ %                  |
| Age 62 to 66                          | Age 57 to 61                               | FRS 2015 Retirement Date Fund (\$1.50)                  | _____ %                  |
| Age 67 or older                       | Age 62 or older                            | FRS Retirement Fund (\$1.50)                            | _____ %                  |
| <b>OTHER FUNDS</b>                    |  |   |                          |
| <b>MONEY MARKET FUND</b>              |  | FRS Money Market Fund (\$0.60)                          | _____ %                  |
| <b>REAL ASSETS FUND</b>               |  | FRS Real Assets Fund (\$4.50)                           | _____ %                  |
| <b>BOND FUNDS</b>                     |  | FRS U.S. Bond Enhanced Index Fund (\$0.50)              | _____ %                  |
|                                       |  | FIAM Intermediate Duration Pool Fund (\$1.21)           | _____ %                  |
|                                       |  | FRS Core Plus Fixed Income Fund (\$2.40)                | _____ %                  |
| <b>U.S. STOCK FUNDS</b>               |  | FRS U.S. Large Cap Equity Fund (\$3.30)                 | _____ %                  |
|                                       |  | FRS U.S. Stock Market Index Fund (\$0.20)               | _____ %                  |
|                                       |  | FRS U.S. Small/Mid Cap Equity Fund (\$6.60)             | _____ %                  |
| <b>FOREIGN AND GLOBAL STOCK FUNDS</b> |  | FRS Foreign Stock Index Fund (\$0.30) (B)               | _____ %                  |
|                                       |  | American Funds EuroPacific Growth Fund (\$4.90) (B)     | _____ %                  |
|                                       |  | American Funds New Perspective Fund (\$4.90) (B)        | _____ %                  |
| <b>TOTAL MUST EQUAL 100%</b>          |  |   | _____ %                  |

# Review the Following Important Information Carefully

*Do not submit this page with your Enrollment Form.*

- **Eligibility**—You must be actively employed and earning salary and service credit when your form is received by the Plan Choice Administrator. If it is determined that you were not eligible, your election will be invalid and reversed. If you are on an unpaid leave of absence or you are an employee of an educational institution on summer break, you cannot use your 2<sup>nd</sup> Election until you return to work.
- **2<sup>nd</sup> Election Deadline**—This form must be received by the FRS Plan Choice Administrator no later than 4:00 p.m. ET on the last business day you are earning salary and service credit and prior to your date of termination.
- **One-Time Opportunity**—You have only one opportunity during your FRS career to switch from the FRS plan you initially chose to the other plan.
- **Irrevocable**—A 2<sup>nd</sup> Election is irrevocable. You must remain in the plan you choose until your FRS-covered employment ends and you retire.
- **Effective Date**—Your 2<sup>nd</sup> Election will become final at 4:00 p.m. ET on the day it is received by the FRS Plan Choice Administrator.
- **Incomplete Form**—You will be notified if your form is incomplete and was not processed. You must submit a new completed form by your deadline in order for your choice to be processed. Keep a copy for your records.
- **Reversing an Election Made in Error**—If you make your choice in error or change your mind, you have until 4:00 p.m. ET on the last business day of the month following your election month to cancel your election. To do so, call the MyFRS Financial Guidance Line and select Option 2.
- **Confirmation Statement**—You will receive a confirmation statement once your Enrollment Form has been processed. The confirmation statement will be mailed to your address on file as supplied by your employer. Allow 2 to 3 weeks to receive it. Notify your employer of any address changes.
- **Beneficiary Designation**—Designate a beneficiary by submitting a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Forms are available online at *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 1. If you do not designate a beneficiary, in the event of your death, your benefits, if any, will be distributed in accordance with Section 121.091(8) or Section 121.4501(20), Florida Statutes, as applicable.
- **If You Elected Option 1**—You understand, acknowledge, and authorize the following:
  - The Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets, yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Florida Legislature may increase or decrease the amount that you and your employer contribute to this Plan to keep it actuarially funded.
  - There is a buy-in cost to make a 2<sup>nd</sup> Election. The Investment Plan Administrator will apply any and all funds in your Investment Plan account toward this cost. If the buy-in cost is greater than your current Investment Plan account balance, you will be required to pay the difference. You can find out the buy-in cost by calling the MyFRS Financial Guidance Line and selecting Option 3 to connect to the Division of Retirement.
  - Prior to the liquidation and transfer of your account balance to the Pension Plan, you have the ability to move your Investment Plan account balance into conservative investment options to potentially reduce the volatility of your account balance.
- **If You Elected Option 2**—You understand, acknowledge, and authorize that any accrued value you may have in the Pension Plan will be transferred to your Investment Plan account as your opening balance and is subject to the vesting requirements of the Pension Plan. The initial transfer amount is an estimate and your account will be reconciled within 60 days of the transfer using your actual FRS membership record pursuant to Florida law. You direct that all future employer and employee contributions be deposited in your Investment Plan account.
- **If You Elected Option 3**—You understand, acknowledge, and authorize that the accrued value of your current Pension Plan benefit will remain in your Pension Plan account and that an Investment Plan account will be established for you to receive all future contributions.
- **If You Elected Option 2 or 3**—You understand, acknowledge, and authorize the following:
  - You reviewed the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement at *MyFRS.com* before submitting your Enrollment Form and before selecting any investment funds.
  - The Annual Fee Disclosure Statement for the FRS Investment Plan provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help you make better investment decisions. The statement is available online in the "Investment Funds" section on *MyFRS.com*, or you can request a printed copy be mailed at no cost to you by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - If you do not select any investment funds, your Plan assets will initially be invested in an age-appropriate Retirement Date Fund as provided under Plan provisions.
  - At any time after your account is activated, you can change your fund allocations to any of the Plan's investment options by logging in to *MyFRS.com* or by calling the MyFRS Financial Guidance Line and selecting Option 4.
  - Your Investment Plan account will be accessible at the end of the month following the effective date of this election.
  - A Self-Directed Brokerage Account is offered by the Plan and enrollment will be available to you after you meet the required Plan provisions.
  - Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.
  - The Investment Plan is a defined contribution plan. The Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.
  - The Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds. You may be subject to trading controls on the funds in the event that you trade excessively.
  - Investment management fees are deducted from your Investment Plan account. These fees may change in the future, and funds may be added or terminated. If any of the funds you select are terminated in the future, you will be able to move your assets into other investment funds prior to fund termination. If you do not move your assets out of a terminated fund, those assets will automatically be moved into a replacement fund designated at that time.
  - If you terminate employment and are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less, or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.
  - You consent to electronic delivery of documents through the *MyFRS.com* website, including but not limited to prospectuses, quarterly account statements, account transaction confirmation statements, privacy notices, fee disclosures, and other documents. Anytime one of these documents is available, an email notice will be sent to the email address you provided. You will need to log in to *MyFRS.com* to view these documents and to make any updates to your email address. Receipt of documents through *MyFRS.com* will continue until you revoke your consent by calling the MyFRS Financial Guidance Line and selecting Option 4. Your internet service or cellphone provider may charge you a fee for the time required to view your documents online or for other services.
- **Rights and Responsibilities**—A description of your rights and responsibilities under the Pension Plan and the Investment Plan is in the respective Summary Plan Description, the Florida Statutes, and the Administrative Rules and can be obtained by calling the MyFRS Financial Guidance Line and selecting Option 2, or by visiting *MyFRS.com*.





Florida Retirement System

# 2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form



Before completing this form, read the information on page 2.

**RETIREMENT PLAN 2<sup>nd</sup> ELECTION (You MUST complete this form and return it to the address noted below.)**

|                               |                            |                |
|-------------------------------|----------------------------|----------------|
| <u>PLEASE PRINT</u> LAST NAME | FIRST                      | MIDDLE INITIAL |
| SOCIAL SECURITY NUMBER        | DATE OF BIRTH (MM/DD/YYYY) |                |

I am exercising my one-time 2<sup>nd</sup> Election to: (Choose only one by marking an X in the appropriate box.)

- 1. **Change from the FRS Investment Plan or FRS Hybrid Option to the FRS Pension Plan** (Review Sections 1 and 2.) You understand you are using your existing Investment Plan account balance and possibly other personal resources to “buy” into the Pension Plan.
- 2. **Change from the FRS Pension Plan to the FRS Investment Plan** (Review Sections 1, 2 and 3.) You understand you are transferring the present value, if any, of your Pension Plan benefit to the Investment Plan. You understand that future employee and employer contributions will be deposited in your Investment Plan account and that your assets will be deposited in an age appropriate Retirement Date Fund based on your current age. (If you are currently a member of the Hybrid Option, you cannot select this option.)
- 3. **Change from the FRS Pension Plan to the FRS Hybrid Option** (Review Sections 1, 2 and 3.) You understand you are retaining any accrued benefit in the Pension Plan and future employee and employer contributions will be deposited in your Investment Plan account and that your assets will be deposited in an age appropriate Retirement Date Fund based on your current age. To select this option you must have 8 years of Pension Plan service if you were initially enrolled in the FRS on or after July 1, 2011 or 5 years of Pension Plan service if you were initially enrolled in the FRS prior to July 1, 2011.

**SIGN HERE (Your form cannot be processed without your acknowledgement and signature.)**

By signing this form, I acknowledge that I have read and understand the information on page 2 and certify all completed information above to be true and correct.

|                                    |                                      |                                   |
|------------------------------------|--------------------------------------|-----------------------------------|
| _____<br>Signature                 | _____<br>Date                        | _____<br>Daytime Telephone Number |
| _____<br>E-mail Address (optional) | _____<br>Employing Agency (optional) |                                   |

**FAX OR MAIL YOUR COMPLETED FORM TO:**

**Fax: 1-888-310-5559**

(Do not include a cover sheet and retain the original for your records)

(Do not mail this form to your employer or to the Division of Retirement and retain a copy for your records.)

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

**CAUTION: Your form will not be processed if you submit a form that does not indicate your 2<sup>nd</sup> Election plan choice or does not have your signature or Social Security number.** You will be notified if your form is incomplete and was not processed. You must submit a new completed form in order for your 2<sup>nd</sup> Election to be processed. Keep a copy for your records.

**Your 2<sup>nd</sup> Election will become final at 4:00 p.m. ET on the day it is received** by the FRS Plan Choice Administrator. This form must be received by the FRS Plan Choice Administrator no later than 4:00 p.m. ET on the last business day you are earning salary and service credit and **prior** to your date of termination or it will be invalid. If you later feel this retirement plan choice was made in error, you may be able to cancel it. Please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2. Failure to notify us prior to the last business day of the month following your election month will void your right to cancel this election.

A confirmation statement will be mailed to your address of record once your completed form is received and processed. Please allow 2 to 3 weeks to receive it. Your address of record is provided to the FRS by your employer. It is your responsibility to make sure your employer is notified of any address changes.

**IMPORTANT INFORMATION - Review Carefully**

Your 2<sup>nd</sup> Election retirement plan change becomes effective on the first day of the month after the Plan Administrator receives your form, provided it is complete and signed. **You must be actively employed earning salary and service credit when your form is received by the FRS Plan Choice Administrator.** If you are leaving FRS-covered employment, this form must be received prior to your termination date. If you are on an unpaid leave of absence or you are an employee of an educational institution on summer break, you cannot use your 2<sup>nd</sup> Election until you return to work. If it is subsequently determined that you were not eligible to make a plan choice, your election will be considered invalid and will be reversed. For your plan change to occur in a specific

**MyFRS Financial Guidance Line 1-866-446-9377 (TRS 711) ■ MyFRS.com**



month, the form must be received no later than 4 PM ET on the last business day of the month prior to the effective month. If you have questions, call the MyFRS Financial Guidance Line. **Before you change retirement plans**, take advantage of the **FREE** resources offered through the MyFRS Financial Guidance Program to help you understand the impact of changing from one plan to another. These resources include the toll-free MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 and the 2<sup>nd</sup> Election CHOICE SERVICE, an online benefits projection tool available at MyFRS.com or by calling the MyFRS Financial Guidance Line.

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## **SECTION 1: BENEFICIARY DESIGNATION**

You can designate a beneficiary at any time. If you do not designate a beneficiary, your benefits (if any) will be distributed in the event of your death in accordance with s. 121.091(8) or s. 121.4501(20), Florida Statutes, as applicable. You can designate a beneficiary by completing a Beneficiary Designation Form (BEN-001 Pension Plan or IPBEN-1 Investment Plan). Both forms are available online at MyFRS.com or by calling the MyFRS Financial Guidance Line.

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## **SECTION 2: PLAN CHOICE**

You understand that your one-time 2<sup>nd</sup> Election is irrevocable and that you must remain in the plan you chose on page 1 until your FRS-covered employment ends and you retire.

**If you selected Option 1 (Page 1):** You understand that the Pension Plan is a defined benefit plan, which will provide you with benefit payments at retirement if you meet certain criteria. As of the most recent actuarial valuation date, the FRS actuarial liability exceeded the actuarial value of its assets yielding an unfunded actuarial liability. This liability may increase or decrease in the future. The Legislature may increase or decrease the amount that you and your employer contribute to this plan to keep it actuarially funded. You have elected to switch to the Pension Plan and understand there may be a buy-in cost to make this plan change. You can find out the buy-in cost by calling the MyFRS Financial Guidance Line, Option 3, to connect to the Division of Retirement. You understand you may be required to pay an additional amount if the buy-in cost is greater than your current Investment Plan account balance. You authorize the Investment Plan Administrator to use any funds in your Investment Plan account to activate your 2<sup>nd</sup> Election to switch to the Pension Plan. These funds may include prior-career benefits and rollover money in your account. You understand you have the ability to move your Investment Plan account balance into conservative investment options within the Investment Plan in order to potentially reduce the volatility of your account balance prior to liquidation and movement to the Pension Plan.

**If you selected Option 2 (Page 1):** You understand and acknowledge the following: You have elected to switch to the Investment Plan and that any accrued value you may have in the Pension Plan will be transferred to the Investment Plan as your opening account and any Pension Plan accrued value transferred to your account will be subject to the vesting requirement of the Pension. You can find out the accrued value of your Pension Plan account by calling the MyFRS Financial Guidance Line, Option 3, to connect to the Division of Retirement. The initial transfer amount is an estimate and your account will be reconciled within 60 days of that transfer pursuant to Florida law using your actual FRS membership record. The reconciled amount could be more or less than the estimate you receive and your account will be adjusted accordingly. You direct all future contributions be deposited in my Investment Plan account.

**If you selected Option 3 (Page 1):** You understand and acknowledge that you have elected to switch retirement plans to the Hybrid Option and that the accrued value of your current Pension Plan benefit will remain in your Pension Plan account. You understand that an Investment Plan account will be established to receive all future contributions.

**If you selected Option 2 or 3 (Page 1):** You understand and acknowledge that your Plan assets will be invested in an age appropriate Retirement Date Fund based on your current age as provided under Plan provisions, that other investment funds are available to you, and that you can change your fund allocations at any time after your account is activated by logging onto MyFRS.com or by calling the toll-free MyFRS Financial Guidance Line, Option 4. You understand that your account will be available at the end of your effective date month, and you should review the Fund Profiles, the Investment Fund Summary and the Annual Fee Disclosure at MyFRS.com before selecting any investment funds or submitting this form. You understand that the Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds and you may be subject to trading controls on other funds in the event that you trade excessively. You understand that investment management fees will be deducted from your Investment Plan account, that these fees may change in the future and that funds may be added or terminated. You understand that if any of the funds you select in the Investment Plan are terminated in the future, you will be able to move your assets into other investment funds prior to termination. If you do not move your assets in the terminated fund(s), they will automatically be moved into a replacement fund designated at that time. You understand that if you terminate FRS-covered employment and you are vested in your account balance, you may be subject to a mandatory payout of your account if the balance is \$1,000 or less or an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000. You understand that Sections 121.4501(8)(b)2 and 121.4501(15)(b) of Florida law incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

You understand that the Investment Plan is a defined contribution plan in which the Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.

You can find a description of your rights and responsibilities under the Pension Plan, the Investment Plan and the Hybrid Option in the respective Summary Plan Descriptions, Florida Statutes, and Administrative Rules by calling the MyFRS Financial Guidance Line, Option 2, or visiting MyFRS.com.

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## **SECTION 3: INVESTMENT PLAN FUND SELECTIONS (Review if you selected Option 2 or 3 on page 1)**

You have a suite of 10 retirement date funds and 11 investment options to choose from. Please use the free MyFRS Financial Guidance Program resources to help you understand your investment fund choices.



EMPLOYEE ROLLOVER DEPOSIT INSTRUCTIONS AND FORM



Before completing this form, read the information on page 2.

The FRS Investment Plan Employee Rollover Deposit Form should be used to invest assets into the FRS Investment Plan that are currently in (1) a qualified Traditional IRA, Simple IRA or SEP IRA at another custodian; (2) an eligible retirement plan (401 defined contribution or 401 defined benefit); (3) 457(b); (4) 403(b) pre-tax; or (5) the Federal Employee's Thrift Savings Plan. If you need assistance in completing this form, or need to discuss the process for rolling your assets into the FRS Investment Plan, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4, (TRS 711) to speak with the FRS Investment Plan Administrator.

Please Print

(Last Name) (First Name) (MI)

(Last 4 digits of S.S.N.) (Date of Birth - mm/dd/yyyy) (Work Telephone) (Home Telephone)

Pursuant to Section 121.4501(5)(e), F.S., I wish to make an eligible rollover deposit into the FRS Investment Plan. The Investment Plan accepts rollovers that include both taxable and non-taxable (any amounts that have already been taxed) amounts. The total amount of my rollover is \$ . The Taxable Amount is \$ and the Non-taxable amount is \$ . As evidenced by the attached documentation, this amount does not exceed the taxable amount, which I received from

Name of Qualified Plan or Qualified Source (Bank, Mutual Fund, etc.)

Investment Options

By using this Employee Rollover Deposit Form, you are initially choosing to have your rollover deposit invested in one of the following two investment options (choose only one):

100% invested in accordance with my current Investment Plan allocations.

100% invested in the FRS Money Market Fund - This fund seeks to provide high current income, liquidity and capital preservation. The fund is an index fund and primarily invests in high quality, liquid, short-term instruments (\$0.60).

Note: The description above shows the first year annual fees (in bold italics) that would be paid out of your account balance based on a \$1,000 investment in that fund. The fees on this form may have changed since the form was printed. To see the latest fee and fund information, go online to MyFRS.com. If you fail to select one of the investment options above on this form, you are affirmatively electing to have your rollover deposited in the FRS Money Market Fund. You may change your above investment option after your rollover is deposited into your Investment Plan account. You have a suite of 10 retirement date funds and 11 investment options to choose from. Please use the free MyFRS Financial Guidance Program resources to help you understand your investment fund choices. You can change your investment fund selections after your account is activated by calling the MyFRS Financial Guidance Line, Option 4, or logging onto MyFRS.com. Transfer restrictions may apply. You acknowledge that you reviewed the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement in the "Investment Funds" section at MyFRS.com before selecting any investment funds or submitting this form. You understand you can request a printed copy of these items be mailed to you at no cost by calling the toll-free MyFRS Financial Guidance Line, Option 4.

SIGN HERE Your form cannot be processed without your acknowledgement and signature. By signing this form, you acknowledge you read and understand the information on page 2 and certify all information to be true and correct. If any of the rollover contribution is subsequently determined to be ineligible for rollover, you understand that the Plan will distribute the ineligible amount and any earnings, if applicable.

The rollover check must be made payable to the "FRS Investment Plan - FBO (For the Benefit Of) [your name]." Your Social Security Number and IRA/Qualified Plan Account Number must be included on the check.

Signature Date Daytime Telephone Number

## EMPLOYEE ROLLOVER DEPOSIT INFORMATION AND INSTRUCTIONS

### Submit all documentation to:

**By Regular Us Postal Service:**

FRS Investment Plan Administrator  
P.O. Box 785027  
Orlando, FL 32878-5027

**OR: By Fax**

1-888-310-5559  
FRS Investment Plan Administrator  
Administrator

**OR**

**By Overnight Courier:**

FRS Investment Plan Administrator  
2300 Discovery Drive  
Orlando, FL 32826

### Important Rollover Information:

The following types of retirement plans and/or distributions are **not eligible** to be moved into the FRS Investment Plan:

1. **Roth IRA:** You can only transfer/rollover assets from a Roth IRA into other Roth IRAs.
2. **Payments Spread Over Long Periods of Time:** You cannot move a payment if it is part of a series of equal (or almost equal) payments made at least once a year and lasting for: your lifetime (or your life expectancy), your lifetime and your beneficiary's lifetime (or life expectancies), or a period of 10 years or more.
3. **Required Minimum Payments:** Beginning in the year you reach 70½, a certain portion of your payment cannot be moved because it is a required minimum payment that must be paid to you. However, once you have received the required minimum payment for a particular year, you may move the remainder of your retirement plan account into the FRS Investment Plan. (You will be required to continue receiving the required minimum payments from your FRS Investment Plan.)
4. **Emergency or Hardship Withdrawals:** Emergency (from a 457 plan) or hardship (from a 401 or 403(b) plan) withdrawals cannot be moved to the FRS Investment Plan.

**You must complete the rollover deposit within 60 days of receiving the assets** to avoid paying income taxes and a potential early withdrawal penalty. The Eligible Rollover Deposit is a one-time plan transaction separate from your current FRS Investment Plan. Once you roll over eligible retirement monies into the FRS Investment Plan, you cannot receive any distributions of these funds (or your Investment Plan account balance) until you terminate employment for 3 calendar months. You may be eligible to withdraw a one-time distribution of up to 10% of your Investment Plan account balance one calendar month following the month of your termination if you meet the normal retirement requirements for the FRS Pension Plan.

### Required Documentation

In addition to this form, you must provide documentation that shows the rollover contribution is eligible to be rolled into the Plan. If documentation is not provided, it will be necessary for you to submit additional information. To show that the rollover is from an eligible plan and can be rolled into the plan, send a copy of the distribution statement/payment confirmation, IRS Form 1099-R, or letter that you received from your prior employer plan or IRA showing your distribution. This documentation should include:

- Plan Name
- Gross distribution (total amount of payment before deductions)
- Taxable amount (portion of the payment that will be taxable to you when you withdraw it from the plan)
- Federal withholding (taxes withheld from the payment)
- Date of distribution (required if you are doing an indirect rollover)
- Contributions you deferred as after-tax and/or Roth, if applicable

Provide only copies -- do not submit any original documentation (except for this form). Documentation submitted for rollover processing can't be returned to you.

You certify the following statements are true and correct:

1. Your Eligible Rollover Deposit is eligible to be rolled in to the FRS Investment Plan and you are rolling over your Eligible Employee Rollover Deposit no later than the 60th day after receiving it.
2. If your Eligible Employee Rollover Deposit is coming from an IRA, that IRA is a traditional IRA, Simple IRA or SEP IRA (not a Roth IRA).
3. This Eligible Employee Rollover Deposit is not a part of a series of payments over your life expectancy or over a period of 10 years or more.
4. This Eligible Employee Rollover Deposit does not include any required minimum distributions with respect to your previous employer's plan or IRA.
5. This Eligible Employee Rollover Deposit does not include a hardship distribution, corrective distribution, nor any amounts that are deemed to have been distributed from a qualified retirement plan due to a default on a loan.
6. You are eligible to direct the Eligible Employee Rollover Deposit to the FRS Investment Plan and that you are one of the following: the plan participant, the surviving spouse of a deceased plan participant; or the spouse or former spouse of a plan participant under a Qualified Domestic Relations Order.
7. You understand that if your rollover includes after-tax money, it must be accounted for separately.
8. You understand that if your rollover check has both pretax and after-tax money, your selected investment allocations will be used to process your rollover contributions.
9. You understand you must designate a beneficiary for my Investment Plan account. Until you file a Beneficiary Designation Form with the Investment Plan Administrator, your beneficiary will be per Florida law. You understand you can modify or change your Investment Plan beneficiary by completing a Beneficiary Designation Form available on the web at MyFRS.com.
10. You understand that once you roll over eligible retirement monies into the FRS Investment Plan, you cannot receive any distributions of these funds (or your Investment Plan account balance) until you terminate employment for 3 calendar months. You may be eligible to withdraw a one-time distribution of up to 10% of your Investment Plan account balance one calendar month following the month of your termination if you meet the normal retirement requirements for the FRS Pension Plan.
11. You understand Employee Rollover Deposits are reported to the IRS. You hereby release the Plan Sponsor and Plan Administrator from any claim for damages on account of the failure of this transaction to qualify as a valid rollover. You authorize the transfer of assets to the Investment Plan as detailed above. You further authorize the Investment Plan Administrator, to process this request on your behalf. You understand it is your responsibility to assure the prompt transfer of assets by the current custodian. You have read and understand all information in these instructions and hereby provide the applicable eligible rollover certification.



**FRS Investment Plan  
DROP ACCUMULATION DIRECT ROLLOVER FORM  
FOR CURRENT DROP MEMBERS**



**IMPORTANT INFORMATION**

Complete this **FRS Investment Plan DROP Accumulation Direct Rollover Form for Current DROP Members** if you are planning to terminate employment with the FRS in the near future and want to roll your FRS Deferred Retirement Option Program (DROP) accumulation to the FRS Investment Plan. The FRS Investment Plan only accepts rollovers from financial institutions and will not accept personal checks.

If you need assistance in completing this **DROP Accumulation Direct Deposit Rollover Form for Current Members** or need to discuss the process for rolling your accumulation into the FRS Investment Plan, please call the MyFRS Financial Guidance Line toll-free at **1-866-446-9377, Option 4** (TRS 711), and connect to the FRS Investment Plan Administrator.

In order to complete this transaction, you must mail the **FRS DROP Select Payout Method Form (DP-PAYT)** to the Investment Plan Administrator. The **DP-PAYT Form** is required prior to completing this **DROP Accumulation Direct Rollover Form for Current DROP Members**. If you have not completed the **DP-PAYT Form**, contact the Division of Retirement toll-free at 1-866-446-9377, Option 3.

Rolling your DROP accumulation into the FRS Investment Plan is a completely separate transaction from receiving your monthly FRS Pension Plan benefits. Terminated DROP participants who roll their DROP accumulation into the FRS Investment Plan have immediate distribution access to their DROP proceeds whether they are retired or return to FRS-covered employment.

**REQUIRED DOCUMENTATION / INFORMATION**

Please complete and return this form to the Investment Plan Administrator at the address provided on page 2 of this form. The information on this form is required to set up your account. If you have any questions, please call the Investment Plan Administrator toll-free at **1-866-446-9377, Option 4** (TRS 711).

**Please Print:**

|   |  |           |                       |            |                 |       |  |          |
|---|--|-----------|-----------------------|------------|-----------------|-------|--|----------|
| Last 4 digits of Social Security Number                           |  | Last Name |                       | First Name |                 | M I   |  |          |
| Work Telephone (if applicable)<br>( )                             |  |           | Home Telephone<br>( ) |            | PERSONAL EMAIL: |       |  |          |
| Street Address  |  |           |                       | City       |                 | State |  | Zip Code |
| Date of Birth:<br>____ / ____ / ____<br><small>mm dd yyyy</small> |  |           |                       |            |                 |       |  |          |

**INVESTMENT OPTIONS**

By using this **DROP Accumulation Direct Rollover Form**, you are initially choosing to have your DROP accumulation invested in one or more of the following two investment options (must total 100%):

|       |   |
|-------|---|
| ____% | <b>FRS Money Market Fund</b> - This fund seeks to provide high current income, liquidity and capital preservation. The fund is an index fund and primarily invests in high quality, liquid, short-term instruments. <b>(\$0.60)</b> |
| ____% | <b>FRS Retirement Fund</b> – This fund seeks to provide current income and some capital appreciation as well as potential protection against future inflation. <b>(\$1.50)</b>  |
| ____% | <b>Total Amount (must total 100%)</b>   |

Note: The description above shows the first year annual fees (in **bold italics**) that would be paid out of your account balance based on a \$1,000 investment in that fund. The fees on this form may have changed since the form was printed. To see the latest fee and fund information, go online to MyFRS.com. **If you fail to select any investment options on this form, you are affirmatively electing to have your DROP accumulation deposited in the FRS Retirement Fund.** You may change your investment fund selection(s) after your account is funded. There are currently a suite of 10 retirement date funds and 11 investment options to choose from. Please use the free MyFRS Financial Guidance Program resources to help you understand your investment fund choices.

## **BENEFICIARY DESIGNATION**

You have the right to designate a beneficiary to receive any benefits due at your death. Until you provide the Investment Plan Administrator with your *Beneficiary Designation Form*, your benefits will be payable in accordance with Florida law, pursuant to Section 121.4501(20), F.S. Any beneficiary change will be effective only upon receipt of your *Beneficiary Designation Form* (IPBEN-1) for the FRS Investment Plan, which can be obtained from the Plan Administrator by calling the MyFRS Financial Guidance Line at 1-866-446-9377 or at MyFRS.com under "Forms." **Note:** The beneficiary you designate for your Investment Plan account may be different from the beneficiary you have named to receive your Pension Plan benefits.

## **AUTHORIZED / CERTIFICATION - IMPORTANT INFORMATION**

You understand you can find a description of your rights and responsibilities under the Investment Plan in the Summary Plan Description and Florida Statutes, available through the MyFRS Financial Guidance Line, Option 2, or at MyFRS.com.

You are authorizing your DROP benefit be invested as set out in Section 2 above and you understand other investment funds are available to you. You understand you can change the fund allocations at any time after your DROP accumulation has been deposited by accessing MyFRS.com or by calling the toll-free MyFRS Financial Guidance Line.

You acknowledge you reviewed the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement in the "Investment Funds" section at MyFRS.com before selecting any investment funds or submitting this form. You understand you can request a printed copy of these items be mailed to you at no cost by calling the toll-free MyFRS Financial Guidance Line, Option 4.

You understand information on investment funds will be provided in electronic format, unless you request hard copies. You understand the Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7-calendar days following any non-exempt transfers into such funds and you may be subject to trading controls on other funds in the event you trade excessively.

You understand investment management fees will be deducted from your Investment Plan account. You also understand these fees may change in the future and funds may be added or terminated. You understand if any of the funds you select in the Investment Plan are terminated in the future, you will be able to move your rollover into other investment funds prior to termination, otherwise, your accumulation in the terminated fund(s) will be automatically moved into a replacement fund designated at that time. You understand you are subject to a mandatory payout of your account if your balance is \$1,000 or less, and an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.

You understand that as a terminated DROP participant rolling your DROP accumulation into the Investment Plan you will have immediate distribution access to your DROP proceeds whether you are retired or return to FRS-covered employment.

You understand Sections 121.4501(8)(b)2 and 121.4501(15)(b) of Florida law incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the accumulation in your Investment Plan account, pursuant to section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

## **Certification and Signature**

You certify the following statements are true and correct:

- 1) Your DROP accumulation is eligible for rollover into the FRS Investment Plan;
- 2) You certify you are eligible to direct your DROP accumulation to the FRS Investment Plan; and
- 3) You were an FRS DROP participant.

You authorize the deposit of your DROP accumulation into the FRS Investment Plan as detailed in Section 2. You further authorize the Investment Plan Administrator to process this request on your behalf. You have read and understand all information in the instructions and hereby provide the applicable DROP certification.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Daytime Telephone Number

\_\_\_\_\_  
Date

### **Submit all documentation to:**

**By Regular US Postal Service:**  
FRS Investment Plan Administrator  
P.O. Box 785027  
Orlando, FL 32878-5027

**OR By Fax**  
1-888-310-5559  
FRS Investment Plan  
Administrator

**OR By overnight courier:**  
FRS Investment Plan Administrator  
2300 Discovery Drive  
Orlando, FL 32826

**A confirmation statement will be mailed to your address of record once your completed form and check are received and processed. Please allow 2 to 3 weeks to receive it.**

**Carefully review your form and be sure you've signed and dated it. Please keep a copy for your records.**



**FRS INVESTMENT PLAN  
DROP DIRECT ROLLOVER FORM FOR FORMER DROP MEMBERS**



**IMPORTANT INFORMATION**

Complete this *FRS Investment Plan DROP Direct Rollover Form for Former DROP Members* if you have already terminated employment with the FRS and rolled your FRS Deferred Retirement Option Program (DROP) accumulation to another qualified retirement account, [for example, (1) a qualified Traditional IRA with another custodian, (2) an eligible retirement plan (401(k), 457 or 403(b)), or (3) the Federal Employee's Thrift Savings Plan]; and you now wish to invest your DROP rollover in the FRS Investment Plan. Terminated DROP participants who roll their DROP accumulation into the FRS Investment Plan have immediate distribution access to their DROP proceeds whether they are retired or return to FRS-covered employment.

The following types of retirement plans and/or distributions are **not eligible** to be rolled over into the FRS Investment Plan:

- Roth IRA:** You can only transfer/rollover assets from a Roth IRA into other Roth IRAs.
- Payments Spread Over Long Periods of Time:** You cannot move a payment if it is part of a series of equal (or almost equal) payments made at least once a year and lasting for your lifetime (or your life expectancy), your lifetime and your beneficiary's lifetime (or life expectancies), or a period of 10 years or more.
- Required Minimum Payments:** Beginning in the year you reach age 70½, a certain portion of your payment cannot be rolled over because it is a required minimum payment that must be paid to you. However, once you have received the required minimum payment for a particular year, you may move the remainder of your retirement plan account into the FRS Investment Plan. (You will be required to continue receiving the required minimum payments from your FRS Investment Plan.)
- Emergency or Hardship Withdrawals:** Emergency (from a 457 plan) or hardship (from a 401 or 403(b) plan) withdrawals cannot be moved to the FRS Investment Plan.
- After-tax Distributions:** After-tax distributions from any qualified retirement plan or IRA are not permitted. After tax monies can only be accepted if transferred directly from the rollover plan to the FRS Investment Plan (i.e. Trustee-to-Trustee Rollover) and is NOT part of an indirect 60-day rollover.

If you have any questions regarding the DROP rollover accumulations into the Investment Plan, please call the MyFRS Financial Guidance Line toll-free at **1-866-446-9377, Option 4** (TRS 711) to speak with the Investment Plan Administrator.

**REQUIRED DOCUMENTATION / INFORMATION:**

|   |  |                       |      |                 |       |          |
|---|--|-----------------------|------|-----------------|-------|----------|
| Last 4 digits of Social Security Number             |  | Last Name             |      | First Name      |       | MI       |
| Work Telephone (if applicable)<br>( )               |  | Home Telephone<br>( ) |      | PERSONAL EMAIL: |       |          |
| Street Address                                      |  |                       | City |                 | State | Zip Code |
| Date of Birth (mm-dd-yyyy)<br>_____ - _____ - _____ |  |                       |      |                 |       |          |

I wish to make a DROP rollover deposit into the Investment Plan in the amount of \$\_\_\_\_\_. This deposit is a rollover from another qualified retirement account to the FRS Investment Plan.

Along with this completed form, please provide documentation to show that the rollover is from an eligible plan and can be rolled into the Investment Plan. The documentation can be a copy of the distribution statement/payment confirmation or IRS Form 1099-R or letter that you received from your IRA showing your distribution. This documentation should include:

- Plan Name
- Gross distribution (total amount of payment before deductions)
- Taxable amount (portion of the payment that will be taxable to you when you withdraw it from the plan)
- Federal withholding (taxes withheld from the payment)
- Date of distribution (required if you are doing an indirect rollover)
- Contributions you deferred as after-tax and/or Roth, if applicable

Provide only copies -- do not submit any original documentation (except for this form). Documentation submitted for rollover processing can't be returned to you.

## **INVESTMENT OPTIONS**

By using this DROP Direct Rollover Form for Former DROP Members, you are initially choosing to have your DROP rollover invested in one or more of the following two investment options (must total 100%):

|       |   |
|-------|---|
| ____% | <b>FRS Money Market Fund</b> - This fund seeks to provide high current income, liquidity and capital preservation. The fund is an index fund and primarily invests in high quality, liquid, short-term instruments. <b>(\$0.60)</b> |
| ____% | <b>FRS Retirement Fund</b> – This fund seeks to provide current income and some capital appreciation as well as potential protection against future inflation. <b>(\$1.50)</b>  |
| ____% | <b>Total Amount (Must total 100%)</b>   |

Note: The description above shows the first year annual fund management fees (in ***bold italics***) that would be paid out of your account balance, based on a \$1,000 investment in that fund. The fees on this form may have changed since the form was printed. To see the latest fee and fund information, go online to MyFRS.com. **If you fail to select any investment options on this form, you are affirmatively electing to have your DROP accumulation deposited in the FRS Retirement Fund.** You may change your investment fund selection(s) after your account is funded. There are currently a suite of 10 retirement date funds and 11 investment options to choose from. Please use the free MyFRS Financial Guidance Program resources to help you understand your investment fund choices. You may change your investment fund selection(s) after your account is funded.

## **BENEFICIARY DESIGNATION**

You have the right to designate a beneficiary to receive any benefits due at your death. Until you provide the Investment Plan Administrator with your Beneficiary Designation Form, your benefits will be payable in accordance with Florida law, pursuant to Section 121.4501(20), F.S. Any beneficiary change will be effective only upon receipt by the Investment Plan Administrator of your Beneficiary Designation Form (IPBEN-1) for the Investment Plan, which can be obtained from the Plan Administrator by calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4, or on the MyFRS.com website under "Forms." Note: The beneficiary you designate for your Investment Plan account may be different from the beneficiary you have named to receive your Pension Plan benefits.

## **AUTHORIZATION / CERTIFICATION – IMPORTANT INFORMATION**

You understand you can find a description of your rights and responsibilities under the FRS Investment Plan in the Summary Plan Description and Florida Statutes, available through the MyFRS Financial Guidance Line, Option 2, or at MyFRS.com.

You are authorizing your rollover deposit be invested as set out in Section 2 above, and you understand other investment funds are available to you. You understand you can change your fund allocations at any time after your account is funded by accessing MyFRS.com or by calling the toll-free MyFRS Financial Guidance Line, Option 4. You acknowledge you reviewed the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement in the "Investment Funds" section at MyFRS.com before selecting any investment funds or submitting this form. You understand you can request a printed copy of these items be mailed to you at no cost by calling the toll-free MyFRS Financial Guidance Line, Option 4. You understand the Investment Plan is not designed to facilitate short-term excessive fund trading. Foreign and global investment funds are subject to a minimum holding period of 7 calendar days following any non-exempt transfers into such funds and you may be subject to trading controls on other funds in the event you trade excessively.

You understand investment management fees will be deducted from your Investment Plan account. You also understand these fees may change in the future and funds may be added or terminated. You understand if any of the funds you select in the FRS Investment Plan are terminated in the future, you will be able to move your rollover into other investment funds prior to termination, otherwise, your accumulation in the terminated fund(s) will be automatically moved into a replacement fund designated at that time. You understand you are subject to a mandatory payout of your account if your balance is \$1,000 or less, and an account maintenance fee of \$6 per quarter if your account balance is more than \$1,000.

You understand that as a terminated DROP participant rolling your DROP accumulation into the Investment Plan you will be have immediate distribution access to your DROP proceeds whether you are retired or return to FRS-covered employment.

You understand Sections 121.4501(8)(b)2 and 121.4501(15)(b) of Florida law incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the accumulation in your Investment Plan account,

pursuant to section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.

**Certification and Signature**

You certify the following statements are true and correct:

- 1) You are a former DROP participant and your DROP rollover is eligible for rollover into the FRS Investment Plan.
- 2) This DROP Rollover Deposit is not a part of a series of payments over your life expectancy or over a period of 10 years or more.
- 3) This DROP Rollover Deposit does not include any required minimum distributions with respect to any previous employer's plan or IRA.
- 4) This DROP Rollover does not include a hardship distribution, corrective distribution, nor any amounts that are deemed to have been distributed from a qualified retirement plan due to a default on a loan.
- 5) The amount of after-tax monies as part of the DROP direct rollover is \$\_\_\_\_\_. (Zero if left blank). After-tax monies can only be accepted if transferred directly from the rollover plan to the FRS Investment Plan and are NOT part of an indirect 60-day rollover.

You authorize the FRS Investment Plan Administrator to process this request on your behalf. You understand it is your responsibility to assure the prompt forwarding of your check to the FRS Investment Plan. You have read and understand all information in the instructions and hereby provide the applicable DROP certification.

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Daytime Telephone Number**

\_\_\_\_\_  
**Date**

**Submit all documentation to:**

**By Regular Us Postal Service:**  
FRS Investment Plan Administrator  
P.O. Box 785027  
Orlando, FL 32826

**OR By Fax**  
1-888-310-5559  
FRS Investment Plan Administrator

**OR By Overnight Courier:**  
FRS Investment Plan Administrator  
2300 Discovery Drive  
Orlando, FL 32878-5027

**A confirmation statement will be mailed to your address of record once your completed form and check are received and processed. Please allow 2 to 3 weeks to receive it.**

**Carefully review your form and be sure you've signed and dated it. Please keep a copy for your records.**





**STATE BOARD OF ADMINISTRATION  
OF FLORIDA**

1801 HERMITAGE BOULEVARD-Suite 100  
TALLAHASSEE, FLORIDA 32308  
(850) 488-4406

POST OFFICE BOX 13300  
32317-3300

RICK SCOTT  
GOVERNOR  
JEFF ATWATER  
CHIEF FINANCIAL OFFICER  
PAM BONDI  
ATTORNEY GENERAL  
ASH WILLIAMS  
EXECUTIVE DIRECTOR & CIO

**MEMORANDUM**

To: Ashbel C. Williams, Executive Director & CIO

From: Ruth A. Smith, Assistant General Counsel

Subject: Agenda Item for the October 25, 2016 Cabinet Meeting: Proposed Amendments to Rules 19-11.001, 19-11.003, 19-11.004, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.010, 19-11.011, 19-11.012 and 19-11.013; and Rules 19-13.001, 19-13.002, 19-13.003 and 19-11.004, F.A.C

Request Approval to File the Rules for Notice and For Adoption/Repeal if No Member of the Public Timely Requests a Rule Hearing

Date: October 12, 2016

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**ACTION REQUESTED:**

**REQUEST APPROVAL TO FILE FOR NOTICE, AMENDMENTS TO RULES 19-11.001, , 19-11.003, 19-11.004, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.010, 19-11.011, 19-11.012 and 19-11.013 IN RULE CHAPTER 19-11, F.A.C. (PROCEDURES FOR THE FRS INVESTMENT PLAN), AND FURTHER TO FILE THE RULES FOR ADOPTION, IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The proposed amendments serve to update and clarify certain information and to adopt the most recent versions of forms. There are no significant policy issues or controversial issues connected to these rule amendments.

The specific changes proposed are: Rule 19-11.001, F.A.C. is being amended to add new definitions for "death in the line of duty" and "special risk member" that pertain to the new In-Line of Duty death benefit that may be available to survivors of Special Risk Class Investment Plan members who are killed in the line of duty; to clarify other definitions; and to correct some typographical errors. Rule 19-11.003, F.A.C. is being amended to clarify certain

information regarding Required Minimum Distributions (RMDs); to add new information concerning pending distributions; and to clarify certain information. Rule 19-11.004, F.A.C. is being amended to clarify certain information. Rule 19-11.005, F.A.C. is being amended to clarify information and to indicate how copies of issued Final Orders can be obtained. Rule 19-11.006 is being amended to adopt the latest versions of the applicable enrollment forms; and to indicate that an employee who terminates employment prior to making a retirement plan choice will be given another opportunity to make a plan choice if the employee returns to FRS-covered employment in the future. Rule 19-11.007, F.A.C. is being amended to adopt the latest versions of the Second Election enrollment forms; to clarify that members who are teachers on summer break cannot submit a 2<sup>nd</sup> election form during the calendar months comprising summer break; and to indicate that a member that transfers to the Investment Plan and provides a cell phone number or email address will be deemed to have consented to electronic delivery of documents through the MyFRS.com website. Rule 19-11.008, F.A.C. is being amended to indicate the any unvested account balances will be transferred to a suspense account which is invested in the FIAM Intermediate Duration Pool Fund. Rule 19-11.009 is being amended to indicate that if a member receives an invalid distribution, the member may elect to terminate employment rather than to pay back the invalid distribution. Rule 19-11.010 is being amended to state that a power of attorney may be submitted by electronic means or by hard copy. Rule 19-11.011, F.A.C. is being amended to indicate how employer errors and corrections will be made and resolved; and to indicate that the Division of Retirement is responsible for monitoring the federally-mandated annual salary that may be applied towards retirement. Rule 19-11.012, F.A.C. is being amended to adopt the latest version of the rollover forms. Rule 19-11.013, F.A.C. is being amended to set forth how the Self-Directed Brokerage Account enrollment form can be obtained and to make a few clarifications.

The rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification of the proposed amendments is required.

**REQUEST APPROVAL TO FILE FOR NOTICE AMENDMENTS TO RULES 19-13.001, 19-13.002, 19-13.003 AND 19-13.004 IN RULE CHAPTER 19-3 (ROLES AND RESPONSIBILITIES FOR THE FLORIDA RETIREMENT SYSTEM INVESTMENT PLAN) AND TO FILE THE RULES FOR ADOPTION IF NO MEMBER OF THE PUBLIC TIMELY REQUESTS A RULE HEARING RELATED TO THESE RULES.**

The purpose and effect of the proposed rule amendments to Rules 19-13.001, 19-13.002, 19-13.003 and 19-13.004 is to update and clarify certain information concerning the responsibilities of the State Board of Administration,

the Division of Retirement, participating employers and certain third party vendors with respect to the FRS Investment Plan. There are no significant policy issues or controversial issues connected to these rule amendments.

Rule 19-13.001 is being amended to indicate clarify the Summary Plan Description is one of the plan documents for the FRS Investment Plan and further to make some editorial revisions. Rule 19-13.002 is being amended to indicate that the Division of Retirement is responsible for administering the new in-line-of-duty death benefits available to Investment Plan members. Rule 19-13.003 is being amended to update the responsibilities of participating employers. Rule 19-13.004 is being amended to make some minor editorial revisions.

The proposed rule amendments do not impose any burdens on businesses; they do not restrict entry into a profession; they have no impact on the availability of services to the public; they have no impact on job retention; they do not impose any restrictions on employment seekers; and they do not impose any costs. No legislative ratification is required.

The proposed amendments serve to update certain information and to adopt the most recent versions of various incorporated forms. There are no significant policy issues or controversial issues connected to these rule amendments.

## ATTACHMENTS:

### I. AMENDMENT TEXT:

--Proposed Amendments to Rules 19-11.001, 19-11.002, 19-11.003, 19-11.004, 19-11.005, 19-11.006, 19-11.007, 19-11.008, 19-11.009, 19-11.011, 19-11.012 and 19-11.013, F.A.C.

--Proposed Amendments to Rules 19-13.001, 19-13.002, 19-13.003 and 19-11.004, F.A.C.

### II. FORMS:

Rule 19-11.006:

- EZ Retirement Plan Enrollment Form
- General Retirement Plan Enrollment Form
- Elected Officers' Class Retirement Plan Form
- Community College Optional Retirement Program (CCORP) Enrollment Form
- State Senior Management Service Employees Retirement Plan Enrollment Form
- Local Senior Management Service Employees Retirement Plan Enrollment Form

Rule 19-11.007:

- 2<sup>nd</sup> Election Retirement Plan Enrollment Form
- 2<sup>nd</sup> Election EZ Retirement Plan Enrollment Form

Rule 19-11.012:

- Employee Rollover Deposit Instructions and Form
- DROP Accumulation Direct Rollover Form- Current DROP Members
- DROP Direct Rollover Form- Former DROP Members

### **19-13.001 Roles and Responsibilities of the State Board of Administration of Florida-**

(1) The State Board of Administration of Florida (“SBA”) is responsible for establishing, implementing, and administering the defined contribution program, ~~known referred to~~ as the “Florida Retirement System Investment Plan” or “Investment Plan”, in accordance with Section 121.4501(1), F.S. The SBA is the Plan Sponsor. The plan documents consist of the Florida Statutes and ~~Administrative Rules rules~~ adopted thereunder ~~and the~~ The Summary Plan Description (SPD). ~~The SPD;~~ is a summary of the plan ~~documents~~ for the convenience of members ~~and~~. ~~The SPD~~ can be changed by the SBA at any time without prior notice to Florida Retirement System (FRS) members. The SBA’s primary responsibilities are set out in paragraphs (1)(a) through (1)(n), below. Each of these major responsibilities involves additional decisions which then in turn need to be implemented. Those decisions, to the extent they are not solely on a case-by-case basis, are adopted by rule. The SBA must ensure that all of the following individual responsibilities are carried out:

(a) – (f) No change.

(g) Directing and monitoring the activities of all service providers ~~to the providing various services to the operation of the~~ Investment Plan. These service providers include, but are not limited to, the third party administrator, the education service providers, and the investment product providers.

(h) Directing and monitoring the services provided by the Division with which the SBA has an interagency agreement.

(i) Movement of assets from the ~~FRS~~ Pension Plan to the ~~FRS~~ Investment Plan upon the election of a member to transfer and making such adjustments to plan accounts and member accounts as are necessary to process election reversals and prior period corrections to contributions and accompanying payroll data.

(j) – (n) No change

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(1), (4), (8), (9), (10), (14), (15), (19) FS. History--New 10-21-04, Amended 7-12-12, 12-16-12, 12-30-15,\_\_\_\_\_.*

### **19-13.002 Roles and Responsibilities of the Division of Retirement within the Department of Management Services.**

(1) The Division of Retirement (Division) within the Department of Management Services provides the following administrative services, in accordance with Section 121.4501(8)(a)1., F.S., ~~which~~:

(a) Determine membership eligibility and employer participation eligibility;

(b) Collect and process employer and employee payroll contributions and payroll-related data, including monitoring salary limits imposed by the Internal Revenue Service;

(c) Forward employer and employee payroll contributions and payroll-related data to the Investment Plan Administrator, including date of termination and leave of absence indicators, if available;

(d) Calculate members’ Pension Plan benefit, calculate the accumulated benefit obligation and calculate any buy-back amount for those members who elected the Investment Plan but subsequently elect to return to the Pension Plan;

(e) Maintain and provide access to the Florida Retirement System (FRS) database;

(f) Provide telephone support regarding employee or employer questions on the Pension Plan and contribution processing, but transfer general retirement plan choice, enrollment and financial planning telephone calls to other education and administration providers;

(g) Administer the disability benefits for the ~~FRS Florida Retirement System~~;

(h) Administer the in line of duty death benefits for Investment Plan members enrolled in the special risk service class;

~~(hi) Administer the health insurance subsidy for the FRS Florida Retirement System;~~

~~(ij) Determine employee vesting requirements in the FRS Florida Retirement System, as required by law; and~~

~~(jk) Notify the State Board of Administration (SBA) of any employees who may be subject to forfeiture of benefits, in accordance with Sections 112.3173 and 121.091(5), F.S.~~

*Rulemaking Authority 121.4501(8) FS. Law Implemented 112.3173, 121.091(5), 121.4501(8), (10) FS. History--New 10-21-04, Amended 10-25-07, 7-12-12, 12-16-12,\_\_\_\_\_.*

**19-13.003 Role and Responsibilities of State, School District, and Local Employers Participating in the Florida Retirement System. Participating Florida Retirement System Employers**

All state, school district, and local employers (employers) who participate in the Florida Retirement System (FRS) have the following duties and responsibilities:

(1) Remitting all the employer and employee contributions required by Parts II and III of Chapter 121, F.S. These include the contributions for the benefit of members in the Investment Plan, in accordance with Section 121.4501(5) and with Part III of Chapter 121, F.S., and also include the contributions for administrative and educational expenses, disability benefits, survivor benefits, the health insurance subsidy, and social security.

~~(2) Education of all employees which shall occur at least annually. This shall consist, at a minimum, of a communication indicating that the FRS is composed of two retirement plans; that employees have the option to decide in which FRS plan to participate; that employees have multi-media educational resources from the FRS to educate them concerning their FRS plan choice; and that employees have statutory deadlines by which enrollments must be made. Employers shall use educational materials supplied by the SBA and the Division to communicate such information, but not to the exclusion of any educational materials they may independently develop. Employers are solely responsible for the accuracy and completeness of any educational materials they develop. Printed educational materials and videos may be requested from both the SBA and from the Division or from their agents. Under no circumstances shall employers be deemed to be agents of the SBA, the FRS, or both.~~

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(5), (10)(h), 121.71, 121.72, 121.73, 121.74, 121.76, 121.77, 121.78 FS. History—New 10-21-04, Amended 7-12-12, 12-16-12,\_\_\_\_\_.*

**19-13.004 Role and Responsibilities of Third Party Vendors.**

(1) The Investment Plan Administrator (Administrator) provides administrative services in the operation of the Florida Retirement System (FRS) Investment Plan other than those provided by the Division of Retirement within the Department of Management Services (Division) as set forth in Rule 19-13.002, F.A.C. The Administrator also provides enrollment processing for the FRS Florida Retirement System (FRS). Other administrative services are provided by the Division of Retirement within the Department of Management Services (Division). Those services are described in Rule 19-13.002, F.A.C. The Administrator's primary duties and responsibilities are to:

- (a) Maintain the Investment Plan database;
- (b) Process new employee enrollments into the ~~FRS Pension Plan~~ or and Investment Plan and to process existing employee enrollments, via the exercise of the employees' one-time 2<sup>nd</sup> Second Election, pursuant to Section 121.4501(4)(e), F.S., into either FRS plan;
- (c) Transmit election information to the Division;
- (d) Maintain a database of Investment Plan beneficiary designations;
- (e) Transfer Investment Plan employer and employee contributions to the investment product providers, after contributions have been received from the Division;
- (f) Provide aggregate accumulated benefit obligation data segregated by investment product provider to the State Board of Administration (SBA);
- (g) Maintain Investment Plan member account data and such data as is sufficient to process 2<sup>nd</sup> Second Elections by existing members employees;
- (h) Implement account transfers at the request of members;
- (i) Implement withdrawals from account by electronic means;
- (j) Implement distribution of Investment Plan benefits to Investment Plan members or beneficiaries;
- (k) Provide quarterly statements to Investment Plan members;
- (l) Distribute written material;
- (m) Provide phone response service on a toll-free line to assist members and employers to accomplish any required responsibility;
- (n) Provide recordkeeping for all Investment Plan data within its responsibilities, including monitoring of monetary limits imposed by the federal Internal Revenue Code; and

(o) Administer Qualified Domestic Relations Orders (QDROs).

(p) Provide a Self-Directed Brokerage Account (“SDBVA”) to eligible ~~FRS~~ Investment Plan members.

(2) – (6) No changes.

*Rulemaking Authority 121.4501(8) FS. Law Implemented 121.4501(4), (8)(b), (e)1., (9)(a), (10) FS. History--New 10-21-04, Amended 7-12-12, 12-16-12, 12-30-15,\_\_\_\_\_.*