



A RETIREMENT GUIDE FOR THE

Regular Class

FRS PENSION PLAN ♦ 2011 EDITION

DEPARTMENT OF MANAGEMENT SERVICES

DIVISION OF RETIREMENT

DISCLAIMER

As much as possible, this guide is written in nontechnical terms, avoiding the formal language of the retirement laws and rules. If questions of interpretation result from our attempt to make the retirement provisions easy to understand, Chapter 121 of the Florida Statutes and Chapter 60-S of the Florida Administrative Code must remain the final authority.

The information provided in this guide is based on the Florida Retirement System Pension Plan¹ laws and rules in existence as of July 2011, and is subject to modification based on changes in the law or the Florida Administrative Code.

Representatives from participating agencies are not agents of the Department of Management Services, Division of Retirement (Division). The Division is not responsible for erroneous information provided by representatives of participating agencies.

¹ Defined terms are underlined the first time they appear in this publication. All underlined terms (and others) are defined in the glossary on Page 77.

**A Retirement Guide
for Members of the
Regular Class of the
Florida Retirement System
Pension Plan**

2011 Edition

**Department of Management Services
Division of Retirement**



RICK SCOTT
Governor

DEPARTMENT OF MANAGEMENT
SERVICES

JOHN P. MILES
Secretary

Dear Florida Retirement System Pension Plan Member:

The 2011 edition of the Retirement Guide for Members of the Regular Class has been prepared to tell you about the benefits and policies of your retirement system and your rights as a member. Membership in the Florida Retirement System (FRS) is an important benefit.

This guide is the basic employee handbook about the FRS Pension Plan and we hope that it will be a useful reference tool for you. It complements information found on the FRS websites, <http://frs.MyFlorida.com> and www.myfrs.com, and the various informational brochures and communications you will receive before and after you retire. A list of informational publications you may request or access from either website is on Page 86. If you are an FRS Investment Plan member, call the MyFRS Financial Guidance line toll free at (866) 446-9377 for answers to any questions about your benefits.

In an effort to continually improve our services, we include a form on Page iv to provide feedback on this guide. Please complete and return this form so we may serve you better. If you have specific questions or need additional information, our contact information is found beginning on Page 1. If you plan to visit us, a map showing our location is on Page 4.

Sincerely,

A handwritten signature in black ink that reads "Sarabeth Snuggs".

Sarabeth Snuggs
State Retirement Director

GUIDE FEEDBACK

Retirement Guide for Members of the Regular Class – 2011 Edition

Please rate the following aspects of this guide:

1. Explanation of provisions of the Florida Retirement System:

<input type="checkbox"/>				
Excellent	Above Average	Average	Below Average	Poor

2. Readability (easy to read):

<input type="checkbox"/>				
Excellent	Above Average	Average	Below Average	Poor

3. Useful for future reference: Yes No

4. I found the following section(s) or subject(s) helpful:

5. I found the following section(s) or subject(s) confusing:

6. Questions or comments:

Please mail your completed form to the Division of Retirement at the address shown on Page 1. If you need an answer to a question, include your full name, the last 4 digits of your Social Security number, your daytime telephone number, and return mailing address. Thank you for your time and consideration in completing and returning this evaluation.

TABLE OF CONTENTS

Letter to Members	iii
Guide Feedback	iv
Contacting the Division.....	1
Map to Division.....	4
Plan Information	5
Membership	6
Dual Membership Not Allowed	6
Classes of Membership.....	7
Optional Retirement Programs	9
Social Security Coverage.....	10
Portability.....	10
Contributions.....	12
Refund of Contributions	12
Beneficiary Designation	14
Before You Retire	14
When You Retire	15
After You Retire	15
Vesting	17
Terminating Employment.....	18
Before You Are Vested	18
After You Are Vested	19
Your Retirement Benefit	21
Retirement Benefit Formula	21
Years of Creditable Service.....	21
Average Final Compensation.....	21
Percentage Value.....	22
Percentage Value for a Year of Retirement Credit.....	22
Steps to Calculate a Benefit for a Vested Member	24
Example for a Normal Retirement.....	25
Example for an Early Retirement.....	26
Information Requests.....	28
Online Information and Estimates	28
Estimate Requests	29
Automatically Generated Statements.....	29

Creditable Service	31
Counting Your Years of Creditable Service.....	31
Other Types of Creditable Service.....	32
Deferred Retirement Option Program	41
Retiring from the Pension Plan	48
Estimate of Benefits.....	48
Normal Retirement	48
Early Retirement	49
Dual Retirement Ages	50
Termination	51
Effective Retirement Date	52
Application for Benefits	52
Benefit Payment Options	53
Proof of Age.....	56
Limitation of Benefits	57
Disability Benefits	59
Regular Disability Benefits	59
In-Line-of-Duty Disability Benefits	59
Survivor Benefits	61
Regular Survivor Benefits.....	61
In-Line-of-Duty Survivor Benefits.....	62
After Retirement.....	64
Cost-of-Living Increase	64
Health Insurance Subsidy	64
Insurance Coverage after Retirement.....	65
Reemployment after Retirement.....	65
Reemployment of Disability Retirees.....	66
Renewing Membership after Retirement	67
Minimum Benefit Adjustment	68
General Information	68
Appeals Procedure.....	68
Forfeiture of Benefits	68
Assignment, Execution, or Attachment	70
Financial and Actuarial Information	71
Legislative Update	74
Glossary of Retirement Terms.....	77
Abbreviations	85
Publications.....	86

CONTACTING THE DIVISION

When you contact us, include your full name printed and signed, the last 4 digits of your Social Security number, your mailing address, and daytime telephone number. Our <http://frs.MyFlorida.com> website is available 24 hours a day, 7 days a week. It gives you immediate access to most of our publications and forms, as well as answers to frequently asked questions. You may also access *Online Services*, our secure web environment. There, you can view your account information including a summary of your FRS creditable service and a history of your salaries as an FRS member, the mailing address reported by your employer, your Member Annual Statement (MAS) when it becomes available, and your beneficiary designation. You can change or update your beneficiary information and calculate your own informal estimate of current or future benefits or request that we calculate an estimate for you. You can create and maintain your member profile and select your communication preferences to receive an e-mail from us when publications such as this retirement guide and the *FRS Bulletin* are available from our website or when your MAS is available from Online Services. We encourage you to regularly visit our website and suggest you start with the "Website Overview" to become familiar with all of the online resources and services available to you.

If writing to us, address your correspondence to:

**DIVISION OF RETIREMENT
PO BOX 9000
TALLAHASSEE FL 32315-9000**

When you telephone, fax or e-mail us, the following contact information and descriptions of responsibilities will help you reach the office best able to help you.

Bureau or Section

- **Bureau of Retirement Calculations** - Determine eligibility for service retirement and DROP, calculate retirement benefits and provide estimates of benefits, calculate the cost to purchase various types of creditable service, and answer questions about reemployment after retirement.

Telephone (Toll Free) (888) 738-2252
Telephone..... (850) 488-6491
Fax..... (850) 410-2195
E-mail..... calculations@dms.MyFlorida.com

- **Bureau of Benefit Payments** -

Retired Payroll Section - Issue benefit payments, handle retiree/payee address changes, and process tax deductions.

Telephone (Toll Free) (888) 377-7687
Telephone (850) 488-4742
Fax..... (850) 410-2193
E-mail retired@dms.MyFlorida.com

DROP Termination and Refund Payment Section - Receive reports of DROP employment terminations, process DROP payout forms, issue employee contribution refunds and process insurance deductions from FRS pension benefits.

Telephone (Toll Free)..... (877) 738-3767
Telephone (850) 487-4856
Fax..... (850) 410-2199
E-mail drop_term_refund_payment@dms.MyFlorida.com

Disability Determination Section - Answer questions about eligibility for disability benefits and process disability retirement applications.

Telephone (Toll Free) (877) 738-3725
Telephone (850) 488-2968
Fax..... (850) 410-2198
E-mail disability@dms.MyFlorida.com

Survivor Benefits Section – Process claims for survivors and beneficiaries upon a member’s death and process beneficiary changes after retirement which includes changes during or after Deferred Retirement Option Program (DROP) participation.

Telephone (Toll Free)..... (877) 377-4347
Telephone (850) 488-5207
Fax..... (850) 410-2197
E-mail survivor@dms.MyFlorida.com

- **Research and Education Section** – Analyze proposed legislation, research retirement-related issues, coordinate policy development, maintain the website, handle public records requests, and produce and distribute publications.

Telephone (Toll Free)..... (877) 377-1737
Telephone..... (850) 488-5706
Fax..... (850) 921-0371
E-mail rep@dms.MyFlorida.com

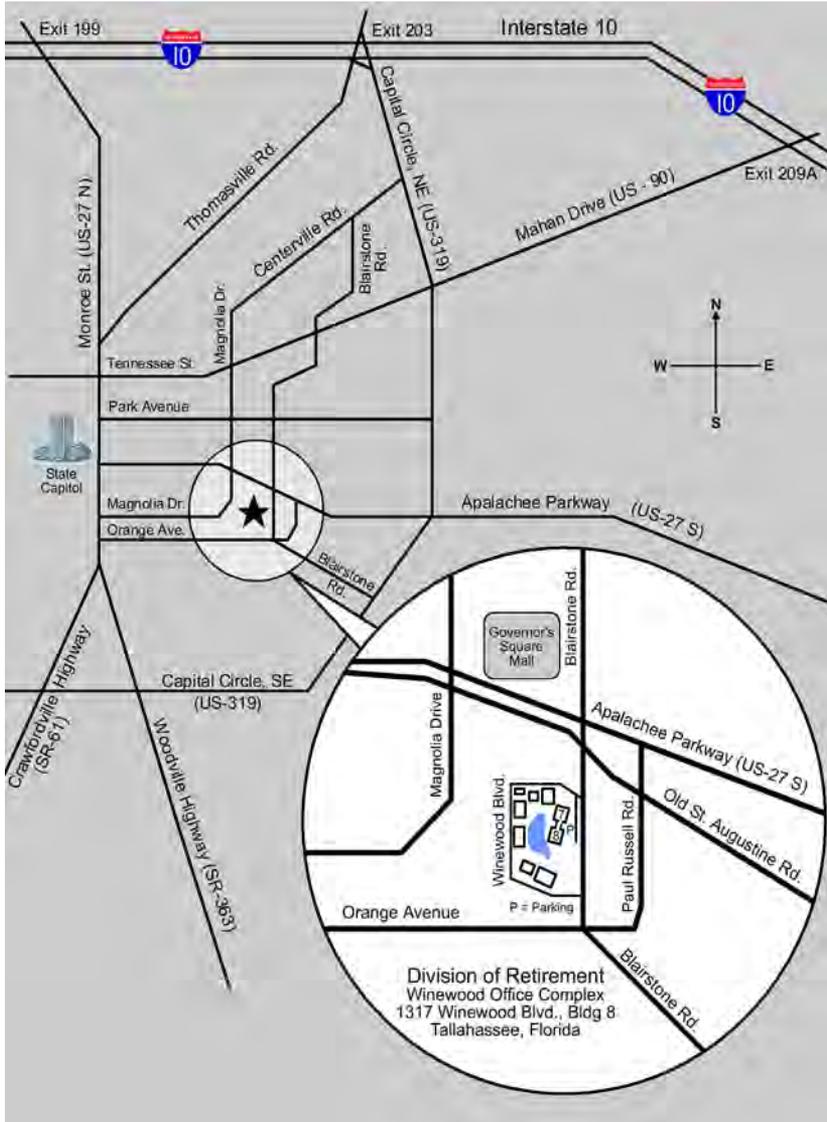
- **Bureau of Enrollment and Contributions** – Enroll agencies and members in the Florida Retirement System, State University System Optional Retirement Program (SUSORP), Senior Management Service Optional Annuity Program (SMSOAP), and Social Security, and process beneficiary changes before retirement.

Telephone (Toll Free)..... (877) 377-3675
Telephone (850) 488-8837
Fax..... (850) 410-2196
E-mail enrollment@dms.MyFlorida.com

If you have a hearing or speech impairment, you may call the Division via T.D.D. at the Florida Relay System by dialing 711 or (800) 955-8771.

Map to Division

You may visit us at the address below without an appointment from 8:00 a.m. until 4:30 p.m., Monday through Friday, except on designated state holidays. The map below provides directions to our location:



PLAN INFORMATION

Name of Plan	The Florida Retirement System (FRS) Pension Plan.
Type of Plan	The <u>FRS Pension Plan</u> is a <u>defined benefit plan</u> , qualified under Section 401(a) of the Internal Revenue Code.
Administration and Service of Legal Process	<p>The Division of Retirement administers the FRS Pension Plan. Legal process for the agency should be addressed to:</p> <p style="text-align: center;">JOHN P. MILES, SECRETARY DEPARTMENT OF MANAGEMENT SERVICES DIVISION OF RETIREMENT 4050 ESPLANADE WAY TALLAHASSEE FL 32399-7016</p> <p>The Office of General Counsel will accept service on behalf of the Secretary and is located in Suite 160, 4050 Esplanade Way.</p> <p>Legal process for an individual should be addressed to that person and served on him or her at:</p> <p style="text-align: center;">DEPARTMENT OF MANAGEMENT SERVICES DIVISION OF RETIREMENT 1317 WINEWOOD BLVD BLDG 8 TALLAHASSEE FL 32399-1560</p>
Provisions of Law	The FRS was established in 1970 by Chapter 121, Florida Statutes. Only the Florida Legislature can make changes to the law. Rules governing the operations and administration of the system may be found in Chapter 60S of the Florida Administrative Code.
Funding	The FRS is a contributory system; <u>contributions</u> are paid by both employees and their participating employers and then transferred to the FRS Trust Fund for investment by the State Board of Administration to pay future benefits to members and beneficiaries.
Plan Year	The plan year is July 1 through June 30.
Employment Rights Not Implied	Membership in the FRS does not give you the right to be retained in the employ of a participating employer, nor does it give you a right or claim to any benefit that you have not accrued under the system.
<p>Retirement guides are available for each <u>membership class</u>. To receive a different class guide, you may view and/or download a copy from the Publications page on our website, http://frs.MyFlorida.com. Or, contact your personnel office or the Research and Education Section (<i>see Page 3</i>) to request a copy.</p>	

MEMBERSHIP

Membership in the Florida Retirement System (FRS) is required if you work in a full-time or part-time regularly established position in a state agency, county government, district school board, state university², community college, or a participating city, independent special district, municipality of the state, metropolitan planning organization, public charter school or public charter technical career center. You are not eligible for FRS membership by working in a temporary or independent contractor position. If you work in a position with a co-employer relationship, that is you have both a private employer and a public employer for the same position, you are not eligible for FRS membership.

Dual Membership Not Allowed

If you work at the same time in two or more jobs that are covered by different FRS membership classes, you must be a member of only 1 class. Your membership class will be determined as follows:

- If your jobs are covered by different membership classes, none of which is the Elected Officers' Class (EOC), you will be a member of the class in which you are employed more than 1/2 of the time. When your employment is split equally, you may choose the class of membership you prefer.
- If your jobs are covered by different membership classes, one of which is the EOC, you may choose to participate in any 1 class for which you are eligible. You will have 6 months from the date you become dually employed to notify the Division of your decision. If you do not notify us within the 6 month period, your membership class will be the EOC.

If you are required or choose to be a member of the Regular Class, your employers will report your total salaries from all positions and they will be used to calculate your service credit and, if applicable, your average final compensation (AFC) at retirement. The

² Certain university employees hired on or after January 1, 1993 (instructional or research faculty and certain administrative and professional positions), are compulsory participants of the State University System Optional Retirement Program (SUSORP) unless they elect FRS membership.

percentage value for the retirement credit you will earn for each year of service will be the Regular Class value.

When you are required or choose to be a member of the Special Risk Class, the Special Risk Administrative Support Class, the Senior Management Service Class (SMSC), or the Elected Officers' Class, only the compensation you receive from that position will be reported and used to calculate your service credit and average final compensation at retirement. The percentage value you will earn for each year of service will be the value for your membership class.

For more information on any other class or classes to which you are assigned, you may access the retirement guide from the Publications page of our website at <http://frs.MyFlorida.com>. Or, you may obtain information from the Enrollment Section of the Bureau of Enrollment and Contributions or request a retirement guide from your personnel office or from the Research and Education Section of the Division. (See Page 3 for contact information.)

Classes of Membership

The FRS has 5 classes of membership, with members participating in 2 primary plans, in addition to several optional programs available to members in certain positions with specified employers. This retirement guide is designed primarily for you, the Regular Class member of the FRS Pension Plan. However, you may have belonged in the past or may belong in the future to a different class.

The 5 membership classes are:

Regular Class – This class is for all members who are not assigned to the Special Risk, Special Risk Administrative Support, Elected Officers', or Senior Management Service Classes.

Special Risk Class – This class is for members employed as: law enforcement officers; firefighters, including firefighters whose duties include fire prevention or firefighter training and their supervisors or command officers, as well as fixed-wing aircraft pilots conducting aerial firefighting surveillance employed by the Division of Forestry in the Department of Agriculture and Consumer Services; correctional officers; community-based correctional probation officers; youth custody officers employed with the Department of Juvenile

Justice and are responsible for assigned juveniles within the community; paramedics and emergency medical technicians employed by a basic life support or advanced life support employer and their supervisors or command officers; certain professional health care workers employed by the Department of Corrections or the Department of Children and Families in correctional or forensic facilities; certain forensic employees of the Department of Law Enforcement in the crime laboratory, certain forensic employees of the Division of State Fire Marshal in the forensic laboratory, or certain forensic employees of local government law enforcement agencies or medical examiner's offices who meet the criteria in the retirement laws and rules to qualify for this class.

Special Risk Administrative Support Class – This class is for former Special Risk Class members who provide administrative support within an FRS special risk employing agency. Members of this class must maintain the certification required for their former Special Risk Class position and be subject to recall into those positions if needed.

Elected Officers' Class (EOC) – This class is for elected state and county officers, and for those elected municipal or special district officers whose governing body has chosen EOC participation for its elected officers.

Senior Management Service Class (SMSC) – This class is for members who fill senior level management positions assigned by law to the SMSC or authorized by law as eligible for SMSC designation.

NOTE: See "Renewing Membership after Retirement," Page 67, for information on retirees reemployed in a covered position.

Reference: Section 121.021(12), F.S.
Section 60S-1.004(1), F.A.C.

Optional Retirement Programs

The **FRS Investment Plan** is the defined contribution plan alternative to the FRS Pension Plan available to all FRS members, except as noted below. For online updates about the FRS Investment Plan, go to www.myfrs.com (the cooperative website of the Division and the State Board of Administration), or call the toll-free help line at (866) 446-9377.

The following nonintegrated optional retirement programs (defined contribution plans) are available to certain groups of covered employees:

State University System Optional Retirement Program (SUSORP) – The State University System Optional Retirement Program is available to faculty, administrative and professional employees, and executive service employees of the State University System and university presidents. These university employees are required to be members of the SUSORP unless they elect membership in the FRS or do not select a provider company within 90 days of eligibility. Faculty at a college with a faculty plan are mandatory SUSORP participants and are not eligible for FRS participation.

Senior Management Service Optional Annuity Program (SMSOAP) – The Senior Management Service Optional Annuity Program is available to state senior managers who may elect membership in the SMSOAP rather than the Senior Management Service Class (SMSC) within 90 days of becoming a member of the class. The program is also available to state elected officials in the Elected Officers' Class (EOC) who choose membership in the SMSC rather than the EOC. The SMSC election must be made within 6 months of assuming office. Elected state officers who transfer to the SMSC may, within 90 days of becoming a member of the class, elect SMSOAP membership. Note: Assistant state attorneys, assistant public defenders, assistant statewide prosecutors, assistant capital collateral regional counsels, and assistant attorneys general are **not** eligible to elect SMSOAP participation instead of the SMSC.

State Community College System Optional Retirement Program (CCORP) – The State Community College System Optional Retirement Program is available to faculty and certain administrators of the State Community College System. Eligible employees may, within 90 days of the date the community college activates the program or the employee's date of hire or qualifying employment status change, whichever is later, elect CCORP membership offered by the community college rather than membership in the FRS Regular Class. If the election is not made within 90 days, the community college employee will remain in the FRS.

Social Security Coverage

As a member of the FRS, you are automatically covered for Social Security and Medicare, and your FRS benefits will not be offset (reduced) by Social Security benefits you receive. Social Security contributions are automatically deducted from your salary and matched by your employer. Although Social Security coverage is a part of your overall benefit package, we have no control over your Social Security or Medicare benefit payments. If you need information on Social Security or Medicare benefits and possible limitations on those benefits, you must call or visit your local Social Security office, call their toll-free information number at (800) 772-1213, or visit their website at www.ssa.gov.

Portability

One of the special features of membership in the FRS is statewide portability, meaning you have the ability to keep your retirement credit when you change FRS employers before you retire. If you terminate employment with 1 FRS employer without retiring and at any later time go to work with any of the more than 970 public employers covered by the FRS, the service credit you earn at your new job will be combined with the service credit you earned in your previous job. All service credit you earn under the FRS while working for any FRS employer is automatically combined in a single account under your name and Social Security number.

The FRS Pension Plan also offers pension portability in other ways. For example, if you take a refund of your personal contributions and lose the associated service credit, you may be able to purchase your “refunded service.” You must return to covered employment and repay those contributions, plus interest, to reestablish service credit for your refunded service. Or, if you have service credit under a pension plan with a public employer in another state, with the federal government (including military service), or with an eligible employer in Florida, you may be eligible to buy credit under the FRS Pension Plan for that service. (See Page 31 for information on types of creditable service for which you may obtain credit.)

Reference: Sections 121.051, 121.052, 121.055(6), and 121.35, F.S.
Sections 60S-1.004(2)(c) and (d), F.A.C.

CONTRIBUTIONS

Effective July 1, 2011, both you and your employer pay the retirement contributions necessary for you to earn service credit toward a future FRS retirement benefit. Your contributions will remain on deposit in your name until you retire or take a refund of your contributions. Employee contributions are required for all FRS members except for Deferred Retirement Option Program (DROP) participants and reemployed retirees who are initially reemployed in covered employment on or after July 1, 2010.

Employee contributions were not required between January 1, 1975, for employees of state agencies, district school boards, and community colleges, and since October 1, 1975, for employees of county governments, municipalities, and special districts, through June 30, 2011. If you worked in a covered position before these dates in 1975, you made retirement contributions, which are on deposit in your name unless you retired or received a refund of your contributions.

Both you and your employer pay retirement contributions equal to a certain percentage of your salary each month. Contribution rates are set by the Florida Legislature each year and are subject to change. As of July 1, 2011, the employee contribution rate is 3%. Employee contributions made on or after July 1, 2011, are paid on a pre-tax basis. Required employee contributions before this date were paid on an after-tax basis.

Reference: Sections 121.071, 121.71, and 121.74, F.S.
Sections 60S-3.003 and 3.010, F.A.C.

Refund of Contributions

You paid employee contributions to the FRS if:

1. You are a member of the FRS on or after July 1, 2011, or before 1975; or
2. You purchased additional service credit.

You may request a refund of your personal contributions if you terminate all covered employment for 3 calendar months. Your refund will not include contributions made by your employer, nor will it include interest earnings.

To request a refund of your personal contributions, contact the DROP Termination and Refund Payment Section (*see Page 2*). You will lose retirement service credit in the FRS Pension Plan for the period represented by the refund. If you return to covered employment and earn 1 year of creditable service, you may purchase credit for your refunded service.

Employer-paid contributions are not refundable. You will retain all service credit funded solely by employer-paid contributions unless you forfeit your benefits (*see Page 68*).

Reference: Sections 121.071(2)(b) and 121.091(5), F.S.
Sections 60S-3.002(6) and (7) and 4.009(1), F.A.C.

BENEFICIARY DESIGNATION

As a member of the FRS, we encourage you to designate a beneficiary or beneficiaries and keep your designation up to date.

Before You Retire

As an FRS Pension Plan member, your surviving spouse is automatically your beneficiary unless you designated someone else after your most recent marriage.

You may designate your beneficiary or beneficiaries either jointly or sequentially, or specify that any benefits due be paid through a trust. If you do not name a beneficiary and are not survived by a spouse, or if none of your named beneficiaries are living upon your death, your beneficiary will be determined by law. Your beneficiary would be determined as follows:

... if no beneficiary designated by the member survives the member, the beneficiary shall be the spouse of the deceased, if living. If the member's spouse is not alive at his or her death, the beneficiary shall be the living children *[sic]* of the member. If no children survive, the beneficiary shall be the member's father or mother, if living; otherwise, the beneficiary shall be the member's estate.

[s. 121.091(8)(a), F.S.]

You may designate a beneficiary or beneficiaries from your *Online Services* account. Go to our website at <http://frs.MyFlorida.com>, log into Online Services, select "Beneficiary" under "Member Information" and fill in the required information. (*See Page 28 for information on how to log in to Online Services.*) Alternatively, you may designate your beneficiary by completing and submitting *Form BEN-001*, which is available from the Forms page of our website, from your personnel office, or from the Enrollment Section (*see Page 3*).

As an active member, you may change your beneficiary at any time. This is important to remember if your beneficiary dies, your marital status changes, or you have children. Your will, trust agreement, or divorce decree has no bearing on how your FRS survivor benefits are paid. Only a beneficiary who qualifies as a joint annuitant will

be eligible to receive a monthly benefit upon your death. (See Page 15 for the definition of “joint annuitant.”)

You can check your current beneficiary designation from your *Online Services* account at <http://frs.MyFlorida.com>. If your current beneficiary information is not listed, contact the Enrollment Section of the Bureau of Enrollment and Contributions (see Page 3).

When You Retire

On your application for retirement, you will be asked to rename your beneficiary, which will replace all previous designations, and choose a benefit payment option (see Page 53):

- If you choose Option 1 or 2, you may name as beneficiary any person, organization, trust, or your estate. You may name one or more beneficiaries to receive benefits jointly or sequentially.
- If you choose Option 2, you may name one or more contingent beneficiaries to receive any benefits remaining after your death and the death of your primary beneficiary or beneficiaries.
- If you choose either Option 3 or 4, your beneficiary must qualify as your joint annuitant. If you choose Option 3, you may name more than 1 joint annuitant, and specify the proportion of the benefit to be paid to each. A joint annuitant is defined as:
 - The member’s spouse; or
 - The member’s natural or legally adopted child who is either under age 25 or who is physically or mentally disabled and incapable of self-support (regardless of age); or
 - The member’s parent or grandparent who was dependent upon the member for at least 1/2 of his or her financial support at the time of death; or
 - A person for whom the member is the legal guardian, and who was dependent upon the member for at least 1/2 of his or her financial support at the time of death.

After You Retire

If you choose Option 1 or 2, you may change your beneficiary designation at anytime; these beneficiary changes do not change the amount of your retirement benefit.

If you choose Option 3 or 4:

- The joint annuitant named at retirement remains your joint annuitant unless you nullify or change the designation. A marriage or divorce after retirement does not change your designated joint annuitant unless you change your designation through the Division of Retirement.
- You may change your joint annuitant only twice after you retire. Whenever you change your joint annuitant, your monthly benefit will be adjusted based on your current age, the age of your new joint annuitant, and whether your present joint annuitant is living. The change will be effective the first day of the month after the month in which we receive your completed Change of Joint Annuitant Form (*Form JA-1*).
- If you divorce the person you named as your joint annuitant, you may nullify your designation of that joint annuitant (unless a Qualified Domestic Relations Order prevents it). After nullification, your benefits will be paid as if your joint annuitant had died. The nullification will be effective the first day of the month after the month in which we receive your completed Joint Annuitant Nullification Form (*Form JA-NUL*) and a copy of your divorce papers.

Reference: Sections 121.091(6) and (8), F.S.

Sections 60S-4.010(1) and (8) and 60S-4.011, F.A.C.

VESTING

Being vested means that you have met the service requirements to be eligible to receive a future FRS retirement benefit. If you are initially enrolled in the FRS on or after July 1, 2011, you will be vested in the Pension Plan after 8 years of creditable service, regardless of your membership class.

If you are initially enrolled in the FRS before July 1, 2011, you will be vested in the Pension Plan after 6 years of service unless your covered employment ended before July 1, 2001.

Before July 1, 2001, members of the Regular Class vested in the FRS Pension Plan after completing 10 years of creditable service. If you terminated covered employment before July 1, 2001, and you were more than 1 year away from vesting at the time, you must return to covered employment for 1 work year in order to be eligible for 6-year vesting. However, if you were within 1 work year of vesting under the provisions of law in place when you terminated employment, you will vest upon working the number of months that were required for you to vest before you terminated.

Once you are vested, you are eligible for a future benefit when you leave covered employment and apply for your retirement benefit. Being vested does not entitle you to a disability benefit based on a disability that occurs after you terminate employment.

You will lose your vested rights if:

- You have to forfeit your benefits as described on Page 68.
- You have fewer years of service than are required to vest because you took a refund of your personal contributions and lost the service credit associated with your refunded service. (*See Refund of Contributions on Page 12.*)

NOTE: Vesting requirements for FRS disability retirement differ from those for service retirement if you are initially enrolled in the FRS before July 1, 2011. Please read the Disability Retirement section for more information (*see Page 59*).

Reference: Sections 121.021(45) and 121.091, F.S.
Section 60S-4.003, F.A.C.

TERMINATING EMPLOYMENT

Whenever you terminate your covered employment before retiring, you have some decisions to make. Your available options under the FRS Pension Plan will vary depending upon your vesting status at the time of your termination.

NOTE: Members of the FRS Investment Plan will have different decisions to make. If a terminated FRS Investment Plan member requests and receives a distribution of funds, in whole or in part, he/she is retired. An Investment Plan retiree is subject to the laws and rules regarding reemployment after retirement and renewed membership. For instance, if a retiree returns to FRS-covered employment and is eligible for renewed membership, the retiree is not eligible to participate in the Special Risk Class or the Deferred Retirement Option Program (DROP), and is not covered for disability retirement. For more information, FRS Investment Plan members should call the MyFRS Financial Guidance Program toll free at (866) 446-9377.

Before You Are Vested

If you terminate before you have vested, you are not eligible to retire. However, the service credit you earned is not lost and will be combined with any future service credit you earn for covered employment in the future.

If you personally contributed to the system, either during a time when employee contributions were required under the FRS (*see Page 12*) or to purchase optional service credit, you must decide what to do about your personal contributions. When you terminate employment, you can choose to:

- Take a refund of your personal contributions; or
- Leave your contributions on deposit with the FRS and retain all the service credit you have earned, which will be combined with future creditable service in the event you return to covered employment and resume membership.

If you do choose to take a refund of your personal contributions and later return to covered employment, all service credit represented by the refund is cancelled. You must be employed for 1 work year before you can repay the personal

contributions refunded to you, plus interest, and restore the service credit represented by the refund.

After You Are Vested

If you are vested when you terminate, you could choose to retire. (See Page 51 for termination requirements that you must meet when you retire.) If you elect to retire, depending on your age and total service credit, you could take a normal retirement or early retirement, or you could defer your retirement to a future date of your choice:

- If you qualify for normal retirement, your unreduced benefit will be based on all years of service for which you either earned or purchased service credit (see Page 32).
- If you choose to retire early (before reaching your normal retirement date), your benefit will be based on all years of service for which you either earned or purchased service credit but will be reduced based upon your age at retirement (see Page 49).
- To avoid or minimize benefit reduction for early retirement, you could choose to postpone your retirement; if you defer retirement, your benefit amount will be calculated based upon your age when you begin receiving benefits.

If you elect not to retire, you will retain your earned service credit. This credit will be combined with any service credit you earn for any future covered employment.

If you have personal contributions on deposit when you terminate, you can:

- Take a refund of your personal contributions; or
- Leave your personal contributions on deposit.

If you later return to covered employment before retiring, you will retain all of your earlier noncontributory service credit as well as credit for any contributory service for which you left your contributions on deposit. If you choose to obtain a refund of your personal contributions, all service credit represented by the refund is cancelled. You can reinstate this service credit by repaying your refunded contributions, plus interest, but you must continue in covered employment and earn 1 year of service credit before you will be permitted to do so (see Page 33).

If you return to FRS-covered employment after retirement and your initial date of reemployment is on or after July 1, 2010, you are not eligible for renewed membership. This includes membership in the FRS Investment Plan and the FRS Pension Plan (*see Page 67*) as well as the State University System Optional Retirement Program, the State Senior Management Optional Annuity Program, the State Community College System Optional Retirement Program, and local government senior managers covered by a separate arrangement with their employers.

Reference: Sections 121.021(39), 121.081(2), 121.091 and 121.122, F.S.
Sections 60S-3.002(6) and 4.009, F.A. C.

YOUR RETIREMENT BENEFIT

The monthly benefit payment you receive when you retire is based on your years of creditable service, your average final compensation, the percentage value you receive for each year of service, and the option you select, as described below.

Retirement Benefit Formula

The formula for calculating a yearly Option 1 benefit is:

Years of Creditable Service	X	Percentage Value	X	Average Final Compensation	=	Annual Option 1 Benefit at Normal Retirement
-----------------------------	---	------------------	---	----------------------------	---	--

$$\text{Annual Option 1 Benefit} \div 12 = \text{Monthly Option 1 Benefit}$$

Years of Creditable Service

“Years of creditable service” is the total of all years and parts of years you worked in a covered position with an FRS employer, plus any additional service credit that you purchase.

Average Final Compensation

- If you are initially enrolled in the FRS before July 1, 2011, average final compensation (AFC) is the average of the 5 highest fiscal years of compensation you earned during your covered employment.
- If you are initially enrolled in the FRS on or after July 1, 2011, your AFC is the average of the 8 highest fiscal years of compensation you earned during your covered employment.

For retirement purposes, your salary records are kept by fiscal year (July 1 - June 30). Certain kinds of payments, such as lump-sum sick leave payments, retirement incentive bonuses, and lump-sum annual leave payments in excess of 500 hours, cannot be included in your AFC. (See rule 60S-6.001(6), F.A.C., for a listing of excluded payments.)

Percentage Value

Percentage value is the value that you receive for each year of your creditable service based upon your membership class for that period. The following chart shows the percentage values assigned to each class or plan which you may have been a member of.

NOTE: For participants of the Hybrid Plan, the AFC is calculated using the highest 5 or 8 fiscal years of compensation earned while participating in the FRS Pension Plan, depending on when you enrolled in the FRS.

Percentage Value for a Year of Retirement Credit

The charts below list the percentage value earned for each year of service credit, by class or plan. The value for your service in the Regular Class is listed first, followed by values for service in other membership classes or plans in which you may have participated:

Retirement Plan/Class	% Value (per year of service)
------------------------------	--

Regular Class

If initially enrolled in the FRS before July 1, 2011:

Retirement at age 62 or 30 years	1.60%
Retirement at age 63 or 31 years	1.63%
Retirement at age 64 or 32 years	1.65%
Retirement at age 65 or 33 years	1.68%

If initially enrolled in the FRS on or after July 1, 2011:

Retirement at age 65 or 33 years	1.60%
Retirement at age 66 or 34 years	1.63%
Retirement at age 67 or 35 years	1.65%
Retirement at age 68 or 36 years	1.68%

Service credit earned as a member of any of the other FRS classes (Special Risk Class, Special Risk Administrative Support Class, Elected Officers' Class, or Senior Management Service Class), the State and County Officers and Employees' Retirement System, or the Teachers' Retirement System will be valued according to the percentage value provided by the class or plan at the time of service. Applicable percentage values are:

Special Risk Class

Service from 12/1/70 through 9/30/74	2.00%
Service on and after 10/1/74	3.00%
Past service with city or special district purchased as special risk service	2.00%

Special Risk Administrative Support Class³

If initially enrolled in the FRS before July 1, 2011:

Retirement at age 55; or with 25 years of service; or at age 52 with 25 years of service, including military service	1.60%
Retirement at age 56; or with 26 years of service; or at age 53 with 26 years of service, including military service	1.63%
Retirement at age 57; or with 27 years of service; or at age 54 with 27 years of service, including military service	1.65%
Retirement at age 58; or with 28 years of service; or at age 55 with 28 years of service, including military service	1.68%

If initially enrolled in the FRS on or after July 1, 2011:

Retirement at age 60; or with 30 years of service; or at age 57 with 30 years of service, including military service	1.60%
Retirement at age 61; or with 31 years of service; or at age 58 with 31 years of service, including military service	1.63%
Retirement at age 62; or with 32 years of service; or at age 59 with 32 years of service, including military service	1.65%
Retirement at age 63; or with 33 years of service; or at age 60 with 33 years of service, including military service	1.68%

Senior Management Service Class 2.00%

Elected Officers' Class:

Judges and Justices	3.33%
All Others	3.00%

³ To be eligible for retirement under this class, you must have the minimum years of special risk or special risk-related service credit required to be vested.

State and County Officers and Employees' Retirement System

Division A (no social security)	2.00%
Division A (no social security-high hazard)	2.00%
Division B (w/social security)	1.50%
Division B (w/social security-high hazard)	1.50%

Teachers' Retirement System

Plan E (no social security)	2.00%
-----------------------------	-------

Steps to Calculate a Benefit for a Vested Member:

1. Determine the number of years of creditable service you have in each class or plan.
2. Multiply the percentage value for a year of service in a class or plan (*see charts on beginning on Page 22*) by your years of service in that class/plan to obtain a subtotal for each class/plan.
3. Add the percentage values for each class/plan in which you had creditable service (subtotals in step 2) to determine your total percentage value for all classes/plans.
4. If you initially enrolled in the FRS before July 1, 2011, multiply the average of your highest 5 fiscal years of salary by the total percentage value derived in step 3 to determine your Option 1 annual benefit; or
If you initially enrolled in the FRS on or after July 1, 2011, multiply the average of your highest 8 fiscal years of salary by the total percentage value derived in step 3 to determine your Option 1 annual benefit.
5. If you elect to retire early, your benefit will be reduced by 5% for each year remaining before you would reach your normal retirement age.
 - If you initially enrolled in the FRS before July 1, 2011, your normal retirement age is 62 (for members of the Regular Class).
 - If you initially enrolled in the FRS on or after July 1, 2011, your normal retirement age is 65 (for members of the Regular Class).

6. Your benefit may also be reduced if you elect to provide a continuing benefit to a beneficiary. (See discussion of benefit payment options on Page 53.)
- * Your personal information, including your service credit and fiscal year salaries, is available to you online. If you are vested, a summary of your personal information with projected estimates is also provided to you each year as part of your Member Annual Statement (see Page 29). (For more information, see “Information Requests” on Page 28.)

NOTE: The method for calculating disability retirements may be different. See discussion on Page 59, or see the *FRS Pension and Investment Plans Disability Benefits Member Guide*.

**EXAMPLE for a Normal Retirement
(if initially enrolled in the FRS before July 1, 2011) **:**

Following the steps listed on Page 24, assume that George is a regular member retiring at age 60 with 27 years of Regular Class service and 4 years of service in the Senior Management Service Class and that his average final compensation (AFC) is \$50,000. With 31 years of creditable service in the FRS, George would receive 1.63% for each year of Regular Class service and 2.00% for each year of service in the Senior Management Service Class. His benefit would be calculated as follows:

Class/Plan	Years of Service	% Value per Year of Service	% Value for Class/Plan
Regular Class	27	1.63%	44.01%
Sr. Management Service Class	4	2.00%	8.00%
TOTAL % Value:			52.01%

1. To determine his initial annual Option 1 retirement benefit, George would multiply his total percentage value by his average final compensation, as shown below:

$$\mathbf{\$50,000 \times 52.01\% = \$26,005}$$

2. Although it would be 2 years before George would reach age 62, with over 30 years of covered service, he qualifies for normal retirement, so his benefit for 31 years of service would not be reduced for early retirement.

- If George chose to take an Option 2, 3, or 4 benefit to cover one or more beneficiaries, his \$26,005 annual benefit amount would be actuarially adjusted to reflect the cost of the additional coverage. For more on payment options, see Page 53.

If you are initially enrolled in the FRS on or after July 1, 2011, the calculation is similar but you must have 33 or more years of service or you must be age 65 and vested for an unreduced benefit. The percentage value for each year of Regular Class service may also be different. (See Page 22 for percentage values for each year of service credit.)

*** This illustration is only an example and is unlikely to be the same as your estimated benefit.*

**EXAMPLE for an Early Retirement
(if initially enrolled in the FRS before July 1, 2011):**

If George had retired 2 years earlier (at age 58 with 29 years of service), his benefit would have been reduced for early retirement. To determine his early benefit, George must first calculate the value of his normal unreduced benefit. Assume that he has the same average final compensation (AFC), but with 25 years of Regular Class service and 4 years in the Senior Management Service Class. With a total of 29 years of creditable service in the FRS, George would receive 1.60% for each year of Regular Class service and 2.00% for each year in the Senior Management Service Class. Since he has fewer than 30 years of service, his resulting normal benefit would then be reduced by 5% for each year remaining before George would reach age 62. George’s early benefit would be calculated as follows:

Class/Plan	Years of Service	% Value per Year of Service	% Value for Class/Plan
Regular Class	25	1.60%	40.00%
Sr. Management Service Class	4	2.00%	8.00%
TOTAL % Value:			48.00%

- To compute his normal unreduced annual Option 1 retirement benefit, George would multiply his AFC by his total percentage value:

$$\mathbf{\$50,000 \times 48.00\% = \$24,000}$$

2. Because he has fewer than 30 years of service and would not be age 62 for 4 years, George's annual Option 1 benefit must then be reduced by 20% (5% for each year), as shown below:

$$\mathbf{\$24,000 \times 20\% = \$4,800}$$

$$\mathbf{\$24,000 - \$4,800 = \$19,200}$$

3. If George took an Option 2, 3, or 4 benefit to cover one or more beneficiaries, his \$19,200 early annual benefit amount would be actuarially adjusted to reflect the cost of the additional coverage. (*For more on early retirement, see Page 49, and for more on payment options, see Page 53.*)

If you are initially enrolled in the FRS on or after July 1, 2011, the calculation is similar except the 5% reduction would be from age 65. The early retirement reduction would be 35% (7 years at 5% each) instead of 20%. You must have 33 or more years of service or be age 65 and vested for an unreduced benefit. (*See Page 22 for percentage values for each year of service credit.*)

Reference: Section 121.091, F.S.
Sections 60S-4.004 and 6.001(6), F.A.C.

INFORMATION REQUESTS

The Division of Retirement's website provides access to *Online Services*, an interactive services area that makes retirement information available to members of the FRS Pension Plan. Within *Online Services*, members can access their personal retirement account information such as service history and service credit information and perform informal benefit estimates before retirement, including DROP participation. You may also view and update your beneficiary designation and view your current MAS if you haven't retired yet, and establish communications preferences which will be used to determine how we send you important information and announcements about the FRS.

DROP participants may also view their initial monthly benefit, and their projected monthly benefit and DROP accumulation through their DROP termination date.

Retirees can access their benefit payment history and other recent benefit payment information, including tax withholding and other benefit deductions, as well as their most recent IRS *Form 1099-R* and those dating back for the previous 5 years. Most retirees can also submit an online request to change their mailing address and change their federal income tax withholding.

In addition to this interactive service, all of the Division's informational publications, most retirement forms, and answers to frequently asked questions (FAQs) are available to you online through our website at <http://frs.MyFlorida.com>.

Online Information and Estimates

Log in to *Online Services* from the navigation bar on the left side of the homepage of our website at <http://frs.MyFlorida.com> or use the Online Services link on the Employee page of the website. You may also select the "Log in to Your Online Services Account" icon or visit the Log In page directly at www.rol.frs.state.fl.us/login.aspx. To obtain information about your account or perform estimates, you must log in, following the instructions provided. Follow the Help screens or contact the Bureau of Retirement Calculations (*see Page 2*) if you need assistance.

Estimate Requests

You may request a formal estimate from us that will provide to you:

1. A statement of your total years of creditable service and the cost to purchase additional service credit, if any.
2. An estimate of benefits with your proposed retirement date, or after you terminate employment if you are vested. If you are actively employed and receive an estimate of benefits projected to your normal retirement date, you will also receive a statement showing how much you could accumulate if you choose to participate in DROP and continue employment for up to 5 more years. (*See Page 41 for more information.*)

We encourage you to request an estimate of your account from us if you are within 5 years of your anticipated retirement. You may request an audit of your account by any of the following methods, and the results of your audit will be mailed to the address you provide:

- Visit our Internet website at <http://frs.MyFlorida.com> and open the Estimates page after selecting the “Employee Page” link from the menu on the left hand side of the screen. Click on the “Audit/Estimate” link and complete and submit the required information.
- Obtain an Information Request (*Form FR-9*) from your personnel office or download a copy from the Forms page of our website. After you complete the request form, you may have your personnel office mail it to us, or you may write to us directly. If you write, include your full name, the last 4 digits of your Social Security number, your mailing address, and daytime telephone number. Your audit results will be mailed to the address you provide.
- Telephone the Bureau of Retirement Calculations (*see Page 2*). A counselor will assist you.

Automatically Generated Statements

Member Annual Statements (MAS) with estimates of benefits are provided to all vested active members of the FRS Pension Plan in the fall of each year based on their service through the previous June 30. If you are not vested, your MAS will only

provide a statement of your total years of service. Your MAS will be mailed to your home address as provided by your employer. Because we obtain all member addresses from FRS employers in the monthly reporting process, keep your employer informed of any changes in your mailing address to ensure timely receipt of your MAS. Contact the Bureau of Retirement Calculations (*see Page 2*) with any questions you may have about your Member Annual Statement.

CREDITABLE SERVICE

You earn retirement credit for your creditable service when you are paid for work in a covered position with any of the more than 970 public employers that participate in the FRS. You do not earn service credit under the FRS Pension Plan as a temporary employee, working for a company that provides services to a participating employer or independent contractor, or for any period that you are participating in any of the following retirement programs (*as described on Pages 9 and 41*):

- The Deferred Retirement Option Program (DROP);
- The State University System Optional Retirement Program;
- The State Community College System Optional Retirement Program;
- The Senior Management Service Optional Annuity Program or in a local government alternative plan instead of participating in the Senior Management Service Class; or
- The FRS Investment Plan.
- You will not be eligible to earn retirement credit as a renewed member if your initial date of reemployment after retirement is on or after July 1, 2010. (*See Renewing Membership After Retirement on Page 67.*)

Counting Your Years of Creditable Service

You earn a full month of creditable service for each month for which you receive a salary payment. However, during the period from July 1, 1974, through June 30, 1985, a minimum monthly salary was required for you to receive full credit for your service. If you earned less than the minimum monthly salary for any month during this period, your service credit is reduced proportionately for that month.

You earn creditable service based on your work year – 12 months of a plan year (July 1 – June 30) for most members and a shorter period (9, 10, or 11 months) for some members employed by district school boards, universities, community colleges, charter schools, developmental research schools, the Florida School for the Deaf and the Blind, and certain members who perform services for district school boards but actually work for another employer.

When you work the required number of months in your work year during the plan year, you receive a full year of service credit. You cannot earn more than 1 year of creditable service in a plan year. If you work less than the required work year, you only receive credit for part of a year.

For example, a deputy sheriff with a 12-month work year who works 9 months of that year will receive service credit for 75% of the work year ($9 \div 12 = 0.75$). A teacher who works 6 months of a 10-month work year will receive service credit for 60% of that year ($6 \div 10 = 0.60$).

Reference: Section 121.021(17), F.S.
Section 60S-2.002(4), F.A. C.

Other Types of Creditable Service

In addition to the service credit you earn for current work, you may be able to purchase credit under the FRS Pension Plan for certain other types of service to increase your benefit. You must pay any required retirement contributions, plus interest, for the extra service credit. (In some cases, your employer may pay some or all of the cost for this credit.)

For the purchase of credit under the FRS Pension Plan, the Division will accept trustee-to-trustee transfers from your deferred compensation plan account, your tax-sheltered annuity plan account, or another tax deferred account, including the State of Florida Deferred Compensation Plan and 403(b) plans offered by educational institutions.

To be eligible for transfer, the plan must be authorized under one of the following sections of the Internal Revenue Code: 401(a), 401(k), 403(b), 408(a) or (b), or 457(b). If you wish to buy service credit under the FRS Pension Plan and pay for it with funds transferred from your tax deferred plan account, download a copy of the *Pretax Direct Rollover Form, Form PRO-1*, from the Forms page of our website, <http://frs.MyFlorida.com>. Or, contact the Bureau of Retirement Calculations (*see Page 2*) and ask for the form. You may also need a separate form from your provider company or plan sponsor, so you should contact them as well.

The cost for the additional retirement credit depends on the type of service. Once you are eligible to buy the service credit, you may pay the amount due at any time before you retire. Interest at a rate of 6.5% is compounded annually and is charged once a year

on the balance remaining as of June 30. Contact your personnel office or the Division's Bureau of Retirement Calculations (*see Page 2*) if you need additional information on claiming creditable service as described below and through Page 40:

1. Prior Service - Prior service is employment with an agency participating in a state-administered retirement system in Florida for which you either paid no contributions or withdrew your contributions. To purchase credit for your prior service, you must be reemployed as a member of the FRS and earn 1 year of service credit and pay the required contributions, plus interest. The types of prior service for which you may be able to purchase service credit are:

- **Refunded Service** - If you terminated employment and obtained a refund of your employee contributions, you lost credit for the service represented by those contributions.
- **Non-Membership Service** - If you were working before December 1, 1970, with an employer who was participating in a state-administered retirement system, but were not in covered employment, you may be eligible to buy credit for the service. However, your employment must have been in a regularly established position – you cannot purchase credit for employment in a temporary position, such as an “other personal services” (OPS) position.

Reference: Sections 121.021(19) and 121.081(2), F.S.
Sections 60S-2.004 and 3.005, F.A.C.

2. Past Service - Past service is employment with:

- A city or special district before it joined the FRS;
- A local entity or function that was transferred to, merged with, or assumed by a state or local government agency, resulting in you becoming a member of the FRS;
- The Cuban Refugee Assistance Program, administered by the Florida State Department of Public Welfare or the Florida State Board of Health before January 1, 1968; or
- A Multiple Offender Project supervised by the State Attorney's office and funded by a federal government grant to a local government not covered by the FRS.

- The Fourth Judicial Circuit with the City of Jacksonville. (Applies only to those individuals who were employees of the city on June 30, 2004, and became an employee of the State Courts System on July 1, 2004, as a result of the implementation of Revision 7 to Article V of the Florida Constitution.)

Reference: Sections 121.021(18) and 121.081(1), F.S.
Sections 60S-2.003 and 3.004, F.A.C.

3. Military Service - Military service may be claimed in one of the ways listed below:

- If you were first employed in a covered position before January 1, 1987, you may purchase up to 4 years of service credit for your wartime military service [s. 121.111(2), F.S.].
- If you left covered employment to join the military and returned to covered employment afterwards, you may be entitled to coverage for military service as a military leave of absence [s. 121.111(1), F.S.].
- If your military service is not creditable as described above, see Page 38 for information on purchasing your military service as federal service under provisions of out-of-state service.

If you wish to claim credit for your military service, you must submit a copy of your certificate of service (*Form DD-214, or equivalent*) showing your dates of entry into and discharge from active duty so that we may determine your eligibility.

Wartime Military Service

If you were in a covered position before January 1, 1987, you may purchase credit for up to 4 years of active duty wartime service with the United States Armed Forces or the Allied Forces from which you were honorably discharged.

You must be vested in the FRS Pension Plan before you may claim and pay for wartime military service credit.

You will not receive any credit for military service that is also credited toward any other federal, state, or local retirement benefit where “length of service” is a factor. However, credit

may be granted for active duty wartime service that also applies toward a benefit from the United States Armed Forces Reserves or National Guard (under Chapter 67 of Title 10 of the United States Code).

Your military service must fall within “wartime” periods as defined by s. 1.01(14), F.S. Some wartime periods are listed below (the dates of wartime periods before the Vietnam Era may be requested from the Division):

Vietnam Era –February 28, 1961, through May 7, 1975.

Persian Gulf War –August 2, 1990, through January 2, 1992.

Operation Enduring Freedom –October 7, 2001, and ending on the date thereafter prescribed by presidential proclamation or by law.

Operation Iraqi Freedom –March 19, 2003, and ending on the date thereafter prescribed by presidential proclamation or by law.

If one or more days of any period of your active military service occurred during the dates identified by law as “wartime,” you may claim credit for that entire period – not to exceed 4 years. For example, if your active military service was from January 1, 1959, through January 1, 1963, you are eligible to claim 4 years of this service because a portion of your time (at least 1 day) fell within the active duty wartime period defined as the Vietnam Era.

You will receive Regular Class value for each year of service claimed under Wartime Military Service provisions regardless of your actual membership class.

Military Leave of Absence

A military leave of absence occurs when you leave covered employment to serve in the military. To receive service credit for this time, you must be honorably discharged and be entitled to return to work under provisions of the Uniformed Services Employment and Reemployment Act (Chapter 43 of Title 38 of the United States Code) and you must satisfy the conditions of that act. After you return to covered employment, you may receive credit for up to 5 years of active duty

military service (or more if your service was extended for the convenience of the Federal Government).

Service credit for a military leave of absence will count toward the years of service you need to vest, and you do not need to be vested before you can receive such credit. If your military leave of absence ends on or after December 3, 1974, and certain criteria are met, your employer must pay employer contributions required during the period of your absence. If all or part of your military leave of absence occurs on or after July 1, 2011, you must pay any required employee contributions, plus interest, for the period of your absence before the service will be creditable.

Reference: Sections 1.01(14), 121.021(20) and 121.111, F.S.
Sections 60S-2.005 and 3.006, F.A.C.

- 4. Leave of Absence without Pay** - A leave of absence without pay is a period of time when you are on an approved absence from work, without pay, and plan to return to work after your leave (including a leave of absence taken due to resignation to run for Sheriff or Police Chief or a leave taken under the Family Medical Leave Act). You must return to work immediately following the approved leave and be actively employed for at least 1 calendar month in order to qualify to purchase retirement credit for the leave. You may purchase credit for up to 2 work years of approved leaves. Before we can calculate the cost of your leave, you must complete and send an Application to Purchase Retirement Credit for a Leave of Absence (*Form FR-28*) to us. You may pay for the leave any time before retirement, but this service credit does not count toward the years of service you need to be vested.

Reference: Section 121.121, F.S.
Sections 60S-2.006 and 3.007, F.A.C.

5. In-State Service - You may be eligible to purchase service credit under the FRS Pension Plan for up to 5 years of in-state public employment or nonpublic employment in certain schools or colleges. Qualifying service includes public employment not covered by the FRS, employment with a charter school, and employment with a nonpublic school or college accredited by the Southern Association of Colleges and Schools, subject to the following requirements:

- The service claimed must have been covered by a retirement or pension plan provided by your employer.
- If the service credit you earned under another retirement or pension plan entitles you to receive a current or future benefit under that plan, you cannot buy credit for that service under the FRS. Or, if you received a refund of contributions from the other retirement system and the refund included *any* contributions made by the employer, you cannot buy FRS credit for that service.
- You must have 1 work year of covered employment after the in-state service to qualify to purchase credit for this service.
- All service claimed will be credited as Regular Class service.
- If you also wish to purchase service credit for your out-of-state public service (*see item 6*), the combined total years of credit purchased for your in-state and out-of-state service may not exceed 5 years.
- You may purchase credit for your in-state service on a year-for-year basis as you complete an equal or greater amount of FRS service.
- You must be vested in the FRS before the in-state service will be creditable under the FRS.

Reference: Section 121.1122, F.S.
Sections 60S-2.007 and 3.008, F.A.C.

6. **Out-of-State Service** - The following types of employment outside the State of Florida may be creditable under the FRS:

Out-of-State Public Service and Federal Service - FRS

You may be eligible to purchase service credit under the FRS Pension Plan for up to 5 years of out-of-state public employment or federal employment. The service claimed must have been for periods of public employment in another state or a political subdivision of another state or for the federal government (including military service not otherwise creditable under the FRS).

To claim credit for this service, you must meet the following requirements:

- The service claimed must have been covered by a retirement or pension plan provided by your employer.
- If the service credit you earned under another retirement or pension plan entitles you to receive a current or future benefit under that plan, you cannot buy credit for that service under the FRS. Or, if you received a refund of contributions from the other retirement system and the refund included *any* contributions made by your employer, you cannot buy FRS credit for that service.
- You must have 1 work year of covered employment after your out-of-state service to qualify to purchase credit for this service.
- All service claimed will be credited as Regular Class service.
- If you also wish to purchase service credit for your in-state service (*see item 5*), the combined total years of credit purchased for your in-state and out-of-state service may not exceed 5 years.
- You may purchase credit for your out-of-state service on a year-for-year basis as you complete an equal or greater amount of FRS service.
- You must be vested in the FRS before the out-of-state service will be creditable under the FRS.

Reference: Section 121.1115, F.S.
Sections 60S-2.007 and 3.008, F.A.C.

Out-of-State Seasonal Agricultural Work

If you are a seasonal agricultural state employee who works for the Department of Agriculture and Consumer Services in Florida for 6 or more months during a fiscal year (July 1 - June 30) and you work in another state in a similar capacity during the same fiscal year, you may be able to purchase credit under the FRS Pension Plan for your actual time in out-of-state seasonal agricultural service.

Reference: Sections 121.011(3), 121.051(6)(a), 121.1115, 121.1122, 238.06(4), F.S.
Sections 60S-2.007 and 3.008, F.A.C.

- 7. Workers' Compensation Credit** - Periods when you receive temporary Workers' Compensation payments are creditable for retirement under the FRS if you return to active employment in a covered position for 1 calendar month or retire on FRS disability. Your employer must report such periods of Workers' Compensation to us to ensure you receive this service credit at no cost to you.

Reference: Section 121.125, F.S.
Section 60S-2.012, F.A.C.

- 8. Periods of Suspension without Pay** - If you are suspended without pay and later reinstated, you may purchase service credit for up to 24 months of your period of suspension. To be eligible to purchase such service credit, you must provide documentation of your suspension and reinstatement and you must return to active employment for at least 1 calendar month following your period of suspension. If your suspension without pay is retroactively changed to a suspension or reinstatement with pay, your employer must pay any applicable employer and employee contributions, plus interest, for the affected period of suspension without pay.

Reference: Section 121.011(3)(e), F.S.
Sections 60S-2.016 and 3.014, F.A.C.

- 9. Dismissal and Reinstatement** - If you are dismissed by your employer and your dismissal is later rescinded by proper authority or through legal action, you may be eligible to receive retirement credit for this period of dismissal, if you do not retire during it. Your employer must pay the required retirement employer contributions, plus interest, due for any portion of the dismissal period for which you are "made whole". You must pay the required employee contributions

for the dismissal period; your employer must pay the interest on your employee contributions. If, however, your dismissal period, or a portion of your dismissal period, were later changed from a termination to a suspension by proper authority or legal action, you would be required to buy the credit to receive retirement credit for this period (*see item 8*).

Reference: Section 121.011(3)(g), F.S.

10. Reemployed Retiree Service before July 1, 1991 - If you became a renewed member on or after July 1, 1991, you may buy credit toward your second-career retirement benefit for your service in a covered position after your first retirement and before you became a renewed member.

Reference: Section 238.175, F.S.
Sections 60S-2.014, 3.004(1), and 3.005, F.A.C.

11. Teaching in a Federally Operated School in Florida - You may purchase credit for teaching service in a public school located in Florida and operated by the United States Government, as long as the service does not entitle you to a current or future benefit under any other state or federal retirement system.

Reference: Section 238.175, F.S.
Sections 60S-2.014, 3.004(1), and 3.005, F.A.C.

12. Periods of Disability Retirement - If you retire on disability and later recover and return to a covered position, and you are continuously employed for at least 1 work year, you may purchase service credit for the period while you were retired on disability.

Reference: Section 121.091(4)(h), F.S.
Sections 60S-2.018, 3.017, and 4.007(8), F.A.C.

Some of the forms required to apply for additional service credit are available online. Check the Forms page of our website at <http://frs.MyFlorida.com> for required forms.

DEFERRED RETIREMENT OPTION PROGRAM

The Deferred Retirement Option Program (DROP) is offered for members who have reached their normal retirement date.

DROP allows you to effectively retire while delaying your termination. While participating in DROP, your monthly retirement benefits accumulate in the FRS Trust Fund, earning tax-deferred interest, while you continue to work and earn a salary but no additional retirement service credit.

When your DROP participation period ends, you must terminate all employment with all FRS employers or forfeit your DROP benefits. You will receive a packet of information 90 days before your scheduled termination date including the forms to verify your termination date, and to select your payout method for your DROP accumulation. After your termination is verified, your DROP accumulation will be paid and you will begin receiving your monthly retirement benefit.

Your monthly benefit will be the amount determined when your DROP participation started based upon your service credit and salary at that time, plus annual cost-of-living increases. For many, DROP offers the “best of both worlds,” providing both a guaranteed lifetime benefit and a lump sum you can invest or spend after your program participation ends.

For most DROP participants, the maximum participation period is 60 months and the termination requirement applies at the end of the participation period. However, some exceptions apply:

- K-12 instructional personnel as defined in s. 1012.01(2)(a)-(d), F.S., who are employed by district school boards or the Florida School for the Deaf and the Blind, or instructional personnel as defined in s. 1012.01(2)(a), F.S., employed by developmental research (lab) schools may be permitted to extend their DROP participation for up to 36 months beyond their initial 60-month participation period. The member’s employer must authorize the extension and we must approve it before such an extension may be granted. Such a DROP participant must remain in an eligible position throughout the duration of the extension or his/her DROP is voided.

A DROP participant serving in an elective office covered by the EOC when the participation period ends must terminate from all employment to receive benefits. The DROP accumulation and future monthly benefits will not be paid until the participant terminates employment.

A participant serving in an elective office covered by the EOC at the end of DROP participation may delay termination until the end of the current term or successively held term of office. The DROP account will not earn additional interest after the DROP participation period ends and benefits, including the DROP payout, will not be paid until termination has occurred and is verified.

If you are an elected officer whose period of DROP participation will conclude before your term of elective office is over, you should contact the Division's DROP Termination Unit for applicable termination requirements. (*See contact information on Page 2.*)

Frequently Asked Questions

Q 1: Who is eligible to participate in DROP?

A 1: All vested members of the FRS Pension Plan who have reached their normal retirement date are eligible to participate.

Q 2: Who is not eligible to participate in DROP?

A 2: Renewed members of the FRS Pension Plan and members of the FRS Investment Plan. Also, participants of the State University System Optional Retirement Program, the Senior Management Service Optional Annuity Program, the State Community College System Optional Retirement Program, or a local annuity plan, and FRS Pension Plan members who have not elected to participate within their eligibility periods (*see Question 4*) are not eligible for DROP.

Q 3: How soon can I enroll in DROP?

A 3: You may begin DROP participation when you reach your normal retirement date. If you are initially enrolled in the FRS before July 1, 2011, this is the earliest of the first of the month based upon your normal retirement age of 62 if you are vested or the first of the month following the month you

reach your normal retirement date based upon reaching your 30 years of service before your normal retirement age or becoming vested after age 62. (For example, a member who is age 66 could enroll in DROP the month after completing 6 years of service credit.)

If you are initially enrolled in the FRS on or after July 1, 2011, this is the earliest of the first of the month based upon your normal retirement age of 65 if you are vested or the first of the month following the month you reach your normal retirement date based upon reaching your 33 years of service before your normal retirement age or becoming vested after age 65. (For example, a member who is age 66 could enroll in DROP the month after completing 8 years of service credit.)

You may be able to defer your election and enrollment in the program to a future time if you meet specified criteria (see Questions 4-6).

Q 4: Is there a time limit for enrolling?

A 4: Yes, in most cases, to participate in DROP you must enroll within your personal "election window." To enroll, you must notify us of your election to participate by submitting *Form DP-ELE* with the dates you have chosen to participate no later than 12 months after you reach your normal retirement date (or deferred participation date). You may apply for DROP any time in the 6 months before you reach your normal retirement date (or deferred participation date). For every month within your personal "election window" you delay notifying us, you lose a month of potential DROP participation. If you fail to notify us within your 12-month "election window," you will lose the opportunity to participate. However, members who are K-12 instructional personnel as defined in s. 1012.01(2), F.S., and who are reported as such by their employer (including classroom teachers, employees in pupil personnel services, librarians/media specialists, and other instructional staff) may elect to participate in DROP at any time after reaching their normal retirement date. (See Question 6 for more information.)

Q 5: When will I reach my normal retirement date?

A 5: You reach your normal retirement date in the Regular Class as described on Page 48. If you have creditable service in the Special Risk Class and also have service in any other class of membership, you may qualify for DROP under provisions applicable to either class. You may also choose to include or disregard any optional service you have purchased, such as refunded service, leaves of absence, or out-of-state service, when establishing your normal retirement date for DROP. Even if you choose to disregard it for purposes of DROP, any creditable optional service credit you have purchased will still be included in your benefit calculation.

Q 6: Does my 12-month DROP election period have to begin when I reach my normal retirement date?

A 6: Not necessarily. If you are not eligible for deferral of your DROP participation, your election period begins when you reach your normal retirement date. But, if you are eligible to defer your DROP participation, it is not necessary for you to notify us that you want to defer your participation when you first reach your normal retirement date. However, to maximize your time in the program, you must apply timely when your deferral period ends. You can defer your DROP participation if:

- If you reach your normal retirement date before age 57, you may defer your DROP election period to begin at any time after the date you become eligible for DROP until the month you reach age 57. Optional service you purchased may be excluded when determining your total years of service for normal retirement date based upon years of service.
- If you qualify as K-12 “instructional personnel” (see *Question 4*) you may elect to enroll in the program at any time after you reach your normal retirement date and before you retire. If you do not qualify as instructional personnel, your “election window” opens when you reach your normal retirement date, unless you are eligible to defer your election.

- If you reach your normal retirement date while holding an elective office covered by the Elected Officers' Class, you may defer your DROP participation date until your next succeeding term in the same office and may participate for up to 60 months, or the length of that term of office, whichever is less.

Contact the Bureau of Retirement Calculations with any questions about your DROP eligibility (*see Page 2*).

Q 7: How long can I be in DROP?

A 7: In most cases, your DROP participation is for a maximum of 60 months, if you apply early enough to enter the program on your earliest date of eligibility. If you qualify as "instructional personnel," you may elect to participate in DROP for up to 60 months anytime after reaching normal retirement. Also, your employer may permit you to extend your DROP participation for up to another 36 months, if you meet the eligibility requirements (*see Pages 41 and 42*).

Q 8: What if I do not terminate my job when my DROP participation period ends?

A 8: If you do not terminate employment at the end of your participation period, your retirement application is voided and your DROP participation is retroactively cancelled.⁴ If your election window has closed (*see Questions 4, 5, and 6*), you would be barred from future participation in DROP. Your FRS membership and service credit would be reestablished and your employer would be responsible for any cost owed to establish service credit as if you had never participated in DROP. When you wish to retire, you would be required to reapply to establish a new retirement date.

Q 9: Will my DROP money earn interest?

A 9: Yes, while you are in the program, your DROP account earns interest, compounded monthly at an effective annual rate of 6.5% if you enrolled in DROP before July 1, 2011, or 1.3% if you enrolled in DROP on or after July 1, 2011. No interest is

⁴ An exception applies in the case of elected officers in DROP (*see Pages 41 and 51*).

earned on benefits on deposit for less than 1 month or after your DROP participation ends.

Q 10: Will I receive cost-of-living adjustments while in DROP?

A 10: Yes, if you have service credit prior to July 1, 2011, your retirement benefits accumulating in your DROP account will receive a cost-of-living adjustment (COLA) each July as follows:

- If you enrolled in DROP before July 1, 2011, you will receive a 3% COLA each July; however, if you have not been in the program for a full year your first cost-of-living adjustment will be prorated..
- If you enrolled in DROP on July 1, 2011, you will receive a 3% COLA each July after participating in the program for a full year.
- If you enrolled in DROP after July 1, 2011, your COLA is individually calculated by dividing your years of service before July 1, 2011 by your total years of service and multiplying the quotient by 3%.

Q 11: When and how will my DROP benefits be paid?

A 11: Approximately 90 days prior to your scheduled termination of employment date, the DROP Termination Unit will send you a form to certify your employment termination and to select your DROP payout method. Once we receive verification of your employment termination from your employer and your completed payout method form, the payout is processed as quickly as possible after your termination. You may choose to receive your DROP accumulation as a lump-sum payment, a direct rollover to an eligible tax-sheltered account as described in s. 402(c)(8)(B) of the Internal Revenue Code, or a combined partial lump-sum payment and rollover.

Q 12: Are FRS in-line-of-duty death benefits payable while I am in DROP?

A 12: No. Since you effectively retired under the FRS Pension Plan when you entered DROP, your beneficiary would not be eligible for in-line-of-duty death benefits. However, your beneficiary would be eligible to receive all of your DROP balance as a lump-sum payment, an eligible rollover distribution to an IRA as described under s. 402(c)(9) of the Internal Revenue Code, or a combination lump-sum

payment and rollover. And, if you chose Option 2, 3, or 4 when you entered the program, your surviving beneficiary would also receive monthly FRS benefits according to your option selection.

Q 13: Will I be eligible for disability retirement benefits while I am in DROP?

A 13: No. Since you effectively retired from the FRS Pension Plan when you entered DROP, you would not be eligible for disability retirement benefits if you became disabled while in the program.

Q 14: Do I receive health insurance subsidy (HIS) benefits while I participate in DROP?

A 14: No. However, you may be eligible for HIS payments after your DROP participation ends.

Q 15: Are my DROP benefits (and my future retirement benefits) subject to forfeiture?

A 15: Yes, but only if you have violated the forfeiture provisions of s. 121.091(5)(f)-(j), F.S. (*See Page 68 on forfeiture.*)

Once you reach your normal retirement date (or deferred DROP participation date), you will have 12 months to elect to participate in DROP. However, at that point, for every month that you delay applying, you lose a month of potential participation time. For more information, you may obtain a DROP brochure from your personnel office or the Division's Bureau of Retirement Calculations. (*See contact information on Page 2.*) You may also view and/or download the DROP brochure from the Publications page of our website at <http://frs.MyFlorida.com>.

Reference: Section 121.091(13), F.S.

RETIRING FROM THE PENSION PLAN

You should consider many issues as you approach retirement. What retirement income should you expect? Do you qualify for normal retirement and, if not, should you consider early retirement? What about the Deferred Retirement Option Program (DROP)? Once you decide what you want to do, how and when do you apply?

Estimate of Benefits

Upon request, we will calculate an official estimate of your retirement benefits. We recommend that you request an estimate from us when you are within 5 years of your anticipated retirement date. Unlike the Member Annual Statement that you receive each year, estimates that you request from the Division use the retirement date(s) you specify to help you plan for retirement. Also, if we have calculated the cost to purchase optional service credit, you will receive comparative estimates with and without this service credit to help you determine if buying the service credit is beneficial to you.

To receive an estimate from the Division, you may log on to our website, <http://frs.MyFlorida.com> to complete an online request. Or, you may obtain an Information Request, *Form FR-9*, from your personnel office, from the Forms page of the website, or by contacting the Bureau of Retirement Calculations (*see Page 2*). Once we receive your request your estimate will be calculated and mailed to you at the address you provide. Or, log into your *Online Services* account from our website to perform informal benefit estimates yourself (including DROP estimates) based on the retirement ages you assume. (*See Page 28 for more information.*)

Normal Retirement

Your normal retirement date is the time you are first eligible to receive an unreduced retirement benefit based on your age or years of service.

As a Regular Class member you will qualify for normal retirement as follows:

If initially enrolled in the FRS before July 1, 2011, you qualify for normal retirement when:

- You are vested (*see Page 17*) and are age 62; or
- You have at least 30 years of creditable service, regardless of your age before age 62; or
- The age after age 62 when you become vested.

If initially enrolled in the FRS on or after July 1, 2011, you qualify for normal retirement when:

- You are vested (*see Page 17*) and are age 65; or
- You have at least 33 years of creditable service, regardless of your age before age 65; or
- The age after age 65 when you become vested.

Reference: Sections 121.021(29) and 121.091(1), F.S.
Section 60S-4.003, F.A.C.

Early Retirement

If you are vested but have not yet reached your normal retirement date, you may elect to take early retirement. If you do, the amount of your benefit will be reduced by 5% for each year between your age at retirement and your normal retirement age. If you are initially enrolled in the FRS before July 1, 2011, your normal retirement age is 62. If you are initially enrolled in the FRS on or after July 1, 2011, your normal retirement age is 65. For example, if you are vested but have less than the number of years of service otherwise required for normal retirement and want to retire early at age 57, your reduction would be calculated as follows:

If your normal retirement age is 62, you have 5 years before you would reach age 62. Your benefit would be reduced by 25% (5 years \times 5% = 25%).

If your normal retirement age is 65, you have 8 years before you would reach age 65. Your benefit would be reduced by 40% (8 years \times 5% = 40%).

The 5% per-year reduction for early retirement is prorated on a month-by-month basis for any period less than a full year (i.e., 5/12ths of 1% for each month).

If you are initially enrolled in the FRS before July 1, 2011 and you have 30 years of creditable service, which may include optional service credit you purchase as described on Page 32 before age 62, you can retire at any age without a reduction in your benefit.

If you are initially enrolled in the FRS on or after July 1, 2011, and you have 33 years of creditable service, which may include optional service credit you purchase as described on Page 32 before age 65, you can retire at any age without a reduction in your benefit.

Reference: Sections 121.021(30) and 121.091(3), F.S.
Section 60S-4.005, F.A.C.

Dual Retirement Ages

If you have Special Risk Class service and service in another membership class and have not reached normal retirement age or date for both classes, a separate benefit must be calculated for each class of service. The 2 benefits will be added together for your total benefit.

For example:

If you are initially enrolled in the FRS before July 1, 2011, at age 57 with 25 years of Special Risk Class service and 4 years of Regular Class service, you will receive the full benefit to which you are entitled based on your special risk service and a reduced benefit for your regular service. This is because you would have reached the special risk normal retirement age, but not your regular service normal retirement age. Therefore, the part of your benefit based on your 4 years of regular service is reduced by 25% ($5 \text{ years} \times 5\% = 25\%$).

If you are initially enrolled in the FRS on or after July 1, 2011, and age 60 with 25 years of Special Risk Class service and 2 years of Regular Class service, you will receive the full benefit to which you are entitled based on your special risk service and a reduced benefit for your regular service. This is because you have reached the special risk normal retirement age, but not your regular service normal retirement age. Therefore, the part of your benefit based on your 2 years of regular service is reduced by 25% ($5 \text{ years} \times 5\% = 25\%$).

If you are initially enrolled in the FRS before July 1, 2011, you qualify for normal retirement in the Special Risk Class or Special Risk Administrative Support Class when you have 25 years of Special Risk Class Service before age 55, or at age 55 with 6 years of Special Risk Class service. If you are initially enrolled in the FRS on or after July 1, 2011, normal retirement in these classes is after 30 years of Special Risk Class service or age 60 with 8 years of Special Risk Class service.

You will qualify for normal retirement under all other Classes when:

If initially enrolled in the FRS before July 1, 2011 -

- You are vested and reach age 62; or
- You have at least 30 years of creditable service, regardless of your age before age 62; or
- The age after 62 when you become vested.

If initially enrolled in the FRS on or after July 1, 2011 -

- You are vested and reach age 65; or
- You have at least 33 years of creditable service, regardless of your age before age 65; or
- The age after 65 when you become vested.

Reference: Section 121.091(2), F.S.
Section 60S-4.006, F.A.C.

Termination

You must terminate employment to be eligible to receive monthly benefits. **You** are considered terminated only after you end all employment relationships with FRS employers for 6 calendar months. You will void your retirement if you work for any FRS employer during the first 6 months of retirement or after your DROP termination date. For example, if your DROP termination date is July 28, you must not work for any FRS participating employers for the entire 6-month period of August 1 through January 31.

Reference: Section 121.021(39), F.S.
Section 60S-6.001(64), F.A.C.

Effective Retirement Date

Your effective retirement date is always the first day of the month your retirement begins. If we receive your application form before, or within 30 days after, you terminate employment, your effective retirement date will be the first day of the month following your termination. If you do not apply within 30 days after your termination, your effective retirement date will be the first day of the month after the month in which we receive your application, unless you choose to defer your retirement and specify a later date.

If you choose to participate in DROP, your effective retirement date is the first day of the month your DROP participation begins.

Reference: Section 121.091, F.S.
Section 60S-4.0035(3), F.A.C.

Application for Benefits

You must apply for retirement benefits before you can begin receiving benefit payments. To apply for Service Retirement, complete *Form FR-11*, or to apply for the Deferred Retirement Option Program, complete *Forms DP-11* and *DP-ELE*. These forms are available from your personnel office, from us, or from the Forms page of our website at <http://frs.MyFlorida.com>.

The earliest you may apply for retirement is 6 months before your planned retirement date. In addition to an application, you must submit proof of age as outlined on Page 56. We will acknowledge receipt of your application form and advise you of anything else needed. If you are buying additional service credit, the Division must receive your final payment before you can begin receiving benefits. Retirement benefits are paid on the last workday of each month after your name is added to the retired payroll.

You may change any item on your application before retirement. However, once a benefit payment has been cashed, deposited or credited to DROP, your retirement is final and you cannot change your option or add service credit. Also, you cannot change your type of retirement (early, regular, or disability) except when you recover from disability.

Reference: Section 121.091, F.S.
Sections 60S-4.002(4), 4.0035(1), and 4.010(5), F.A.C.

Benefit Payment Options

When you retire, you must choose 1 of the 4 benefit payment options (methods of payment) available to you. You will not begin receiving your retirement benefits until you have selected a benefit payment option and finalized your application. Once you cash or deposit a benefit payment, your option selection cannot be changed.

If you are married and you select Option 1 or 2, your spouse must acknowledge your option selection in writing. If you select Option 2, 3, or 4, your benefit will be actuarially reduced from the Option 1 amount. However, the total benefit provided under each of these options is actuarially equal to what you alone would be expected to receive under Option 1.

Options 1 and 2

Option 1: Provides a monthly benefit payment to you for your lifetime. Option 1 does not provide a continuing benefit to a beneficiary. Upon your death, the monthly benefit will stop and your beneficiary is entitled to receive only a refund of contributions you paid, if any, which exceed the amount you received in benefits. If you wish to provide a beneficiary with a continuing benefit after your death, you should consider selecting 1 of the other 3 options.

Option 2: Provides a reduced monthly benefit payment to you for your lifetime. If you die 10 years or more after retirement, no benefits are payable to your beneficiary. However, if you die within 10 years (120 months) of your effective retirement date, your beneficiary will receive a monthly benefit payment in the same amount you were receiving for the balance of the 120-month period (including any period of DROP participation). No further benefits are then payable.

Options 3 and 4

Under Options 3 and 4, you may provide a continuing benefit to your spouse or other dependent beneficiary who is your joint annuitant as described below. To qualify as a joint annuitant, an individual must be:

- Your spouse; or
- Your parent or grandparent, as long as you are providing at least 1/2 of his or her financial support, as verified by your tax returns; or
- Your natural or legally adopted child who is either under age 25 or physically or mentally disabled and incapable of self-support; or
- A person for whom you are the legal guardian, as long as you provide at least 1/2 of his or her financial support, as verified by your tax returns.

Option 3: Provides a reduced monthly benefit payment to you for your lifetime and a continuing benefit to your surviving joint annuitant. No further benefits are payable after both you and your joint annuitant die. Upon your death:

- If your joint annuitant is your spouse, your parent or grandparent, or someone age 25 or older for whom you are the legal guardian, he or she will receive a lifetime monthly benefit payment in the same amount you were receiving.
- If your joint annuitant is your natural or legally adopted child (or someone for whom you are the legal guardian) who is under age 25 at the time of your death, he or she will receive a benefit payment in the amount of your Option 1 benefit until he or she reaches age 25.
- If your joint annuitant is your natural or legally adopted child (or person for whom you are the legal guardian) who is physically or mentally disabled and incapable of self-support at the time of your death, regardless of age, he or she will receive a benefit payment in the amount of your Option 1 benefit until he or she is no longer disabled.

Option 4: Provides an adjusted monthly benefit payment to you while both you and your joint annuitant are living and a reduced continuing benefit to the survivor upon the death of either you or your joint annuitant. No further Option 4 benefits are payable after both you and your joint annuitant die.

If your joint annuitant dies first, your benefit is reduced to 2/3 of the monthly benefit paid when you both were living.

In the event that you die first:

- If your joint annuitant is your spouse, your parent or grandparent, or someone age 25 or older for whom you are the legal guardian, he or she will receive a lifetime monthly benefit payment equal to 2/3 of the monthly benefit paid when you both were living; or
- If your joint annuitant is your natural or legally adopted child (or person for whom you are the legal guardian) who is under age 25 at the time of your death, he or she will receive a benefit payment in the amount of your Option 1 benefit until he or she reaches age 25; or
- If your joint annuitant is your natural or legally adopted child (or person for whom you are the legal guardian) who is physically or mentally disabled and incapable of self-support at the time of your death, regardless of age, he or she will receive a benefit payment in the amount of your Option 1 benefit until he or she is no longer disabled.

Reference: Section 121.091, F.S.
Sections 60S-4.002(4), 4.0035(1), and 4.010(5), F.A.C.

Proof of Age

When you apply for retirement, you must furnish proof of your age. If you choose benefit payment Option 3 or 4, you must also furnish proof of age for your joint annuitant. We must receive the required proof of age before you can begin receiving benefits. We will accept a readable copy of one of the following documents:

- Birth certificate
- Delayed birth certificate
- Census report more than 30 years old
- Life insurance policy more than 30 years old
- Documentation from the Social Security Administration stating the date of birth it has established for payment of benefits to you or your joint annuitant
- Certificate of naturalization

If you cannot furnish any document listed above, a readable copy of a document from two of the following categories will be required:

- Birth certificate of your child, giving your age or your joint annuitant's age, as appropriate
- Baptismal certificate more than 30 years old
- Hospital record of birth
- School record at the time you (or your joint annuitant) entered grammar school

If you are having difficulty locating these documents or you are unable to obtain any of these documents, contact the Bureau of Retirement Calculations. (*See contact information on Page 2.*)

Reference: Section 121.091, F.S.
Section 60S-4.0035(2), F.A.C.

Limitation of Benefits

State and federal laws may limit the amount of your annual benefit as explained below:

Florida Retirement System Maximums - Under state law, your initial retirement benefit under the FRS Pension Plan may not exceed 100% of your average final compensation. However, this restriction does not apply to pension increases resulting from cost-of-living adjustments, nor does it apply to benefits accruing in individual accounts under the FRS Investment Plan established under Part II of Chapter 121, F.S.

Federal Maximums - Since 1974, under section 415(b) of the Internal Revenue Code, the federal government has limited the amount of annual retirement benefits you can receive. In 1998, Congress enacted legislation to permit government entities to establish excess benefit plans for people who are adversely affected by this federal limit (similar to excess benefit plans already in effect for private employers) to allow payments up to the maximum allowed by the retirement plan.

As a result, the 1999 Florida Legislature adopted the Florida Retirement System Preservation of Benefits Plan (an excess benefit plan) to effectively offset the impact of the federal limit on retirees of the FRS Pension Plan. This plan, which became effective on July 1, 1999, requires the Division to pay each affected retiree, by separate check, an amount equal to any reduction in your total FRS benefits imposed by the federal limit. Therefore, if you are affected by this federal limit, you will be "made whole" by the excess benefit plan and you will not suffer a reduction in benefits. This maximum is adjusted for age so that retirees younger than age 62 have a lower maximum and those older than age 65 have a higher maximum.

Section 401(a)(17) of the Internal Revenue Code also limits the amount of salary on which contributions can be paid into a retirement plan. If you became a member on or after July 1, 1996, and effective with the 2011-2012 fiscal year you make over \$245,000, service credit will be

awarded, but no contributions will be paid by your employer on salary over that amount; however, if you became a member before July 1, 1996, the limit is \$363,820.

FRS Benefits/Contributions Are Primary - If you participate in any retirement plan maintained by your employer in addition to the FRS and Social Security, including a qualified pension plan, a qualified employee annuity plan, or a 403(b) annuity, federal limits may apply to the combined amount of benefits payable under all plans except Social Security. If the combined amount exceeds a federal limit, the benefits payable under the other plan(s) must be reduced first to conform to the limit. Benefits provided under the FRS Pension Plan are considered primary to benefits provided under any other plan. Separate limits apply to contributions made under defined contribution plans, such as the FRS Investment Plan.

Reference: Sections 121.091(11) and 121.30(5), F.S.
Section 60S-4.002(3), F.A.C.

DISABILITY BENEFITS

The Florida Retirement System (FRS) provides disability coverage to provide income to eligible members of the FRS Pension Plan and the FRS Investment Plan who become totally and permanently disabled and are unable to work. Your injury or illness must have occurred before you terminated employment or joined the Deferred Retirement Option Program (DROP). If you are a Pension Plan or Investment Plan retiree with renewed membership (*see Page 67*), or if you are in DROP (*see Page 41*), you are not eligible for disability benefits. Disability benefits are not reduced for early retirement. Two types of disability benefits are payable:

Regular Disability Benefits

You must complete at least 8 years of creditable service, regardless of the other vesting requirements for your membership class or plan. If your disability retirement is approved, the Option 1 annual benefit will be at least 25% of your average final compensation. If your actual earned benefit based on your years of service would be higher than the 25% minimum regular disability benefit, the higher benefit amount would be paid.

In-Line-of-Duty Disability Benefits

You are covered for in-line-of-duty disability from your first day of covered employment. If you believe the illness or injury that caused your total and permanent disability arose out of and during the actual performance of your duties as required by your employer, you may apply for in-line-of-duty disability retirement benefits. As a member of the Regular Class, the minimum yearly benefit paid under Option 1 for this type of disability is 42% of your average final compensation. If your actual earned benefit, based on your years of service, would be higher than the 42% minimum disability benefit, the higher benefit amount will be paid.

For more information regarding disability retirement benefits under the FRS Pension Plan and the FRS Investment Plan, you may view and/or download a copy of the *FRS Pension and*

Investment Plans Disability Benefits Member Guide from the Publications page of our website, <http://frs.MyFlorida.com>, or you may obtain a printed copy from your personnel office or from the Division's Research and Education Section. If you have further questions, call the Disability Determination Section. (*For contact information, see Page 2.*)

Reference: Sections 121.091(4) and (6), 112.18, and 112.181, F.S.
Section 60S-4.007, F.A.C.

SURVIVOR BENEFITS

Regular Survivor Benefits

If your death occurs other than in the line of duty and before you are vested, your designated beneficiary will be eligible to receive only a refund of any employee contributions you made to the system. However, if your beneficiary qualifies as a joint annuitant and you are within 1 year of vesting at the time of your death, your joint annuitant may be eligible to purchase enough service credit to “vest” you after your death. This service credit would be based upon your accumulated leave balances and/or any in-state or out-of-state service you were eligible to purchase. (Your termination must have been due to your death.)

If your death occurs other than in the line of duty after you are vested, but before you retire, and your designated beneficiary does not qualify as a joint annuitant, he/she could only receive a refund of your personal retirement contributions, if any (no monthly benefit would be payable). However, if your designated beneficiary qualifies as a joint annuitant, he or she may choose one of the following:

- A refund of your employee contributions, if any.
- A lifetime monthly benefit calculated as though you had retired on your date of death and chosen an Option 3 benefit payout (this benefit would be adjusted for early retirement if you died before reaching your normal retirement date). However, if your joint annuitant is your natural or legally adopted child, or other person for whom you are the legal guardian, who is under age 25 or is disabled and incapable of self-support, the benefit paid will be your Option 1 benefit amount and your beneficiary will receive this benefit until he or she reaches age 25, or until he or she is no longer disabled. (*For an explanation of benefit options, see Page 53.*)
- An Option 3 benefit deferred to a future date and based on your age if you had lived to the date the benefit begins. If you die before reaching your normal retirement date and have less than 20 years of service, a deferred benefit would be higher for your beneficiary than an immediate benefit. This is because there is less of an early retirement reduction

as a member approaches normal retirement age. Therefore, your beneficiary's benefit would be higher the closer your age would be to the normal retirement age for your membership class at the time the benefit begins.

- If you die before reaching your normal retirement date while employed with an FRS employer but are within 10 years of your normal retirement date, your benefit may be reduced from 30 years if enrolled in the FRS before July 1, 2011, or from 33 years if enrolled on or after July 1, 2011, rather than normal retirement age if this will provide a higher benefit.

In-Line-of-Duty Survivor Benefits

All FRS Pension Plan members, including renewed members, are covered from their first day of employment for in-line-of-duty death survivor benefits. If your death arises out of and in the actual performance of the required duties of your job while you are employed in a covered position under the FRS Pension Plan, your surviving spouse will be eligible to receive all benefits due, even if you named someone else as your beneficiary. Your spouse is entitled to a lifetime monthly benefit equal to 1/2 of your last monthly salary, regardless of your length of service. If you have a child or children at the time of your death, but are not married, or your spouse dies later, the benefit will be paid on behalf of your unmarried children until the youngest child reaches age 18.

Retirees initially reemployed on or after July 1, 2010, are not eligible for renewed membership or in-line-of-duty survivor benefits.

NOTE: If you are participating in the Deferred Retirement Option Program (DROP), you are considered retired, so your surviving spouse and/or children are not eligible for in-line-of-duty survivor benefits. For more information on these subjects, request a copy of the booklet titled *FRS Pension Plan Survivor Benefits Member Guide* and the DROP brochure.

Certain FRS members may be entitled to a presumption that their death from specified diseases occurred in the line of duty. For more information regarding survivor benefits under the FRS Pension Plan, you may view and/or download a copy of the *FRS Pension Plan Survivor Benefits Member Guide* from the Publications page of our website, <http://frs.MyFlorida.com>, or you may obtain a printed copy from your personnel office or from the Division's Research and Education Section. If you have further questions, call the Survivor Benefits Section. (*For contact information, see Page 3.*)

Reference: Sections 121.021(28) and 121.091(3), (5), (6), and (7), F.S.
Sections 60S-4.005, 4.008, and 4.009, F.A.C.

AFTER RETIREMENT

Cost-of-Living Increase

Florida law provides FRS Pension Plan retirees (including DROP participants) with an annual cost-of-living increase (COLA) in their July benefit payment of each year. The increase will be included in the check you receive at the end of each July. The increase is calculated on the amount of your June FRS benefit. Your individual COLA is calculated when you retire based on your years of service before July 1, 2011, divided by your total years of service at retirement. This quotient is then multiplied by 3% to determine your COLA.

This does not include any health insurance subsidy, Florida National Guard supplemental benefit or IFAS supplemental benefit you may receive. If you have not been retired for a full year, your first cost-of-living increase will be prorated based on the number of months you have been retired as of July 1. For example, if you retired effective January 1, your first cost-of-living increase would be 1/2 of your calculated COLA times your June benefit, based on 6 months of retirement.

Reference: Section 121.101(3), F.S.
Section 60S-4.013, F.A.C.

Health Insurance Subsidy (HIS)

Most retirees with health insurance coverage (which may include Medicare, Tricare or coverage provided through the Cover Florida Health Care Access Program) are eligible for a monthly supplemental payment to help pay for this insurance. The amount of the health insurance subsidy (HIS) is based on your service credit at retirement (\$5 for each year of service) and is included with your monthly benefit payment. The minimum monthly subsidy is \$30 and the maximum monthly subsidy is \$150 (if you retire with 30 or more years of service credit). The HIS certification form is available from us and is automatically mailed to eligible benefit recipients after their names have been added to the retired payroll to begin receiving monthly benefits. The eligible retiree (or joint annuitant, if the member is deceased) is responsible for applying for the HIS.

Retirees in DROP are not eligible to receive HIS payments until they terminate and begin receiving monthly benefits.

Reference: Section 112.363, F.S.
Section 60S-4.020, F.A.C.

Insurance Coverage after Retirement

Under state law, Florida public employers that provide group insurance plans for active employees must offer their retiring employees the opportunity to continue participating in these group plans. The cost of health and hospitalization insurance premiums paid by a retiree cannot exceed the total (employee and employer) premium cost applicable to an active employee. If you do not elect to continue participating in your employer's group plan at retirement, if you initially elect to continue but subsequently discontinue your participation, or if you defer your retirement to a future date, you may lose eligibility to participate in your former employer's group plan in the future.

NOTE: The Division of Retirement has no authority over or responsibility for these plans. You should discuss this provision with your employer when preparing to retire.

Reference: Sections 110.123 and 112.0801, F.S.

Reemployment after Retirement

After you retire under the FRS, you can work for any private employer, for any public employer not participating in the FRS, or for any employer in another state, without affecting your FRS benefits.

There are, however, certain termination requirements and reemployment limitations that affect your retirement benefit if you are employed with FRS-participating employers during the first 12 calendar months after your effective retirement date without Deferred Retirement Option Program (DROP) participation or after your DROP termination date.

The termination requirements and reemployment limitations with FRS-participating employers are:

If you return to work during the first **6 calendar months** of your retirement or after your DROP termination date, you **are not** retired.

Your retirement application is **voided** and all retirement benefits, including any funds accumulated during your DROP participation, must be repaid, by you, to the FRS Trust Fund. This restriction applies even if the particular position you hold is not covered by the FRS. This restriction also applies to employment with the same employer if your agency withdrew from the FRS effective January 1, 1996, for newly hired employees. You cannot become a “newly hired” employee until after you meet the definition of termination by remaining unemployed for 6 calendar months.

You may not receive both a salary and a retirement benefit in the same month during the 7th through 12th calendar months of your retirement or after your DROP termination date. There are no exceptions to this reemployment limitation during this period. This restriction applies even if the particular position you hold is not covered by the FRS. You must inform us if you work for an FRS employer during the reemployment limitation period.

Your retirement benefits are forfeited for the months you are employed by an FRS employer during the reemployment limitation period. You and your employing agency are jointly and severally liable for repaying any retirement benefits you receive while working during this period.

There are no limits on working for an FRS employer **after** you have been retired for 12 calendar months.

If you are reemployed with a participating employer, you will be required to sign a statement that your reemployment does not violate these provisions.

Please contact the Bureau of Retirement Calculations (*see Page 2*) if you have any questions about your termination requirements or reemployment limitations.

Reference: Sections 121.091(9), 121.122, and 1012.01(2)(a)-(d), F.S.
Section 60S-4.012, F.A.C.

Reemployment of Disability Retirees

Under Florida law, an FRS member cannot receive FRS disability benefits while he/she is employed. If a disability retiree returns to any type of employment with any type of employer, public or private, the Disability Determination Section must be notified

(see Page 2) in order to avoid overpayment of benefits. Upon reemployment, disability benefits will be terminated.

Reference: Section 121.091(4)(h), F.S.

Renewing Membership after Retirement

Retirees of the FRS Pension Plan or the FRS Investment Plan who are initially reemployed in covered employment by June 30, 2010, will renew their membership in the FRS or other state-administered retirement system and earn service credit toward a subsequent retirement benefit. Renewed members may alternatively elect to participate in the FRS Investment Plan. With rare exception, retirees who participate in DROP will only be eligible for renewed membership after they have terminated employment upon completing their period of DROP participation. Renewed members who retire again, including former DROP participants, are once more subject to reemployment limitations.

Renewed members are not eligible to participate in DROP, are not eligible to participate in the Special Risk Class, and are not eligible for disability retirement. However, the surviving spouse and dependent children of a renewed member may qualify for survivor benefits. (*For details, contact the Survivor Benefits Section; see Page 3.*)

Retirees initially reemployed in a regularly established position on or after July 1, 2010, are not be eligible for renewed membership and will not earn creditable service toward a subsequent retirement benefit. This restriction from renewed membership includes retirees of the FRS Pension Plan, the FRS Investment Plan, the State University System Optional Retirement Program, the State Senior Management Optional Annuity Program, the State Community College System Optional Retirement Program, and local government senior managers covered by a separate arrangement with their employers.

Reference: Sections 121.053, 121.091(9), 121.122, and 238.181, F.S.
Sections 60S-1.0045 and 4.012, F.A.C.

Minimum Benefit Adjustment

The Division automatically identifies any eligible retiree of the FRS Pension Plan whose retirement benefit is below a certain level and will increase the benefit to a minimum amount when the retiree reaches age 65 and 1 month.

Reference: Section 112.362, F.S.
Section 60S-4.0025, F.A.C.

GENERAL INFORMATION

Appeals Procedure

If we make a decision that will reduce, suspend or terminate your retirement benefits, you may petition us for a hearing. Rule 28-106.201 of the Florida Administrative Code outlines the requirements for filing a petition. After we review your petition, the State Retirement Director may ask a hearing officer from the Division of Administrative Hearings to conduct the hearing, or in some cases the General Counsel's Office of the Department of Management Services may conduct the hearing. If the outcome is not in your favor, you will be informed of the time period during which you can appeal the hearing officer's decision to the District Court of Appeal.

Reference: Section 120.57, F.S.
Sections 60S-4.002(8), and 28-106.201, F.A.C.

Forfeiture of Benefits

If, before retirement, you commit a crime as specified in s. 121.091(5) or s. 112.3173, F.S., and you are found guilty of the crime or enter a plea of "no contest" with respect to the crime, or your employment is terminated because you admit to committing, aiding, or abetting such a crime, you will forfeit all your retirement rights and benefits (except for a refund of your personal retirement contributions, if any).

Section 121.091(5), F.S., states in part:

(f) Any member who has been found guilty by a verdict of a jury, or by the court trying the case without a jury, of committing, aiding, or abetting any embezzlement or theft from his or her employer, bribery in connection with the employment, or other

felony specified in chapter 838, except ss. 838.15 and 838.16, committed prior to retirement, or who has entered a plea of guilty or of nolo contendere to such crime, or any member whose employment is terminated by reason of the member's admitted commitment, aiding, or abetting of an embezzlement or theft from his or her employer, bribery, or other felony specified in chapter 838, except ss. 838.15 and 838.16, shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of termination.

(g) Any elected official who is convicted by the Senate of an impeachable offense shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of the conviction.

(h) Any member who, prior to retirement, is adjudged by a court of competent jurisdiction to have violated any state law against strikes by public employees, or who has been found guilty by such court of violating any state law prohibiting strikes by public employees, shall forfeit all rights and benefits under this chapter, except the return of his or her accumulated contributions as of the date of the conviction.

(i) The division may not pay benefits to any member convicted of a felony committed on or after October 1, 2008, defined in s. [800.04](#) against a victim younger than 16 years of age, or defined in chapter 794 against a victim younger than 18 years of age, through the use or attempted use of power, rights, privileges, duties, or position of the member's public office or employment position. However, the division shall return the member's accumulated contributions, if any, that the member accumulated as of the date of conviction.

(j) Any beneficiary who by a verdict of a jury (or by the court trying the case without a jury is found guilty, or who has entered a plea of guilty or nolo contendere, of unlawfully and intentionally killing or procuring the death of the member forfeits all rights to the deceased member's benefits under this chapter, and the benefits will be paid as if such beneficiary had predeceased the decedent.

(k) Benefits shall not be paid by the division pending final resolution of such charges against a member or beneficiary if the resolution of such charges could require the forfeiture of benefits as provided in paragraph (f), paragraph (g), paragraph (h), paragraph (i), or paragraph (j).

Chapter 838, F.S., describes offenses relating to bribery and misuse of public office.

In addition, if a court of competent jurisdiction determines that you violated any state law against strikes by public employees,

you will also forfeit your benefits (except for your personal contributions).

If your beneficiary is found guilty of intentionally killing you or procuring your death, he or she will forfeit all rights to any survivor benefits otherwise payable on your behalf. Any benefits payable would be paid as if your beneficiary died before you.

The Clerk of the Court, the Secretary of the Senate or your employer, as appropriate, must notify the Commission on Ethics, and may notify the Division, if you are found guilty of, or you are impeached or terminated for, any of the offenses listed beginning on Page 68. The Commission on Ethics will notify us. Your benefits will be suspended, subject to a hearing held by a hearing officer of the Division of Administrative Hearings. You may appeal the hearing officer's decision to the District Court of Appeal.

For more information on the forfeiture of benefits, call the Division's Legal Section at (850) 487-1230.

Reference: Sections 112.3173, 121.091(5), and Chapter 838, F.S.
Section 60S-4.021, F.A.C.

Assignment, Execution, or Attachment

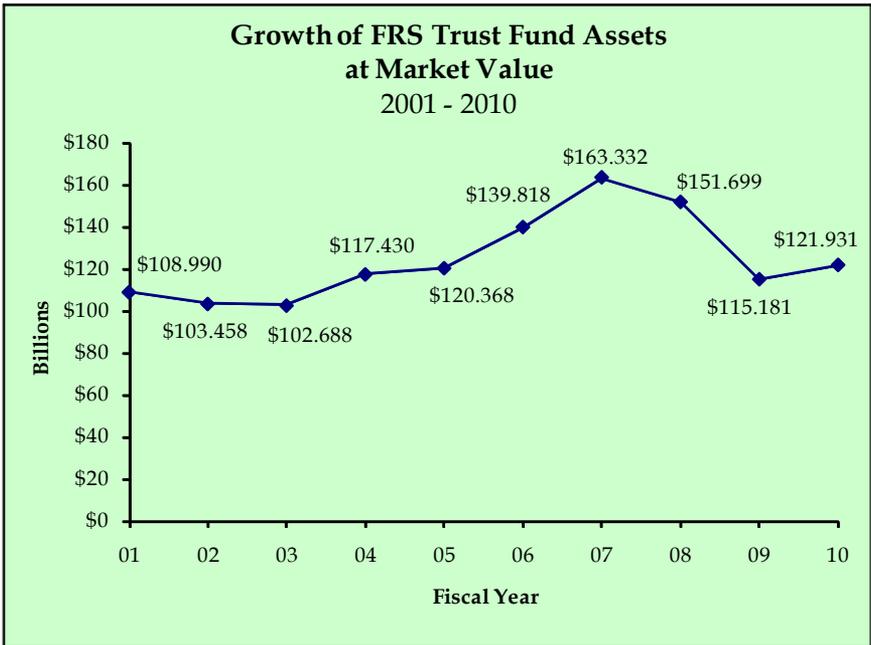
Your retirement benefits and accumulated contributions accrued under the FRS are not subject to assignment, execution, attachment, or any other legal process at the time of being issued with the exception of qualified domestic relations orders, certain income deduction orders (s. 61.1301, F.S.), and federal income tax levies.

Reference: Sections 121.131 and 222.21, F.S.
Section 60S-4.014, F.A.C.

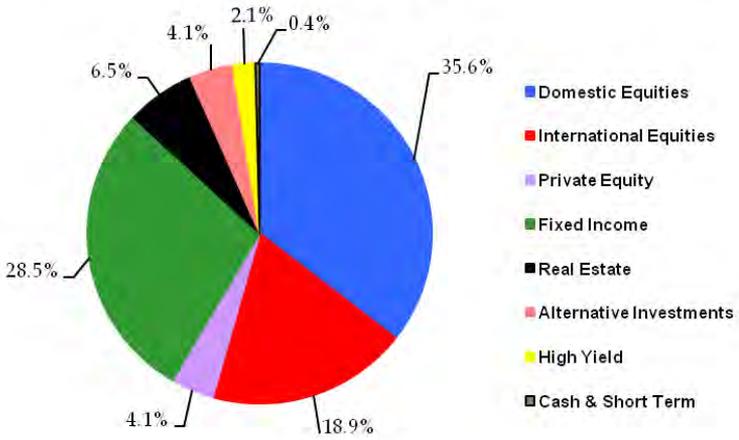
FINANCIAL AND ACTUARIAL INFORMATION

Each year the Division prepares an annual report for the Legislature on the financial condition of the FRS Pension Plan. Highlights of the annual report for the fiscal year ending June 30, 2010, and of the 2009/2010 actuarial valuation (valuations are performed annually) are summarized and presented for your information. For additional information, see the *2009/2010 FRS Annual Report*.

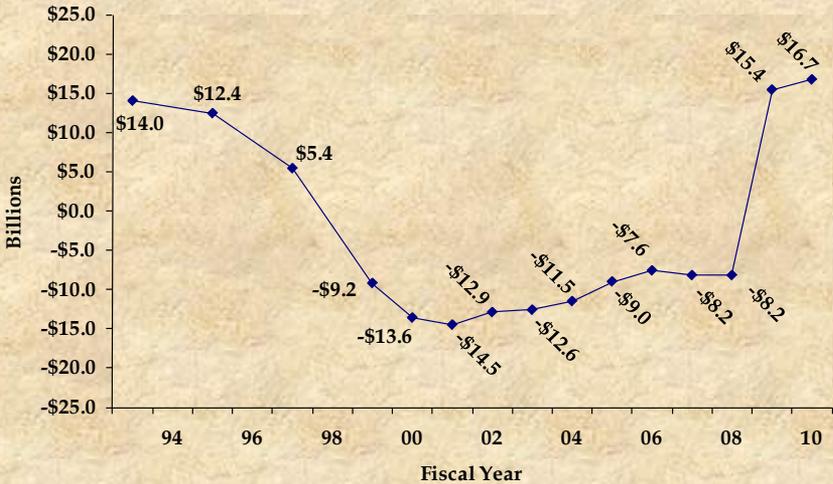
Fund Market Value: \$121,931,284,433



Distribution of FRS Trust Fund Investments as of June 30, 2010



History of Unfunded Actuarial Liability 1992 - 2010



**Comparison of Actuarial Reviews
of the Florida Retirement System Pension Plan**

	2008	2009	2010
Membership	589,922	572,591	
Annualized Payroll (billions)	\$25.0	\$24.6	
Average Annual Earnings	\$42,407	\$42,980	
DROP Participants	31,253	32,921	
Number of Annuitants	273,429	286,674	
Annual Benefits Paid (millions)*	\$4,450	\$4,838	
Total Liabilities (billions)	\$122.5	\$134.2	
Trust Assets (billions)	\$130.7	\$118.8	
Unfunded Liability (billions)	-\$8.2	\$15.4	\$16.7
Unfunded Liability as a % of			
Total Liabilities	-6.7%	11.5%	12.1%
Assets as a % of Total Liabilities	106.7%	88.5%	87.9%

**Includes DROP Liability*

LEGISLATIVE UPDATE

In 2009, 2010 and 2011, the Florida Legislature made changes to laws affecting FRS members. Major enactments since the last edition of this publication are described below.

FRS Termination Requirements

For FRS Pension Plan retirements without DROP participation effective on or after July 1, 2010, or DROP termination dates on or after July 1, 2010, the termination requirement changed from 1 calendar month to 6 calendar months. (*See Termination on Page 51*)

Reemployment Limitations

For FRS Pension Plan retirements without DROP participation effective on or after July 1, 2010, or DROP termination dates on or after July 1, 2010, the reemployment limitation period changed from 11 calendar months to 6 calendar months with no reemployment exceptions during this period.

Renewed Membership Eliminated

Retirees who are initially reemployed in a retirement-covered position on or after July 1, 2010, are not eligible for renewed membership. This closing of renewed membership includes retirees of the FRS Pension Plan, the FRS Investment Plan, the State University System Optional Retirement Program, the State Senior Management Optional Annuity Program, the State Community College System Optional Retirement Program, and local government senior managers covered by a separate arrangement with their employers. (*See Renewing Membership on Page 67.*)

Retirees who have established renewed membership by June 30, 2010, will remain covered until they retire again.

DROP Interest Changes

Members whose DROP participation begins on or after July 1, 2011, will earn interest monthly interest on their accumulated benefits at an annual rate of 1.3%.

DROP Changes for Elected Officers

Effective July 1, 2010, an elected official participating in DROP who is dually employed in a non-elected position and an elected office at the end of the DROP participation period must terminate both positions and may not receive the DROP accrual or monthly benefits until they leave elective office. (*See Pages 41 and 51 on termination of elected officers.*)

If a DROP participant is holding a position otherwise covered by the Elected Officers' Class at the end of his/her DROP participation, the account will no longer earn interest after DROP participation ends if: DROP participation begins on or after July 1, 2010, and the elected officer chooses to delay termination to the end of the term during which DROP participation ended or any successively held term after his/her DROP participation has ended.

Contribution Rates

Employer contribution rates were established effective July 1, 2011, and July 1, 2012, and the system of uniform, blended rates established in 2002 was maintained for the FRS Pension Plan and the FRS Investment Plan (*see Page 12*). For rates by class and plan, see the System Information section of the Publications page on our website, <http://frs.MyFlorida.com>.

Required employee contributions of 3% of compensation must be made by members effective on or after July 1, 2011.

Cost-of-Living Adjustment (COLA) Changes

Members with an effective retirement date or DROP participation beginning on or after August 1, 2011, will have an individual COLA calculated at retirement. The COLA is calculated at retirement based on years of service earned before July 1, 2011, divided by total years of service and this quotient multiplied by 3%.

For example, if you retire with 25 years of service before July 1, 2011, and 30 years of service total, your COLA is 2.5% of your June benefit payable each July ($25/30 = 0.8333 \times 3\% = 2.5\%$).

Benefit Changes for Members Initially Enrolled on or After July 1, 2011

- Members vest after 8 years of service.
- Benefits are calculated using an 8-year average final compensation.
- Normal retirement date is after 30 years of service regardless of age or at age 60 and vested for Special Risk Class members and after 33 years of service regardless of age or at age 65 and vested for all other classes.

FRS Investment Plan

Effective July 1, 2010, the law changes to allow balances leftover in an FRS Investment Plan account after a member transfers to the FRS Pension Plan to be used to purchase optional service credit or upgrade creditable service.

GLOSSARY OF RETIREMENT TERMS

The following terms are defined as used in connection with the FRS. If these terms appear elsewhere in this booklet, they are underlined the first time they appear.

In an effort to make these provisions easy to understand, this glossary has been written using nontechnical language as much as possible. If questions of interpretation arise as a result, Chapter 121 of the Florida Statutes and any applicable rules of the Florida Administrative Code must remain the final authority. Retirement terms relevant to the FRS Pension Plan are defined in s. 121.021, F.S. FRS Rules are published in ch. 60S, F.A.C.

Actuarial - An adjective that describes statistical elements, assumptions, and techniques used by actuaries. An “actuary” is an expert who computes insurance or pension risks and plan costs based upon plan membership, experience, and other factors. Actuaries determine the level of funding required to provide benefits promised under the FRS.

Average Final Compensation or AFC - If initially enrolled before July 1, 2011, the average of the 5 highest years of salary earned during covered employment. For retirement purposes, salaries are counted by fiscal year (July 1- June 30). For Hybrid Plan members, AFC is the average of the 5 highest fiscal years of salary earned while participating in the FRS Pension Plan. If initially enrolled on or after July 1, 2011, the average of the 8 highest years of salary earned during covered employment. For retirement purposes, salaries are counted by fiscal year (July 1- June 30). For Hybrid Plan members, AFC is the average of the 8 highest fiscal years of salary earned while participating in the FRS Pension Plan. (*See Page 21 for more on the AFC and related calculation factors.*)

Beneficiary - The joint annuitant or any other person, estate, organization, or trust fund designated by the member to receive any benefits which may be payable upon his or her death. (*See also Beneficiary Designation, Page 14.*)

Closed Retirement Systems - The separate state-administered retirement systems that existed before the FRS was created on December 1, 1970, and have since been closed to new members.

These systems were consolidated under the FRS by Chapter 121 of the Florida Statutes, and include the State and County Officers and Employees' Retirement System (SCOERS), the Teachers' Retirement System (TRS), the Highway Patrol Pension System and the Judicial Retirement System, as established by Chapters 122, 238, 321, and 123, F.S., respectively.

Compensation - Regular payment of salary by an FRS employer to an FRS member for work performed in a covered position, including certain overtime payments. By law, certain fees, bonuses, and other amounts are not considered "compensation" under the FRS. (See s. 121.021(22) and (47), F.S., or see subsection (16) of rule 60S-6.001, F.A.C., for details.)

Contribution - The percentage of reported compensation required by law to fund the members' FRS benefits, it is paid by both employees and employers on behalf of FRS members. Additionally, the term may refer to payments made by members or their employers to purchase service credit or pay for service credit upgrades. (See Page 12 for more on contributions and contribution rates.)

Contribution Rate - The percentage of compensation required to fund each member's future FRS retirement benefits. Contribution rates are established annually by the Florida Legislature and vary depending on retirement plan, membership class, and other factors (see Page 12).

Cost-of-Living Adjustment or COLA - An annual increase in the FRS Pension Plan retirement benefit. The increase is added to the July monthly retirement benefit, and is intended to help offset the effects of inflation. If a member has been retired for less than a full year on July 1, the first COLA is a prorated percentage based on the number of months the member was retired before July 1. (See Page 64 for more on the COLA.)

Covered Employment or Covered Position - Employment in a regularly established position with an employer participating in the FRS or in a state-administered retirement system. (See Page 6 for more on membership requirements.)

Creditable Service - Service for which retirement credit is earned through paid employment in a regularly established position with an FRS employer, as well as any optional service for which retirement credit may be purchased. (See Page 31 for more on creditable service.)

Deferred Retirement Option Program or DROP - An elective program available for members of the FRS Pension Plan, Teachers' Retirement System, and the State and County Officers and Employees' Retirement System who are eligible for normal retirement. Under this program, a member effectively retires and continues covered employment for a limited period. While in DROP, the member's deferred monthly retirement benefits accumulate earning interest. DROP participants initially enrolled in the FRS prior to July 1, 2011, will also receive cost-of-living adjustments. When the DROP period is over, the participant terminates covered employment and begins receiving his or her predetermined monthly retirement benefit, as well as the DROP accumulation. (*See Page 41 for more on DROP.*)

Defined Benefit Plan - An employer-sponsored retirement plan under which members are promised a continuing benefit at retirement if they meet certain age and/or service requirements. The benefit amount is determined by formula, which is normally based on the member's earnings, length of service, and membership class. Promised member benefits are prefunded by contributions and investment earnings. The plan sponsor or employer must ensure that sufficient funds are raised to pay all promised benefits to current and future retirees and their eligible beneficiaries. The FRS Pension Plan is a defined benefit plan.

Defined Contribution Plan - An employer-sponsored retirement plan under which contributions are made to individual member accounts to generate funds for distribution to the member at retirement. Contribution amounts are determined by the plan sponsor or employer and are usually a set percentage of the employee's salary. Investments are generally directed by the employee, among investment products offered by the plan. The benefit amount at retirement is the sum that accumulates in the member's account, based on contributions made and investment earnings/losses. It is the member's responsibility to ensure that sufficient moneys are raised to provide for adequate retirement income. The FRS Investment Plan is a defined contribution plan. If you are a member of the FRS Investment Plan and have questions concerning the plan, call the MyFRS Financial Guidance line toll free at (866) 446-9377.

Early Retirement - Under a defined benefit plan like the FRS Pension Plan, “early retirement” is an elective, service-based retirement that occurs before the member reaches his or her normal retirement age or date. If a member retires early, he or she will receive a reduced retirement benefit because eligibility requirements for normal retirement have not been met. When a member of the FRS Pension Plan elects to take an early service retirement, the benefit is reduced by 5% for each year remaining until the member would attain the normal retirement age for his/her membership class. For less than a full year, the reduction is prorated on a month-by-month basis. A member must be vested to take an early service retirement. Disability benefits are not reduced for early retirement, and vesting is not required for in-line-of-duty disability or in-line-of-duty survivor benefits. (See Page 49 for more on FRS early retirement and see Page 26 for a sample calculation.)

Effective Retirement Date - The date that a member’s retirement officially begins, based on his/her termination date (or date of death) and the date we receive the application for retirement. For DROP participants, this is the month the application is received or the specified future month when participation begins in the program. Effective retirement date is always the first of the month that retirement or DROP participation begins. (See Page 52 for more on the effective retirement date.)

Enrollment - The act by an employer agency of establishing membership in the FRS for all or any of its employees.

Fiscal Year or Plan Year - For the FRS and the closed retirement systems, this term refers to a 12-month period beginning on July 1 and ending on June 30.

Florida Retirement System or FRS - The retirement system established on December 1, 1970, to consolidate the existing pension plans (now the closed retirement systems) and provide a retirement, disability, and survivor benefit program for participating state and local government employees. Today, the FRS is a single retirement system consisting of 2 primary retirement plans and other programs administered under Chapter 121, F.S. The primary plans are a defined benefit plan established under Part I (the FRS Pension Plan) and a defined contribution plan established under Part II (the FRS Investment Plan) of that chapter. Members under both plans participate in the following membership classes: The Regular, Special Risk, Special Risk Administrative Support, Senior Management Service, and Elected Officers’ Classes. In

addition to the 2 primary plans, nonintegrated, alternative defined contribution programs are available for specified employee groups under Part I, including the State University System Optional Retirement Program (SUSORP), the State Community College System Optional Retirement Program (CCORP), and the Senior Management Service Optional Annuity Program (SMSOAP).

FRS Investment Plan - This plan is a defined contribution plan created under Part II of Chapter 121, F.S., as an alternative for eligible employees. This plan, which provides for vesting after 1 year of service, began enrolling members in July 2002. If you are a member of the FRS Investment Plan and have questions concerning your benefits, call the MyFRS Financial Guidance line toll free at 866-446-9377. *(See also the definitions for the Florida Retirement System and Defined Contribution Plan.)*

FRS Pension Plan - This plan is a defined benefit plan administered under Part I of Chapter 121, F.S. The benefits to be paid at retirement are guaranteed by the plan, and are based on a formula determined under the plan. *(See also definitions for the Florida Retirement System and Defined Benefit Plan.)*

Health Insurance Subsidy or HIS - A supplemental benefit program that provides monthly benefits to eligible FRS retirees and their surviving beneficiaries (spouse or financial dependent), who apply and are approved, to help them cover some of the cost of health insurance coverage. The amount received is based on the member's length of service. Since July 1, 2001, the subsidy has been \$5 per month for each year of creditable service, with a minimum subsidy payment of \$30 per month and a maximum subsidy payment of \$150 per month, if the benefit is based on 30 or more years of creditable service. The Division also administers the HIS Program for eligible FRS Investment Plan members. *(See Page 64 for more information about the HIS.)*

Hybrid Plan - A plan under which members of the FRS Pension Plan may elect to participate in the FRS Investment Plan for future service while retaining their pension plan service earned prior to the election.

In-Line-of-Duty or In the Line of Duty - In the performance of the duties required by the employer. *(See Pages 59 and 62 for information on in-line-of-duty disability and survivor benefits.)*

Interest – The term may refer to the amount charged on money owed to the FRS Trust Fund or, for participants of DROP, the term may refer to the amount earned on retirement benefits that accrue on a participant’s behalf. Interest owed is charged from the date required by law for the type of service purchased and is compounded annually each June 30, while DROP interest is earned from the month following deposit and is compounded monthly.

Joint Annuitant – A type of beneficiary who is eligible to receive certain continuing benefits upon an FRS Pension Plan member’s death. If a member who is retiring or entering DROP chooses benefit payment Option 3 or 4, his or her beneficiary must be a joint annuitant to receive continuing benefits after the member’s death. *(See Page 14 for information on beneficiary designation and see Pages 54 and 61 for more on benefit payments to a surviving joint annuitant.)*

Membership Class or Class of Membership – Members of the FRS participate in the following classes of membership: Regular Class, Special Risk Class, Special Risk Administrative Support Class, Senior Management Service Class, and Elected Officers’ Class. *(See Page 7 for more on FRS classes of membership.)*

Normal Retirement, Normal Retirement Date, or Normal Retirement Age – The date when a member first becomes eligible to retire without a reduction of benefits, based on his/her age or length of service. *(See Page 48 for more on normal retirement and see Page 25 for a sample calculation.)*

Option – Choice of benefit payment method under the FRS Pension Plan. *(The 4 benefit payment options available to retiring members under this plan are described on Page 53.)*

Other Personal Services or OPS – See definitions of “Temporary Position” and “Regularly Established Position” for state employees.

Plan Year – See definition of “Fiscal Year.”

Reemployment after Retirement – This term means employment after retirement under the FRS and generally refers to employment with employers participating in the system. However, in the case of disability retirement under the FRS, prohibited reemployment occurs whenever a disability retiree is gainfully employed by any employer, public or private. *(See Page 65 for more on reemployment requirements.)*

Regularly Established Position - Regularly established positions are covered for retirement under the FRS. In state government, a regularly established position is a full-time or part-time position authorized by law and paid from a salary appropriation or salary account (not a temporary position, such as one paid from an "other personal services" or "OPS" account). At the local level, a regularly established position is one that will last beyond 6 consecutive months, except as otherwise provided by rule of the Division of Retirement (*see Rule 60S-1.004(5), F.A.C.*). Note: Employment prior to 1979 is subject to different rules.

Senior Management Service Optional Annuity Program (SMSOAP) - A defined contribution plan offered as an alternative for eligible state senior managers. The SMSOAP provides retirement and death benefits through contracts with designated provider companies.

State-Administered Retirement System - Any of the statewide retirement systems administered by the Department of Management Services through the Division of Retirement. These systems are the FRS, the State University System Optional Retirement Program, the Senior Management Service Optional Annuity Program, Teachers' Retirement System, State and County Officers and Employees' Retirement System, Highway Patrol Pension System, Judicial Retirement System and certain general revenue-funded pensions. While the State Community College Optional Retirement Program is not administered by the Division, it is specified as a state-administered retirement plan under Chapter 121, F.S.

State Community College System Optional Retirement Program (CCORP) - A defined contribution plan alternative to FRS membership for eligible faculty and administrators of community colleges or charter technical career centers sponsored by community colleges, if offered by the community college board of trustees. The CCORP provides retirement and death benefits through contracts with designated provider companies.

State University System Optional Retirement Program (SUSORP) - A defined contribution plan offered as an alternative for eligible state university faculty and administrators. The SUSORP provides retirement and death benefits through contracts with designated provider companies.

Temporary Position - Temporary positions are not covered for retirement under the FRS. (*See Page 6 for more on membership requirements.*) A temporary position in a state agency is one that is

authorized under s. 110.131, F.S., and is paid from a non-salary account including an “other personal services” or an “OPS” account. These positions are subject to durational restrictions specified by law. At the local level, a temporary position is one that will exist for less than 6 consecutive months, or other position determined by rule of the Division regardless of whether it will exist for 6 consecutive months or longer (*see Rule 60S-1.004(5), F.A.C.*).

Terminate or Termination – Termination of employment occurs when a member ends all employment with all FRS employers to finalize retirement or the separation period to become eligible for a refund of employee contributions. The termination requirement for FRS Pension and FRS Investment Plan members is 6 calendar months. The member must not be employed by an FRS employer for the required termination period. A member will void his or her retirement if he or she is reemployed in any capacity by an FRS employer during termination. (*See Pages 18 and 51 for more on terminating employment and termination requirements.*) There is a 3 calendar month separation period when a member must not be employed by an FRS employer to be eligible to receive a refund of employee contributions.

Vest, Vested or Vesting – These terms refer to meeting the length-of-service conditions that are required under a retirement plan for a member to qualify for a future benefit from that plan.. (*See page 17 for more on vesting under the Pension Plan.*)

NOTE: Special provisions apply for the surviving spouse of a member who dies within 1 year of vesting.

Work Year – The period of time a member must be employed to receive a full year of service credit for retirement purposes. Under the FRS, a year of creditable service consists of 12 months of covered employment in a fiscal year, unless the approved work year is shorter than 12 months, as is the case with some employees of educational institutions. (*For more on the work year and determination of service credit, see Page 31; or see Rule 60S-2.002(4), F.A.C.*)

ABBREVIATIONS

The following short forms, acronyms, and abbreviations may be found in this booklet:

AFC – Average Final Compensation

CCORP – State Community College System Optional Retirement Program

Division – Division of Retirement

DROP – Deferred Retirement Option Program

EOC – Elected Officers' Class

F.A.C. – Florida Administrative Code (official rules of the various state government agencies in Florida)

FRS – Florida Retirement System

F.S. – Florida Statutes

HIS – Health Insurance Subsidy

SCOERS – State and County Officers and Employees' Retirement System

SMSC – Senior Management Service Class

SMSOAP – Senior Management Service Optional Annuity Program

SUSORP – State University System Optional Retirement Program

TRS – Teachers' Retirement System

PUBLICATIONS

The following publications are available to you, upon request, from your personnel office or from the Division's Research and Education Section. All contact information can be found beginning on Page 1. You may view and/or download materials marked with a "📄" from our website at <http://frs.MyFlorida.com>.

Plan Guides

Membership Class Guides 📄 – A retirement guide is available for each membership class of the FRS Pension Plan, describing the benefits provided to members of the class. The guides are published every other year and are distributed directly to active employees and are also available to all members of the FRS Pension Plan through employer personnel offices.

Retirement Guide for the Teachers' Retirement System – This handbook describes policies and benefits available to employees still actively covered under the Teachers' Retirement System (closed to new members since December 1, 1970).

FRS Disability Benefits 📄 – This booklet provides explanations of regular and in-line-of-duty disability benefits available to members of the FRS Pension Plan and FRS Investment Plan.

FRS Survivor Benefits 📄 – This booklet provides explanations of benefits available under the FRS Pension Plan to eligible joint annuitants and beneficiaries of deceased members.

Informational Booklets, Brochures and Pamphlets

Preparing to Retire 📄 – This brochure provides information useful to you when you are preparing for retirement from the FRS Pension Plan. It describes the procedures and requirements to follow when you apply for retirement benefits. This brochure is automatically sent to members who obtain an official estimate of benefits from us.

After You Retire 📄 – This brochure provides information about retirement and survivor benefits, federal withholding taxes, direct deposit of monthly benefits, the health insurance subsidy (HIS), and reemployment after retirement. It is automatically sent to retirees of

the FRS Pension Plan after their names are added to the Retired Payroll.

Deferred Retirement Option Program (DROP) ୧୫ – This pamphlet describes the Deferred Retirement Option Program (DROP), discusses potential advantages and disadvantages of participation, explains eligibility and participation requirements, answers commonly asked questions, and provides examples. We recommend this pamphlet for members nearing retirement age.

Preparing to Terminate DROP ୧୫ – This document explains what participants should expect when they terminate DROP (forms to submit, when monthly benefits begin, etc.). It includes special tax information on DROP payouts to help participants decide how to receive their accrued DROP benefits. We automatically provide this document to DROP participants 90 days before their termination date.

Participating Employers ୧୫ – This document lists employers participating in the FRS Pension Plan.

Senior Management Service Retirement Plan Alternatives ୧୫ – This document and associated materials describe the participation options available to state senior managers. This information can be obtained via a link on the Optional Plans page of our website. The information is not available from us in printed form.

Newsletters

FRS Bulletin ୧୫ – This newsletter contains articles intended to keep active members of the FRS Pension Plan informed of retirement legislation, benefit provisions, and other retirement-related news of interest. It is distributed annually by mail to all active FRS members and is also available through personnel offices and from the Division.

FRS Retiree Newsletter ୧୫ – This newsletter contains articles of interest to retirees of the FRS Pension Plan regarding recent retirement legislation, current events affecting retirees, and selected subjects of interest. It is inserted biannually with retirement benefit payments or statements that are mailed to retirees' home addresses each January and July. Additionally, it is included in the packets sent to retirees after their names are added to the Retired Payroll.

NOTES

NOTES

NOTES

DIVISION OF RETIREMENT
PO Box 9000
TALLAHASSEE FL 32315-9000

