




MyFRS FINANCIAL GUIDANCE PROGRAM





**MyFRS**  
Florida Retirement System

**Understanding the FRS Investment Plan**




**Workshop Objectives**





- Understand the FRS plans
- Know how the second election works
- Review the FRS Investment Plan (IP) funds
- Understand how the Advisor Service helps you
- Learn the features of the Investment Plan
- Review the tools and resources available
- Know which steps to take next





2




## Tools and Resources

 MyFRS.com	 MyFRS Financial Guidance Line 866-446-9377	 Employee workshops	 Print and e-mail communications
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3




## Workshop Survey

- Text “FRS survey” now to 313131
  - You will receive a text with a link to the survey
- Alternatively, after the workshop you may go directly to:
  - [www.surveymonkey.com/r/FRSWorkshop](http://www.surveymonkey.com/r/FRSWorkshop)


*Thank you for providing feedback  
to help ensure we are meeting your needs*



4



## Personal Action Plan



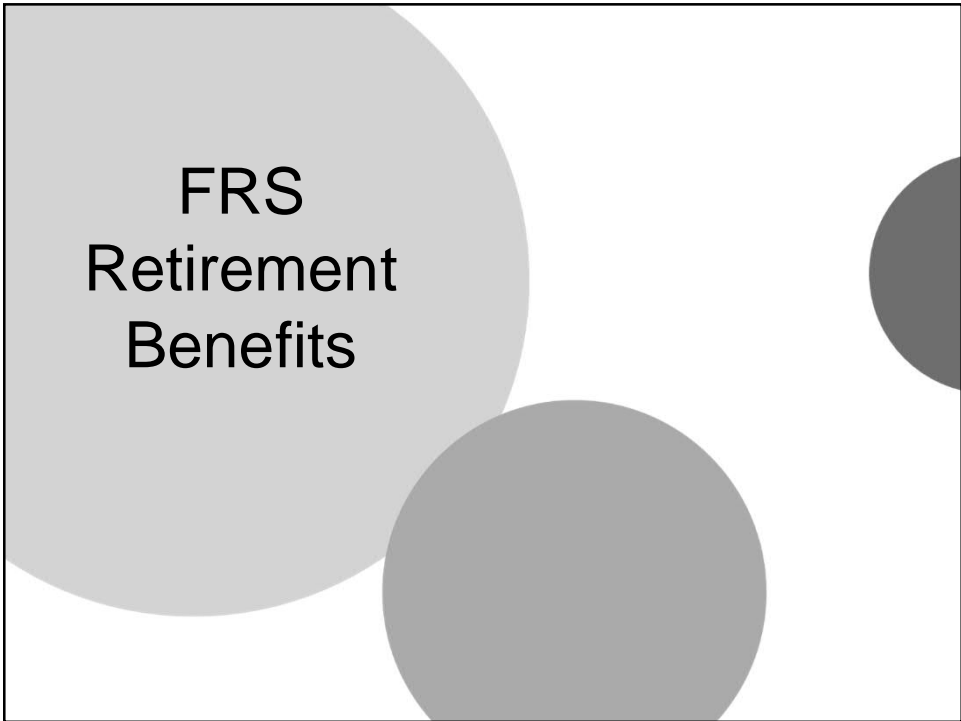
Action Steps	Done
Find your 6-digit PIN and create a MyFRS.com account. (If already registered, use User ID and Password created.)	✓

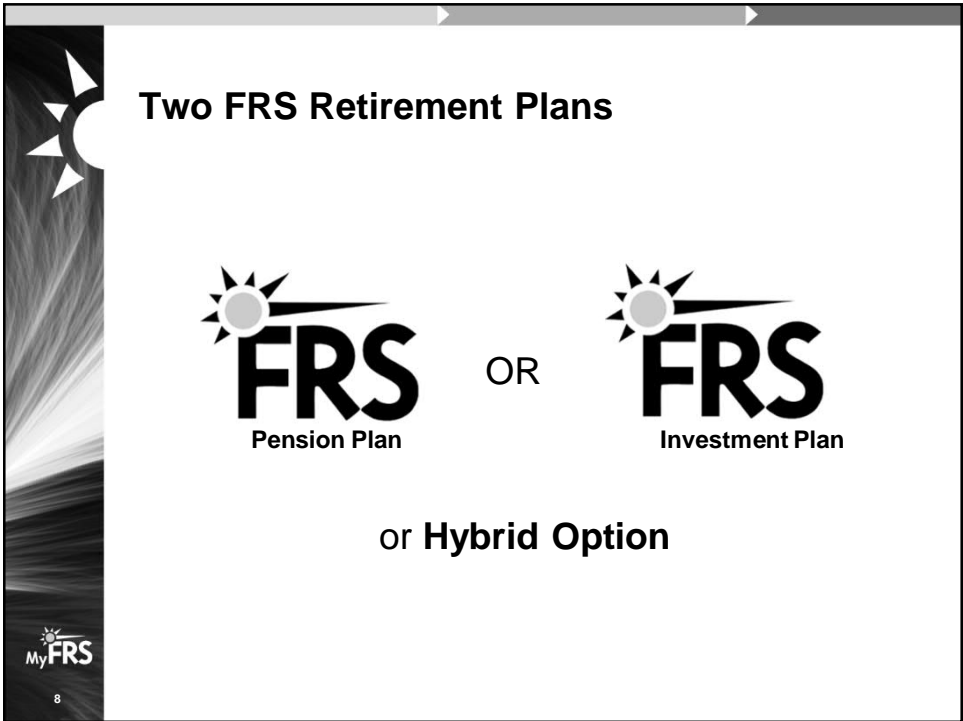
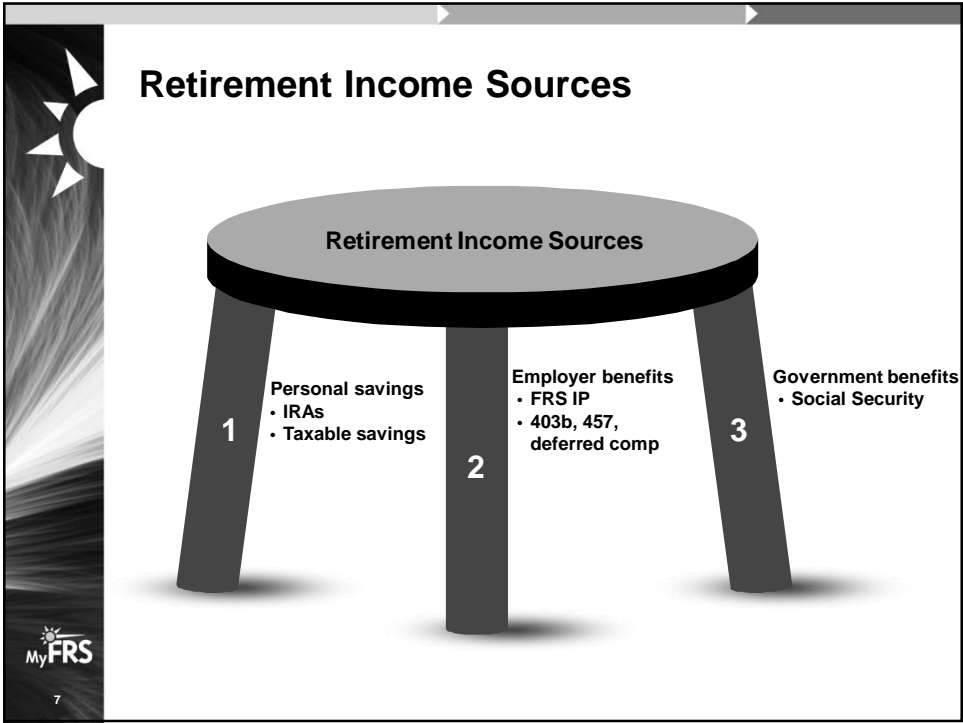
See Appendix D for your own Personal Action Plan

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# FRS

## Retirement Benefits





## The FRS Investment Plan

- More recent retirement plan design
- Benefit not fixed
- Based on (1) employer contributions, (2) employee contributions, (3) investment returns, and (4) account fees
- You choose how to distribute contributions among the investment funds in the plan
- Guaranteed benefit for life available
- Vested after 1 year
- Fully portable throughout the over 900 FRS employers as well as employers outside the FRS umbrella

## Plan Administration – Investment Plan Contribution Rates (as of 07/01/2019)

Membership Class	Paid by Employer	Paid by Employee	Total IP Contribution
Regular	3.30%	3.00%	6.30%
Special Risk	11.00%	3.00%	14.00%
Special Risk Admin	4.95%	3.00%	7.95%
Elected Officers (Judges)	10.23%	3.00%	13.23%
Elected Officers (Leg/Cab/Defender/Attorney)	6.38%	3.00%	9.38%
Elected Officers (County & Local)	8.34%	3.00%	11.34%
Senior Management	4.67%	3.00%	7.67%

# Using Your 2<sup>nd</sup> Election

## 2nd Election

- One-time opportunity
- Switch plans any time
  - 2nd Election Retirement Plan Enrollment Form
    - Mail or fax (1-888-310-5559) to Alight Solutions
    - Online (Pension Plan to Investment Plan only)
    - Online 2<sup>nd</sup> Election EZ form
- Must be an active employee = earning salary & service credit
- Educational institution employees



## 2<sup>nd</sup> Election – Pension Plan ⇌ Investment Plan

- Pension Plan present value ⇌ Investment Plan
- Hybrid option
  - 5 or more years of service if enrolled prior to July 1, 2011; 8 or more years of service if enrolled on or after July 1, 2011
  - Pension Plan frozen
  - Future contributions to the Investment Plan
- Vesting caution
  - 6-year vesting applies if enrolled in FRS prior to July 1, 2011
  - 8-year vesting applies if enrolled in FRS on or after July 1, 2011

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13



## 2<sup>nd</sup> Election – Investment Plan ⇌ Pension Plan

- Buy into the Pension Plan with Investment Plan dollars
  - Present value
  - Accrued liability or total cost
- Make up difference with personal dollars
- Excess account balance (reverse Hybrid)

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14

## 2<sup>nd</sup> Election Choice Service

2<sup>nd</sup> Election Choice Service

Home MyFRS.com Log Out

Learn Choice Overview Compare Your Options Decide To Change Plans or Wait

You have one opportunity to change retirement plans during your FRS career.

To make a 2<sup>nd</sup> Election, you must be actively employed in an FRS-covered position, earning salary and service credit.\*

Hi, FIRST\_NAME,

As a member of the Florida Retirement System (FRS), you have a one-time opportunity to change from your current FRS retirement plan to the other. This is called a 2<sup>nd</sup> Election. To make a 2<sup>nd</sup> Election, you must be actively employed in an FRS-covered position, earning salary and service credit. This site is designed to help you learn about the 2<sup>nd</sup> Election, consider your options, and compare your estimated benefit under each plan so you can make an informed decision. You can:

- Learn about your 2<sup>nd</sup> Election, the two FRS plans, and the resources available to help you make a decision.
- Compare your options and compare your estimated benefit under each plan to help you make your decision.
- Decide whether you want to use your 2<sup>nd</sup> Election and how to make your election if you decide to change plans.

We strongly encourage you to speak with an experienced, unbiased financial planner after you have considered your options and compared your estimated benefits for each plan. Once your 2<sup>nd</sup> Election has been finalized, you will not be able to change plans again. Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (FRS 711). Planners can answer your questions about your retirement goals and your 2<sup>nd</sup> Election decision, and there is no cost to you.

**Speak With a Financial Planner**  
Call the MyFRS Financial Guidance Line:  
1-866-446-9377  
Option 2 (FRS 711)  
9:00 a.m. to 8:00 p.m. ET  
Monday through Friday, except holidays

**Chat With a Financial Planner**  
9:00 a.m. to 8:00 p.m. ET  
Monday through Friday, except holidays

\*If you submit a 2<sup>nd</sup> Election and it is determined that you are not eligible, your election will be invalid and reversed. If you are on an unpaid leave of absence or you are an employee of an educational institution on summer break, you cannot use your 2<sup>nd</sup> Election until you return to work.

15

## 2<sup>nd</sup> Election Choice Service Demonstration: Pension Plan ⇌ Investment Plan

Review Your Information

If any of your personal information is incorrect, call the MyFRS Financial Guidance Line as soon as possible at 1-866-446-9377, Option 2 (FRS 711).

Name	FIRST_NAME LAST_NAME
Age	35
Salary	\$36,179.33
Current Years of FRS Service	5.33
Current Election on File	Pension Plan

Compare Your Estimated Benefits

Compare Your Estimated Benefits

Customize Your Comparison Assumptions

Important Considerations

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**Consider carefully.**  
Your 2<sup>nd</sup> Election is a one-time opportunity to change from your current FRS retirement plan to the other. Once you make a 2<sup>nd</sup> Election, you will not be able to change plans again. Carefully read the information on this site and take the time to speak with an experienced, unbiased financial planner. Planners can answer your questions about your retirement goals and choosing an FRS retirement plan, and there is no cost to you.

16



## 2<sup>nd</sup> Election Choice Service Demonstration: Pension Plan ⇌ Investment Plan

**Review Your Information** ▼

**Compare Your Estimated Benefits** ▼

**Customize Your Comparison Assumptions** ▲

We have used your current salary and other personal data to estimate your yearly retirement benefits. You can adjust these assumptions and click the "Customize My Benefits Estimate" button to see how your plan benefit estimates compare. You can change your assumptions and recalculate your customized estimate as many times as you like.

**Assumptions**

Annual Salary Increase	1.0%
Investment Results	Average
Your Age When You Leave FRS Employment	36
Age You Expect to Begin Receiving Benefits	45

[Customize My Benefits Estimate](#)

**Are You Ready to Make a Decision?**

Now that you have considered your options and compared your estimated benefits for each plan, are you ready to make a decision to change plans or stay in your current plan?

**I am ready to make a decision. Decide**

**I have decided that I do not want to change plans at this time.** You can come back to this site at any time before you terminate FRS-covered employment to compare your options and consider using your 2<sup>nd</sup> Election, MyFRS.com

**Questions?** Please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).

**Speak With a Financial Planner**

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1-866-446-9377  
Option 2 (TRS 711)  
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Monday through Friday, except holidays

**Chat With a Financial Planner**

9:00 a.m. to 8:00 p.m. ET  
Monday through Friday, except holidays

**Want to review your estimated benefits?**  
You can return to Compare Your Estimated Benefits, which shows your estimated benefits at various ages.



## 2<sup>nd</sup> Election Choice Service Demonstration: Pension Plan ⇌ Investment Plan

**Assumptions**

Annual Salary Increase	1%
Investment Results	Average
Your Age When You Leave FRS Employment	38, 44, 51, 57, 63
Age You Expect to Begin Receiving Benefits	Upon leaving FRS employment

**Your Estimated Benefits**

Your Age When You Leave FRS Employment	Investment Plan	Pension Plan
38	\$274.12	\$0.00
44	\$854.83	\$0.00
51	\$2,060.96	\$4,178.67
57	\$3,921.55	\$11,366.84
63	\$7,203.07	\$24,524.99

**Chat With a Financial Planner**

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Monday through Friday, except holidays

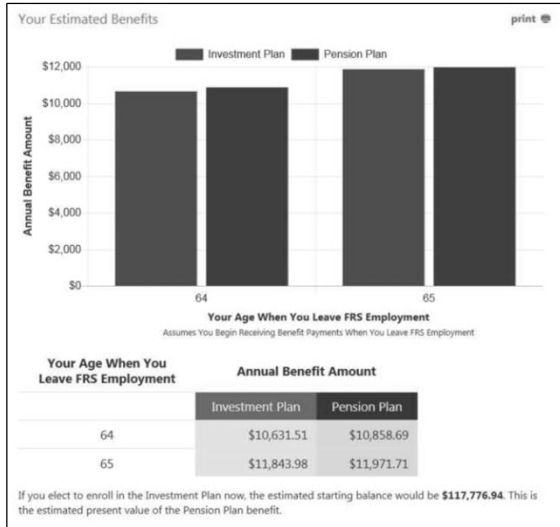
**Want to customize your assumptions?**  
You can create a custom estimate of your estimated benefits by changing the standard assumptions (e.g., annual salary increase, investment results, and other factors).

**Consider carefully. Your 2<sup>nd</sup> Election is a one-time opportunity to change from your current FRS retirement plan to the other.** Once you make a 2<sup>nd</sup> Election, you will not be able to change plans again. Carefully read the information on this site and take the time to speak with an experienced, unbiased financial planner. Planners can answer your questions about your retirement goals and choosing an FRS retirement plan, and there is no cost to you.

**Why is my pension benefit 0?**  
You must be vested to qualify for a benefit. You qualify for a pension benefit once you complete 8 years of service in the Pension.



## 2<sup>nd</sup> Election Choice Service Demonstration: Pension Plan ⇌ Investment Plan



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19

## 2<sup>nd</sup> Election Choice Service Demonstration: Pension Plan ⇌ Investment Plan



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20

## 2<sup>nd</sup> Election Choice Service Demonstration: Decide: Change or Wait?

**2<sup>nd</sup> Election Choice Service**

MyFRS Florida Retirement System

Home MyFRS.com Log Out

Learn Choice Overview    Compare Your Options    **Decide To Change Plans or Wait**

You have one opportunity to change retirement plans during your FRS career.

To make a 2<sup>nd</sup> Election, you must be actively employed in an FRS-covered position, meeting salary and service credit.\*

**Ready to Make a Decision?**

If you do not use your 2<sup>nd</sup> Election at this time, you can come back to this website anytime during your FRS-covered employment and compare your assumed benefits for each plan and consider making a 2<sup>nd</sup> Election at a later date.

If you want to use your 2<sup>nd</sup> Election to change plans, you must be actively working in an FRS-covered position at the time your form is received or your online election is confirmed by the FRS Plan Choice Administrator. For example, if your last day of work in an FRS-covered position is March 1, whether you terminated voluntarily or were forced to terminate FRS-covered employment, your request must be received or confirmed prior to 4:00 p.m. ET on March 1. If you are on an unpaid leave of absence or if you are an employee of an educational institution on a summer break, you cannot use your 2<sup>nd</sup> Election until you return to work in an FRS-covered position.

**Change From the Investment Plan to the Pension Plan**

**Questions?**

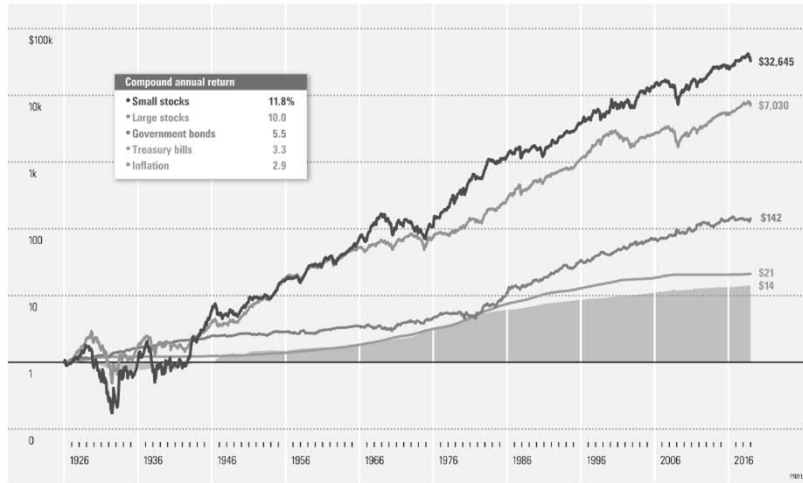
**Speak With a Financial Planner**  
Call the MyFRS Financial Guidance Line: 1-888-464-8377, Option 2 (FRS 711), 9:00 a.m. to 6:00 p.m. ET Monday through Friday, except holidays.

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**Consider Carefully.** Your 2<sup>nd</sup> Election is a one-time opportunity to change from your current FRS retirement plan to the other. Once you make a 2<sup>nd</sup> Election, you will not be able to change plans again. Carefully read the information on this site and take the time to speak with an experienced, unbiased financial planner. Planners can answer your questions about your retirement goals and choosing an FRS retirement plan, and there is no cost to you.

## Investment Funds

## Stocks, Bonds, Bills And Inflation Hypothetical Value of \$1 Invested 1926-2018



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © Morningstar. All Rights Reserved.

## Learning About the Investment Plan Funds

## Learning About Funds Investment Fund Summary

- Investment Summary Booklet
- Quick Guide



## Learning About Funds on MyFRS.com

### FRS U.S. Stock Market Index Fund (120)

POWERED BY  
**LIPPER**

Overview Performance Lipper Ratings Fees Risk Portfolio Management View All Print  
Glossary | Disclosure

#### LIPPER CLASSIFICATION ⓘ

**Multi-Cap Core Funds**  
Funds that invest at least 75% of their equity assets in companies of any size and that are in the U.S.

#### LIPPER RATINGS ⓘ

**Consistent Return**  
Rating out of 655 Multi-Cap Core Funds

5 4 3 2 1  
Best Worst

#### FUND OBJECTIVE ⓘ

The Fund seeks investment results that correspond generally to the price and yield performance, before fees and expenses, of a particular index (its "Underlying Index"). The Index is the Russell 3000 Index.

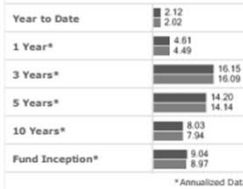
#### ANNUAL FEES ⓘ

**Net Expense Ratio ⓘ** 0.02%

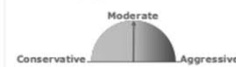
The Net Expense Ratio is the annual cost associated with managing and operating a fund including Operating Expenses, Administrative Expenses and any expense waivers and expense reimbursements that may apply.

#### HISTORICAL PERFORMANCE

FRS U.S. Stock Market Index Fund (120)  
Russell 3000 TR

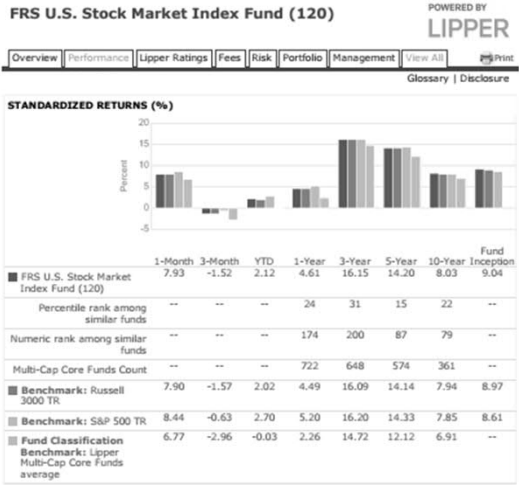


#### RELATIVE RISK ⓘ



Investing in more aggressive higher return funds does not guarantee higher returns; nor does investing in conservative funds with lower stated returns protect your investment from loss.

# Learning About Funds on MyFRS.com

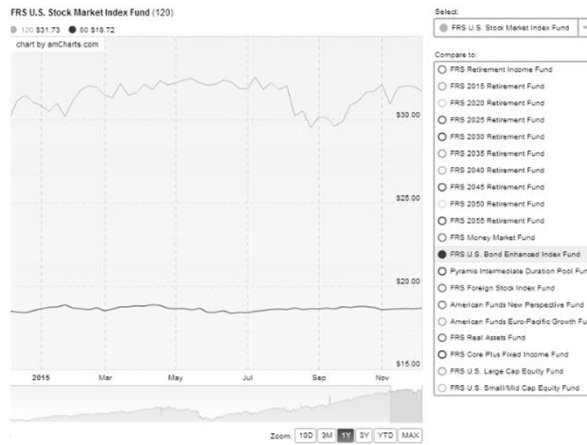


Note: Percentile ranks are available for 1 year periods and greater.



# Learning About Funds on MyFRS.com

## Daily Net Asset Value



## What is the Cost of Investing in FRS Investment Funds?

- Fund Operating Expenses - Only cost to FRS Members
  - Management Fee
  - Other Fund Expenses
- Deducted from assets prior to calculation of daily price per unit, the Net Asset Value (NAV)
- No revenue sharing (such as mutual fund 12b-1 fees) with SBA, FRS or any vendor from investment managers

## Investment Fund Fees Annual Fees for a \$1,000 Account as of 07/01/19

Investment Fund Categories	Range of FRS IP Fund Fees
Money Market Fund	\$0.61
Multi-Assets Fund	\$4.50
Fixed Income Funds	\$0.50 - \$2.40
U.S. Stocks Funds	\$0.20 - \$5.80
Foreign Stocks Funds	\$0.30 - \$4.90
Retirement Date Funds	\$1.10 - \$1.90



## FRS Investment Managers

- Passively Managed Funds
  - Index Fund Managers
  - Match performance of a market index
    - e.g., Russell 3000 Index, covers the largest 3000 companies in the U.S.
- Actively Managed Funds
  - Can be managers of commingled trusts for the FRS
  - Or institutional managers who manage funds for larger clients like pension funds or endowment funds and aren't generally available to individual investors
  - Or a combination of both, called multi-manager funds or funds of funds, branded as "FRS" Funds



## Proprietary FRS Funds

- Designed to offer members ability to invest with institutional managers not usually open to individual investors
- Only available to FRS Investment Plan participants
- All actively managed FRS funds are multi-manager funds designed to bring similar asset class managers, such as large cap equity managers, into a single fund giving members lower fees and broader access to the opportunities in each asset class without having to make individual manager selections



## Retirement Date Funds

- Target retirement dates from 2015 to 2060, plus a Retirement Fund for those currently retired
- Pre-mixed diversified investments
  - “One-stop shopping”
- Asset allocation based on time horizon
  - The further from retirement, the more aggressive the investment mix
  - As the target retirement date nears, the asset allocation automatically becomes more conservative
- No need to rebalance or reallocate
  - “Set it and forget it”

## FRS Investment Plan Fund Choices

Asset Class	Fund Number	Fund Name
Target Retirement Date	2000	FRS Retirement Fund
	2015	FRS 2015 Retirement Date Fund
	2020	FRS 2020 Retirement Date Fund
	2025	FRS 2025 Retirement Date Fund
	2030	FRS 2030 Retirement Date Fund
	2035	FRS 2035 Retirement Date Fund
	2040	FRS 2040 Retirement Date Fund
	2045	FRS 2045 Retirement Date Fund
	2050	FRS 2050 Retirement Date Fund
	2055	FRS 2055 Retirement Date Fund
	2060	FRS 2060 Retirement Date Fund



Visit the “Investment Funds” section of MyFRS.com for more information

## FRS Investment Plan Fund Choices

Asset Class	Fund Number	Fund Name	
Cash	60	FRS Money Market Fund	
	Bonds	80	FRS U.S. Bond Enhanced Index Fund
		310	FRS Core Plus Bond Fund
U.S. Stocks	90	FRS Intermediate Bond Fund	
	120	FRS U.S. Stock Market Index Fund	
	320	FRS U.S. Large Cap Stock Fund	
Foreign Stocks	330	FRS U.S. Small/Mid Cap Stock Fund	
	200	FRS Foreign Stock Index Fund	
Global Stocks	220	FRS Foreign Stock Fund	
	210	FRS Global Stock Fund	
Multi-Assets	300	FRS Inflation Adjusted Multi-Assets Fund	



35



Visit MyFRS.com and/or call the MyFRS Financial Guidance Line to discuss whether the Self-Directed Brokerage Account may be appropriate for you

## Manage Your IP Account Online

Florida Retirement System

Home New Hires Members Retirees Employers Contact

Forms Publications Investment Funds FRS Programs Chat Alerts & Hot Topics

ADVISOR **INVESTMENT PLAN** PENSION PLAN JMO CHOICE

**Service Summary**

PLAN	DESCRIPTION	SERVICE CREDIT	VALUE PERCENT	ACCRUED PERCENTAGE
11A	FRS-REGULAR CLASS	14.90	1.80	23.64
<b>TOTAL</b>		<b>14.90</b>	<b>-</b>	<b>23.64</b>




36

This reflects service through 04/2017.  
The total amount of contributions and payments you made to your retirement account through 04/2017 is \$10,123.42.



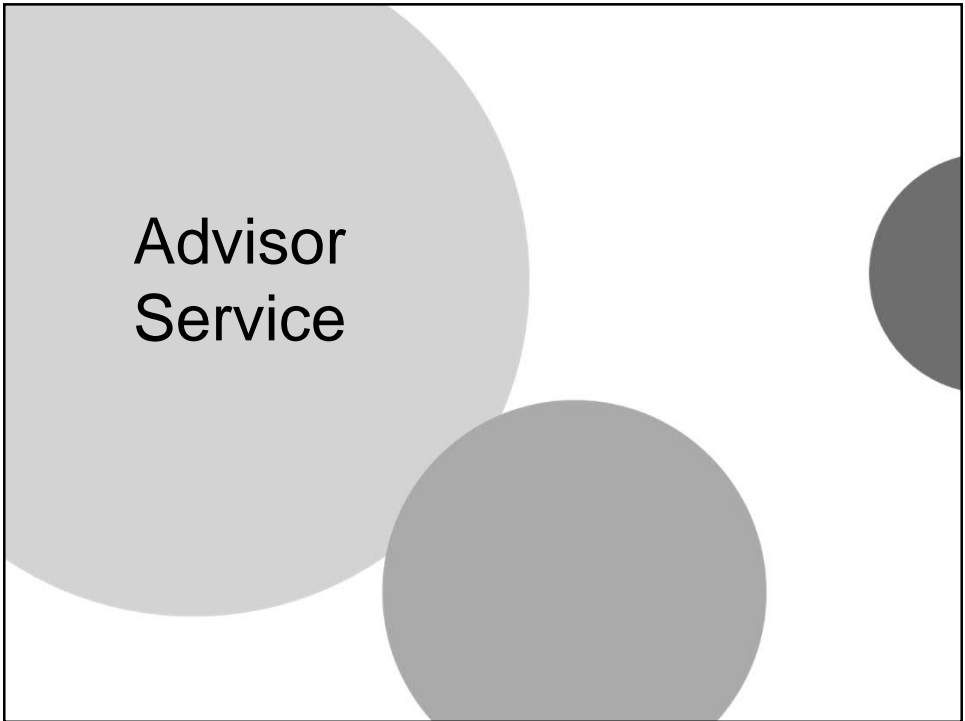
## Excessive Fund Trading Policy

- Applies to all Investment Plan members
- Prevents short-term excessive trading
- Excessive trading drives costs/reduces returns



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37



# Advisor Service

## Advisor Service

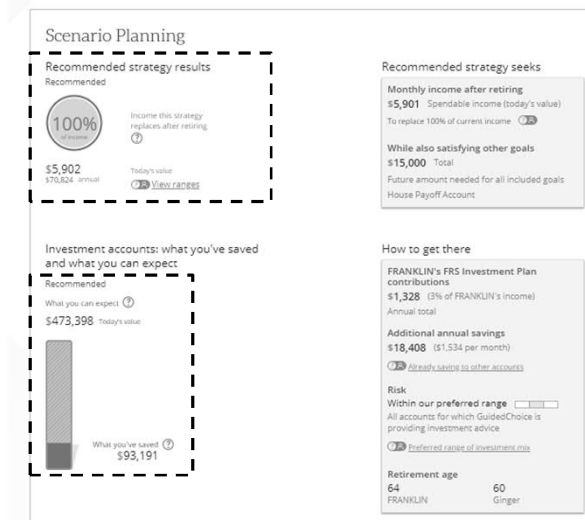
- For **ALL FRS** Members
- Visit MyFRS.com
- Call the MyFRS Financial Guidance Line for assistance

## Using the Advisor Service

The screenshot displays the MyFRS website interface. At the top, there is a navigation menu with links for Home, New Hires, Members, Retirees, Employers, and Contact. Below this is a secondary menu with links for Forms, Publications, Investment Funds, FRS Programs, Chat, and Alerts & Hot Topics. A row of buttons includes 'Advisor', 'Retirement Plan', 'Health Plan', and 'No Choice'. A placeholder for member information is visible. The main content area is titled 'ADVISOR SERVICE' and features a question: 'Are you on track to reach your retirement goal?'. It shows a projected monthly retirement income of '\$00,000' and a bar chart with the text 'You are currently on track!'. A note indicates 'Data current as of 01/01/2024. Next update on 01/01/2025'. Below this, it states 'Based on your current behavior, you'll have XX% of your income in retirement.' and 'Great job! But is there something you can do to further increase your projected wealth?'. A 'Find Out Now' button is highlighted with a red circle.



## Advisor Service – Retirement Income Forecast Using Recommendations



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43

## Advisor Service Overview

	Pension Plan	Investment / Hybrid Plan
1. Pre-loaded member data	All FRS benefit data	All FRS benefit data and FRS investment funds
2. Member adds personal data/goals	Non-FRS assets (qualified plans, taxable accounts, annuities, etc.)	
3. Advisor Service:		
Estimates	Total retirement income	
Gives free investment guidance	Advice across FRS and non-FRS taxable and tax-deferred retirement accounts including deferred compensation plans and IRAs	

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44

## Investment Plan Features

Rollovers

Disability  
Benefits

Death Benefits

Distributions

Health  
Insurance  
Subsidy

Health  
Insurance  
Coverage

Re-employment

Forfeitures

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45

## Investment Plan Rollovers

- Current, former, and retired members
  - Roll qualified plans dollars to Investment Plan
- Current and former DROP participants
  - Roll DROP dollars to Investment Plan
  - Low-cost funds
  - Low-cost inactive administration fee

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46



## Investment Plan Disability Benefits

- Must have a total and permanent disability
- Regular Disability
  - 25% minimum, must have 8 years service credit
- In Line of Duty (ILOD) Disability
  - 42% or 65% minimum, eligible from first day
- Division approval
  - Investment Plan dollars to Pension Plan
  - Disability benefits under Pension Plan provisions
- 2nd Election not required
- If recover from disability, transfer back to IP

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47




## Investment Plan Death Benefits

- If vested and no distribution, then full value of account balance to beneficiary
- Spouse beneficiary
  - Choice of distribution
  - Defer distribution
- Other beneficiary
  - One year to decide
  - 5-year payout or lifetime annuity
- In line of duty

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48






## Beneficiary Designation


- Make change online, or
- Investment Plan members can change by calling Alight Solutions, or
- Mail a Beneficiary Designation form any time
  - Pension Plan: BEN-001 → Division of Retirement
  - Investment Plan: IPBEN-1 → Alight Solutions
    - Download copy of form online
    - Or call to request copy of form
    - Enrollment form default designation
      - Florida Statutes
- Talk to a financial planner


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49



## Investment Plan Survivor Counseling

- Free, objective financial guidance
- Automatically notified by mail
- Available for one year





Visit [MyFRS.com](http://MyFRS.com) to view the Survivor Counseling Flyer

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50



## Investment Plan Distributions

- Vested
- Requirements
  - Terminated for 3 calendar months
  - 1 calendar month exception
  - Termination date on file
  - Member requests distribution from Alight Solutions or online – direct deposit available
- Automatic distribution
  - Account balance \$1,000 or less



## Distributions – Reporting Termination Date

- Your employer will report term date on monthly payroll report
- Exception only
  - Term date not reported timely
  - Ask Employer to submit Employment Termination Form to Alight Solutions
  - Employer must sign

## Investment Plan Termination Kit

- Mailed automatically
- Includes:
  - Distribution requirements and payment options
  - De minimis and Required Minimum Distributions
  - Penalties and taxes
  - Health Insurance Subsidy eligibility
  - Re-employment
  - Special Tax Notice



## Investment Plan Payment Options

- Rollover
- Lump-sum
- On demand or scheduled
- Annuity payments
  - Survivor
  - 3% COLA
- Combination



## Annuities vs. Lump Sums

### Annuities

Annuity Recipients Happy and "Better Off" Financially

96%

Percentage of DB and DC plan participants who are happy that they chose an annuity over a lump sum

95%

Percentage of DB and DC plan participants who believe they are "better off" financially since they chose an annuity over a lump sum

### Lump Sums

Lump Sums Are Being Depleted Too Quickly



One in five DB and DC plan participants (21%) who took a lump sum from their plan have already depleted it

5 1/2  
Years

Length of time, on average, that their lump sum was depleted\*

Lump Sums Expected to Run Out and Fall Short of Average Life Expectancy



One in three lump sum recipients who still have money remaining (35%) worry about the money running out

17  
Years

Average length of time those who have not yet depleted their lump sum expect the remaining money to last

82  
Years

Average age<sup>2</sup> at which the money is expected to run out; however, 25% of people aged 65 will actually live to age 95<sup>3</sup>

Source: MetLife.com \*Those who took a lump sum from a DC plan and did not have separate DB pension income depleted their money in just four years; very small base (n=40). \*\*The average age of those who took a lump sum was 65. <sup>3</sup>Society of Actuaries Annuity 2000 Mortality Table with 100% AA projection to 2016 and 150% projection thereafter, with mortality blended 50% Male and 50% Female.

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55

## Taxes on Investment Plan Distributions

- Taxed when received
  - Potential penalties for early distributions
- Rollover to defer taxes
- Exceptions to penalty
  - Call MyFRS Financial Guidance Line

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56



## Health Insurance Subsidy (HIS)

- \$5/year of creditable service
  - \$30 minimum/month
  - \$150 maximum/month
- Eligibility
  - Must retire (take IP distribution) and have some form of insurance coverage
  - 6 years, if enrolled prior to July 1, 2011
  - 8 years if enrolled on or after July 1, 2011

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57



## Receiving the Health Insurance Subsidy

- Early IP distribution
  - HIS begins at Pension Plan normal retirement age
  - Special Risk:
    - Enrolled prior to July 1, 2011: Age 55 + 6 years or 25 Special Risk years
    - Enrolled on or after July 1, 2011: Age 60 + 8 years or 30 Special Risk years
  - All other classes:
    - Enrolled prior to July 1, 2011: Age 62 + 6 years or 30 years
    - Enrolled on or after July 1, 2011: Age 65 + 8 years or 33 years
- Hybrid Option
  - HIS begins when member starts receiving Pension benefit
- Surviving spouse

MyFRS

58

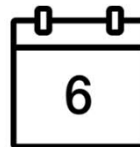
## Health Insurance Coverage

- Insured prior to retirement
- Continue same coverage
- Employer by employer



## Re-employment Limitations

- Non-FRS employer
  - No effect on benefit
- FRS employer
  - Terminate 6 calendar months



Visit [MyFRS.com](http://MyFRS.com) to review the "Working After Retirement" publication for more information on re-employment

## Forfeiture of Benefits – Non-Vested Service

- Unvested benefit forfeited if:
  - Take distribution of vested balance (including employee contributions), or
  - Not re-employed within 5 years
- Example:
  - 5 years of service (3 Pension Plan + 2 Investment Plan)
  - January 1, 2020 termination date

## Workshop Objectives

- Understand the FRS plans
- Know how the second election works
- Review the FRS Investment Plan (IP) funds
- Understand how the Advisor Service helps you
- Learn the features of the Investment Plan
- Review the tools and resources available
- Know which steps to take next



## Workshop Survey

- If you sent a text at the beginning of the workshop, please check your phone for a text that contains the link to the survey
- If you did not send a text earlier, please do so now by texting “FRS survey” to 313131
- If you do not receive a text, please go directly to:
  - [www.surveymonkey.com/r/FRSWorkshop](http://www.surveymonkey.com/r/FRSWorkshop)

*Thank you for providing feedback  
to help ensure we are meeting your needs*



## Tools and Resources



MyFRS.com



MyFRS  
Financial  
Guidance Line  
866-446-9377



Employee  
workshops




Print and e-mail  
communications





## Next Steps: Personal Action Plan



Action Steps	Done
Log on to MyFRS.com and explore the Advisor Service	<input type="checkbox"/>
Call MyFRS Financial Guidance Line at 1-866-446-9377	<input type="checkbox"/>
Look for additional workshops in your area	<input type="checkbox"/>
Review your financial situation at least once a year	<input type="checkbox"/>

## Questions and Answers



MyFRS

FINANCIAL GUIDANCE PROGRAM



**Understanding the  
FRS Investment Plan**





# Understanding the FRS Investment Plan Workshop

Appendix	Description	Page
A	EY Disclosure Statement and Form ADV Part 2A	1
B	MyFRS Financial Guidance Line Appointment	7
C	Workshop Survey	9
D	Personal Action Plan	11

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## A. NOTICE TO ELIGIBLE PARTICIPANTS

Dear Eligible Participant:

Ernst & Young LLP (“EY”) has been engaged to provide financial wellness services to you through this program. We expect that you will find EY’s services to be valuable, but we think it is also important that you understand the scope of these services. The following explains what financial wellness services can and cannot do for you, particularly as regards investment planning.

### **General Financial Planning Considerations**

Here are points to understand regarding your personal financial planning and your participation in financial wellness services:

- EY has prepared certain financial planning materials and is providing other services for your personal use as an eligible participant; such materials may not be shared publicly.
- The financial education program includes historical financial information and well-accepted financial planning strategies. It may also include information on Social Security benefits and your sponsoring organizations benefit plans. This information is based on sources that EY believes to be reliable. However, EY cannot guarantee its accuracy.
- Past performance, which may be referenced in the program, is not a guarantee or even necessarily an indication of future results.
- The financial planning materials you receive will not change or affect your rights under your sponsoring organization’s benefit plans. In all cases, the benefit plan documents will govern.
- As you plan your financial future, you will need to make assumptions about future financial trends (such as inflation and rates of return), laws and regulations, and apply these to your particular circumstances. Your results can be significantly affected by even small changes in your assumptions, your individual circumstances or laws and regulations, as well as the extent to which your assumptions ultimately vary from actual financial conditions. You may need to reevaluate your financial planning strategy and your decisions from time to time to determine if any changes have occurred that would necessitate amendments to your assumptions or plan.
- A financial education program provides only some of the resources for assisting you in preparing your financial planning strategies. Financial education does not provide accounting, tax or legal advice and does not involve recommendation of specific investments.
- You need to decide on your own whether to consult with a financial advisor or other professional regarding your personal circumstances. If you do, please be aware, you may incur additional costs.
- In providing financial education, EY may help you decide on your asset allocation or help you make informed assumptions about rates of return and other investment issues. While EY will help you understand what you need to do, you are responsible for making and acting on these decisions. EY cannot provide you with all information that may be relevant nor can any materials provided address every possible scenario in connection with such decisions.
- Neither EY nor your employer will make any financial planning decisions for you or assume any responsibility for decisions you make.
- EY may provide audit or other accounting services to the investments or service providers discussed. The provision of other services will not be a determining factor whether to discuss or recommend an investment or service provider.

## Privacy of Information Provided to EY

In the event EY collects nonpublic personal information about you from you or other sources authorized by you, EY will not disclose such information to third parties, except as permitted by law or as otherwise authorized by you. EY maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

## Further Considerations

All services are provided “as is,” and there are no warranties of any kind or nature, whether express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose or use. In addition, neither EY nor its affiliates nor any of their partners, officers, directors or employees shall be liable to you for any services performed or omitted or for any errors of judgment, or for consequential, incidental, indirect, punitive or special damages in connection with providing the services described above. Federal securities laws impose liabilities under certain circumstances on certain persons, even those who act in good faith, and therefore nothing in this notice constitutes a waiver or limitation of any rights that you may have under these laws.

If you should have any kind of claim or dispute with EY as a result of this program, these will be resolved in accordance with EY’s Alternative Dispute Resolution Procedures (“Procedures”) in effect on the date of this notice. You may receive a copy of the Procedures by requesting them from the Compliance officer of EY, at the following address:

200 Plaza Drive  
Suite 2222  
Secaucus, NJ 07094

\* \* \* \* \*

If, after considering the issues discussed above, you do not want to participate in financial education and counseling in conjunction with this program, please contact your sponsoring organization, as soon as possible.

# FOR INFORMATIONAL PURPOSES ONLY

## DISCLOSURE STATEMENT

**Ernst & Young LLP**  
**Ernst & Young Investment Advisers LLP**  
*Employee Financial Services*

09/27/19

**Please note that this disclosure statement provides a summary of the investment advisory services provided by Ernst & Young LLP. Please note that a full copy of ADV Part 2A can be located at this link [www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx)<sup>1</sup>**

Ernst & Young LLP (“EY”), under the supervision of Ernst & Young Investment Advisers LLP (“EYIA”), provides Employee Financial Services (“EFS”), including investment education and counseling services to employees, members of associations, unions or other large groups (“Participants”) pursuant to engagements by corporate employers, pension plan trustees, or other entities formed for the benefit of such Participants (“Sponsors”). Such services are provided through EFS, a functional specialty within the firm’s Tax Department. EYIA is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and maintains its main office at 200 Plaza Drive, Suite 2222, Secaucus, NJ 07094 (telephone: 800-273-0588).

### **Employee Financial Services (“EFS”)**

**Employee Financial Services** provides financial wellness services that educates participants with different learning styles and approaches to financial planning, including via interaction with EY financial planners as well as digital tools. The service offers the convenience of different learning methods and tools (telephone counseling, web-based and mobile tools, group learning, and interaction through social media) providing participants the opportunity to “try out” all the available learning styles to select their preferred one or a combination that best meets their needs. (Please note: these services can be bundled together or sold separately.)

- **Telephone-based financial planning** provides:
  - Unlimited toll-free access to experienced, credentialed and objective EY financial planners
  - EY financial planners who are trained on sponsoring organizations’ benefit plans and programs
  - EY financial planners who provide information and guidance across all areas of financial planning. Common topics include: employer-provided benefit plans, cash flow and debt management, investment planning, education funding, etc.
  - Personalized reports are available on a variety of topics including retirement, asset allocation, cash flow, net worth, education funding, insurance planning, and debt management
- **Financial planning website** offers:
  - A unique and interactive planning experience that grows as the participant’s needs and knowledge level expand
  - Robust resources, including a basic quiz and a periodic confidence checkup

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<sup>1</sup> From this webpage follow these steps to view the most current Form ADV: a) select Firm, b) enter CRD #110921, c) click **Ernst & Young Investment Advisers LLP**, d) Part 2 Brochure link is below.

- EY financial planner communication through messaging
- Chat feature for help
- Single sign on which allows users to access the EFS website from client sites without further login
- Connection of financial accounts to facilitate information-sharing with EY financial planners (this feature will not be available to clients with independence restrictions)
- Access to a user dashboard which provides participants with the ability to view their personal financial situation, including their aggregation of financial account information if applicable
- Mobile app to allow users to obtain financial education and communicate with EY financial planners
- **Group learning:**
  - Group learning that informs participants about their benefits and comprehensive financial planning. This learning can be delivered as live workshops, live webinars and/or recorded sessions.
  - A list of action items that apply to a participant's personal situation
- **Organization support:**
  - Dedicated EY project manager(s), including periodic service reviews
  - Periodic engagement reports highlighting participant activity
  - Integration of services with other benefit providers to create a cohesive program
  - Assist client with developing communication materials to promote service

As part of the personal financial advisory services EY may prepare personal asset allocation targets (based on modern portfolio theory and using EY's own or other approved financial planning tools) for such Participants after obtaining and evaluating information concerning their individual circumstances provided by each Participant in response to an EY questionnaire

**EY does not recommend, and should not be deemed to have recommended, any particular investment as an appropriate investment for the Participants and discussions of various investments should not be construed as such a recommendation.**

EY's advisory services also may be offered by a Sponsor to Participants in tandem with the personal advisory services of another registered investment adviser designated by the Sponsor that is not affiliated with EY ("Other Adviser"). In some EFS engagements, the Sponsor contemplates that EY will refer individual Participants to the Other Adviser for specific recommendations and/or implementation of the Participant's investment decisions. Such referrals by EY do not constitute a recommendation of the Other Adviser by EY to Participants, and, in such cases, EY does not perform any quantitative or qualitative screening procedures with respect to the Other Adviser.

EY, in certain circumstances, is contracted solely to help train employees of financial institutions seeking to offer financial and tax planning services to clients. Such services do not involve EY providing advice directly to the clients of such financial institutions, but rather entails training a financial institution's counselors on financial and tax planning topics and such other support as is mutually agreed upon by EY and the financial institution.

**All Selections and Investments Are Made Solely by the Participating Employee**

**EY's investment education and counseling does not include recommendations concerning the purchase or sale of particular investments or particular industry sectors. EY may provide counseling on the purchase or sale in the context of providing tax, compensation and benefits, or estate planning services, but that counseling does not reflect a view as to the intrinsic merits of the investment. All decisions to invest in or dispose of particular investments are made solely by the participating**



## **Participant in the exercise of his or her own discretion.**

### **Fees**

Fees for EFS Services generally are negotiated between EY and the Sponsors of such groups on a case-by-case basis. They usually are based upon (i) a “per capita” eligible employee or member amount, (ii) a “usage by Participants” amount, (iii) the number of workshops designed and presented by EY, or (iv) other negotiated factors. EY’s fees in such engagements may be paid wholly or partially either by the Sponsor or by Participants, whose payments for services received (if any) may be collected by the Sponsor through payroll deductions and remitted to EY. Participants also may incur expenses for fees to any other investment adviser they may consult and will be responsible for transaction charges imposed by broker-dealers through or with whom they effect transactions for their accounts. Generally EY’s contracts with Sponsors for services to Participants are terminable by either party in accordance with a specified notice period. In addition, Participants receiving advisory services by EY (including a Participant who pays in whole or in part for the services rendered to such Participant) may terminate participation at any time. If such a contract or participation is terminated at a time other than the end of the quarter, a pro rata portion of any quarterly or other fee paid in advance is refunded.

### **Investment Advisers**

All personal investment advice, and most impersonal investment advice, typically is given only by EY Financial Planners. Financial Planners are persons who spend all or substantial portions of their time on financial planning. Typically, all of these professionals have at least a degree from a four-year college or university and must meet such other standards as EYIA may establish from time to time. Those standards may include participation in continuing education programs each year and maintaining what EY regards as significant involvement in financial counseling engagements. Moreover, financial planners must satisfy applicable State investment adviser representative registration requirements or pass the Series 65 Uniform Investment Adviser Exam of the Financial Industry Regulatory Authority (“FINRA”). In some instances, EY may retain consultants to assist in providing workshops and staffing the telephone-based financial planning service. Generally, consultants are subject to the same requirements as EY Financial Planners. However, consultants are not subject to the same public accounting independence requirements as EY Financial Planners and their continuing education programs differ in some respects.

### **Monitoring, Reviews and Reports**

In the case of EFS engagements that extend beyond one year and involve the provision of personal advisory services to Participants, Participants are asked questions concerning any changes in their relevant individual circumstances. EY will take into account the changed circumstances of any Participant of which it has notice in the event that Participant seeks additional personal advisory services from EY.

### **Miscellaneous**

Clients and prospective clients of EY also should be aware of the following additional information concerning EY and EYIA:

Custody of Securities or Funds. EY does not manage participant accounts on a discretionary basis and does not take custody of participant securities or participant funds.

Other Financial Industry Activities. As noted above, EYIA is responsible for supervising the investment advisory services provided by EY. EY and Ernst & Young (U.S.) are general partners of EYIA. In consideration of EYIA’s supervising the rendering of investment planning services provided by EY, EY provides EYIA with office and filing space, staff and other assistance. All of EYIA’s time is spent supervising the compliance and operations of the investment planning services provided by EY.

Other Business Activities. EY is a public accounting firm which spends substantially all of its time providing accounting, audit, tax, and business advisory services.

**Form ADV Part 2B Client Brochure Supplement**

**Ernst & Young Investment Advisers LLP**  
200 Plaza Drive, Suite 2222, Secaucus, NJ 07094

09/27/19

EYIA's investment advice is provided by a team comprised of more than five Supervised Persons and EYIA has provided group supplementary information for the five supervised persons with the most significant responsibility for the day to day advice provided to clients:

(1) Name, (2) year of birth, (3) education and (4) business background for preceding five years:

1. Christopher Williams – Chair, EYIA Board
2. 1970
3. B.A. Political Science, Union College, Schenectady, NY; JD, Albany Law School, Albany, NY
4. 1998 to date, Ernst & Young, LLP

1. Glenn H. Hascher, EYIA Board Member
2. 1961
3. B.S., Economics, Rutgers University, New Brunswick, NJ
4. November 1988 to date, Ernst & Young LLP

1. Robert J. Porter, EYIA Board Member
2. 1964
3. B.S., Siena College, Loudonville, NY
4. 1998 to date, Ernst & Young LLP

1. Greg Rosica, EYIA Board Member
2. 1964
3. B.S., Accounting with Honors, M.S., Accounting, University of Florida, Gainesville, FL
4. 2002 to date, Ernst & Young LLP

1. Donald A. Culp, EYIA Chief Compliance Officer
2. 1959
3. B.S, in Accounting, Seton Hall University, MS in Taxation Seton Hall University
4. 1988 to date, Ernst & Young LLP

**Disciplinary Information for the above: None**

**Other Business Activities for the above: None**

**Additional Compensation for the above: None**

**Supervision:** Christopher Williams serves as the Chairman of EYIA and supervises all of the above individuals. He is not subject to any additional supervision as EYIA Board Chairman.

## B. MYFRS FINANCIAL GUIDANCE LINE APPOINTMENT

There are two ways of setting an appointment to speak with a financial planner at the MyFRS Financial Guidance Line. Please use the method below which is most convenient for you.

### **Text “Callback FRS” to 313131**

After sending a text, you will receive a reply asking you to provide your first and last name. Upon receipt of this information, a representative from the MyFRS Financial Guidance Line will call you within 3 business days to schedule an appointment with a financial planner at a time and date convenient for you.

### **Call the MyFRS Financial Guidance Line – 1 866 446 9377 (option 1)**

Start planning your finances by directly calling the MyFRS Financial Guidance Line - scan this QR Code with your mobile phone to call now and/or save this number for future use. Select “option 1” from the phone menu to speak with a representative.



You may schedule an appointment at a time and date that is convenient for you, or if you'd like to begin planning immediately, you may hold an introductory call if a planner is available when you call. Our lines are open Monday-Friday, 9 a.m. – 8 p.m. Eastern Time.

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## C. WORKSHOP SURVEY

There are two ways of providing feedback on this workshop. Please use the method below which is most convenient for you. There are 12 questions which should take approximately 5 minutes to complete.

Presenter: Diane Spearin  
Workshop: Understanding the FRS Investment Plan

### **Text “FRS survey” to 313131**

After sending a text, you will receive a reply with a link to the survey.

### **Go directly to the survey – [www.surveymonkey.com/r/FRSWorkshop](http://www.surveymonkey.com/r/FRSWorkshop)**

Type the web address into your browser or scan this QR Code with your mobile phone to go directly to the survey.



*Thank you for providing feedback to help ensure we are meeting your needs!*

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## D. PERSONAL ACTION PLAN

<u>Action Step</u>	<u>When</u>	<u>Done</u>
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