Understanding Your Benefits Under the Florida Retirement System (FRS) Pension Plan

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FRS Plan Comparison

Pension Plan	Investment Plan
• Defined Benefit	• Defined Contribution
• Administered by the Division of Retirement	• Administered by the State Board of Administration
• Based on Benefit Formula Calculation	• Based on Cash Value at Retirement
• Provides a Lifetime Monthly Benefit Upon Retiring	• MyFRS.com
• FRS.FL.gov	

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Florida Retirement System (FRS)

- FRS created in December 1970
- Employee Contributions
  - Non-Contributory Jan. 1, 1975 – June 30, 2011
  - 3% Employee Contributions effective July 1, 2011
- FRS Investment Plan offered beginning July 1, 2002
- Initial FRS Plan Choice Period
  - Non Special-Risk Members currently default into the Investment Plan
  - Special Risk Class Members currently default into the Pension Plan
- One-time Second Election

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My FRS Financial Guidance Line

866-446-9377

EY Financial Planners	MyFRS.COM
Plan Choice Guidance: Free, unbiased financial planning and counseling services.	Chat live with EY Financial Planner: Access financial planning tools and resources.

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Pension Plan Vesting

Vesting means meeting the service credit requirements to become eligible for a future FRS retirement benefit

Initial Enrollment in FRS	Vesting Provisions	Membership Tier
Members enrolled on July 1, 2001, through June 30, 2011	Six-year vesting requirement	1
Members enrolled on or after July 1, 2011	Eight-year vesting requirement	2

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Normal Retirement Date

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

- This is also when you become first eligible to participate in the Deferred Retirement Option Program (DROP).
- The age or years of service required are based on when you first enrolled, or joined, the FRS.

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Normal Retirement Date

All Special Risk Members:

Vested and 55; or 25 years of Special Risk service (age 52 with 25 years of combined Special Risk and Military Service) whichever occurs first.

All Other Membership Classes:

Members enrolled before July 1, 2011 – Tier 1 members:

- Vested and 62; or 30 years of service whichever occurs first

Members enrolled after July 1, 2011 – Tier 2 members:

- Vested and 65; or 33 years of service whichever occurs first

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Normal Retirement Date

- If reaching by age, your Normal Retirement date would be the first of the month you turn that age.
- If reaching by years of service, your Normal Retirement date would be the first of the month following the month you attain the years of service.

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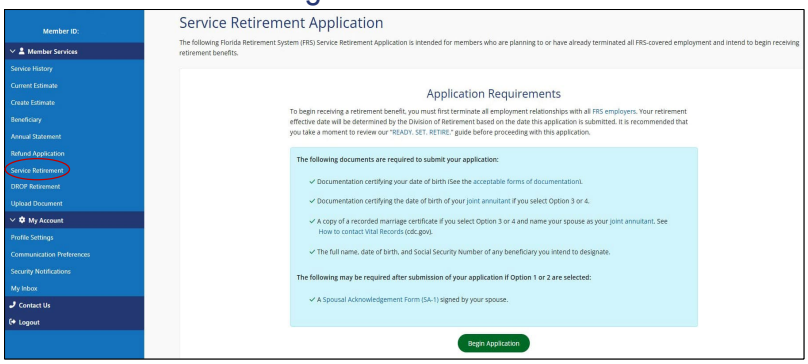
FRS Online
Service Retirement Application

How to apply for Service Retirement on FRS Online

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Application Process

- The Service Retirement Application is located under the Member Services tab of the FRS Online account menu.
- It will be available to eligible FRS Pension Plan members.



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FRS Online Service Retirement Application

- Members can
  - submit all required forms online, including the Spousal Acknowledgement (Form SA-1),
  - generate estimates during the application process,
  - select options,
  - name beneficiary(ies), and
  - upload documents, including birth verifications and recorded marriage licenses.
- Immediately after members submit their applications, they will receive copies of all completed documents in "My Inbox."
- Find Service Retirement forms on the division website, FRS.MyFlorida.com, under Workforce Operations > Retirement > Forms.

Department of MANAGEMENT SERVICES

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FRS Online Service Retirement Application

Members can:

- Upload documents during the application process including birth verification and recorded marriage license.
- Complete post-retirement activities:
  - Apply for the Health Insurance Subsidy.
  - Complete the Form W-4P for federal tax withholding.
  - Submit Direct Deposit information.

Members will receive a copy of all completed documents in their "My Inbox" immediately after their application has been submitted.

Note: Individual forms of the Service Retirement Application can be obtained at FRS.MyFlorida.com

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The Deferred Retirement Option Program (DROP)

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What is the DROP?

- Retiring under the FRS Pension Plan upon DROP entry
- Delaying termination of employment up to 96 months
- Participate in the DROP anytime after reaching normal retirement
- Members not subject to 3% employee contributions
- Monthly retirement benefits accrue in DROP
- DROP interest – Effective July 1, 2023, annual interest rate of 4%
- Cost-of-Living Adjustment (COLA) – Tier 1 Members Only

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FRS Online DROP Application

How to apply for DROP Retirement on FRS Online

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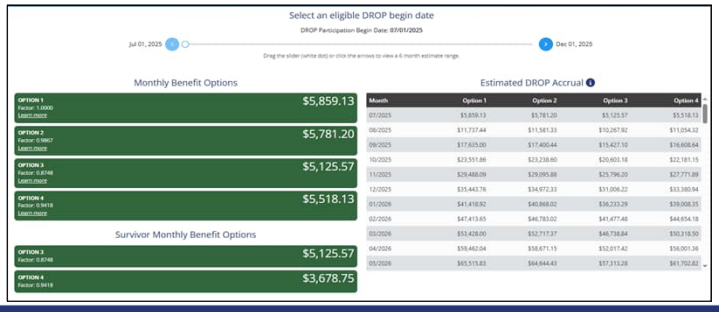
Application Process

DROP Retirement Application

- In the Member Services tab of FRS Online.
- It will be available to eligible FRS Pension Plan members.

Members can

- choose a DROP begin date within a six-month range and compare the monthly benefit amounts.



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FRS Online DROP Application

- Members can
  - submit all required forms online, including the Spousal Acknowledgement (Form SA-1),
  - generate estimates during the application process,
  - select options,
  - name beneficiary(ies), and
  - upload documents, including birth verifications and recorded marriage licenses.
- Immediately after members submit their applications, they will receive copies of all completed documents in "My Inbox."
- Find DROP forms on the division website, FRS.MyFlorida.com, under Workforce Operations > Retirement > Forms.

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Important DROP Information

- A member can apply for the DROP no earlier than six months before the normal retirement date or DROP entry date.
- Retirement in the DROP is final at the end of the first month of DROP participation.
- Once retirement is final a member cannot:
  - Change the DROP begin date
  - Add or upgrade service credit
  - Change options
  - Change the type of retirement
  - Elect the Investment Plan
  - Cancel DROP participation
- Current DROP participants wanting to stay in DROP for up to 96 months should submit the DP-ELE form no later than the member's current drop end date.

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DROP Extensions

K-12 Instructional and Administrative Personnel

- K-12 instructional personnel may be eligible to extend the DROP for up to an additional 24 months.
  - Must extend through the last day of the last calendar month of the school year.
- K-12 administrative personnel may extend the DROP until the last day of the last calendar month of the school year if their original DROP termination date occurs before the end of the school year.

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Terminating the DROP

Three months before the member's scheduled DROP termination date, the division will send the member a termination packet with the required forms.

If the member decides to terminate their employment earlier than their scheduled DROP termination date on their initial DROP application, the member should contact the Division of Retirement to report their new DROP termination date.

DROP Termination Packet (provided by the division)

- DROP Termination Notification Form (DP-TERM)
- DROP Selected Payout Method Form (DP-PAYT)

DROP Accumulation Payout Options

- Lump-sum payment
- Direct rollover to an eligible retirement plan
- Partial lump-sum payment and partial direct rollover

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Benefit Formula

Years of Creditable Service	X	Percentage Value Per Year	X	Average Final Compensation

= Gross Annual Option 1 Benefit

÷ 12 months

= Gross Monthly Option 1 Benefit

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Years of Service

The total of all years and parts of years you worked in a covered position with an FRS employer

- Service credit awarded monthly if salary is reported by employer for that month.
- Service credit tracked by fiscal year (July – June).
- Service credit awarded each month based upon your reported work period; e.g., 9, 10, 11 or 12 month.

Plus, years of service can include any optional service credit that you purchase.

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Optional Service

Refunded Service – Form FR-9

Leave of Absence – Form FR-28

In-State/Out-of-State Service – Form FR-30 or DD-214

Purchasing Optional Service

- Personal remittance; or
- Trustee to Trustee transfer from another eligible tax-deferred account; see Form PRO-1 and FRS Member Handbook

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Years of Service – Accrual Value

Regular Class Service Initially Enrolled prior to July 1, 2011	Regular Class Service Initially Enrolled on or after July 1, 2011
Age 62 or 30 years = 1.60%	Age 65 or 33 years = 1.60%
Age 63 or 31 years = 1.63%	Age 66 or 34 years = 1.63%
Age 64 or 32 years = 1.65%	Age 67 or 35 years = 1.65%
Age 65 or 33 years = 1.68%	Age 68 or 36 years = 1.68%

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Years of Service – Accrual Value

All other classes regardless of when initially enrolled:

Senior Management Service Class
2.00%
Special Risk Class
Service prior to July 1, 1974 – 2.00 %
Service on or after July 1, 1974 – 3.00%
Elected Officers' Class
Judges and Justices – 3.33%
All others – 3.00%

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Average Final Compensation

If initially enrolled prior to July 1, 2011 – Tier I

- Average of your highest five fiscal years of salary
- Fiscal year is July through June

If initially enrolled on or after July 1, 2011 – Tier 2:

- Average of your highest eight fiscal years of salary

Average Final Compensation (AFC) can include

- Lump Sum Annual Leave Payout – Up to 500 hours
  - Agency Limitations (Consult your Human Resource Office)
  - Special Comp earned within the last 11 months prior to retirement

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Average Final Compensation

AFC calculation of member retiring effective Jan. 1, 2019, with annual leave payout

Fiscal Year	Service Credit	Salary in Fiscal Year	Explanation
2019	.50 Annual Leave	$15,000.00 $6,900.00 $21,900.00	Annualized ($21,900.00/.50 service credit) = $43,800 is in the highest five and therefore $15,000.00 earned in this .50 of a fiscal year will be used in the AFC .
2018	1.00	$29,000.00	
2017	1.00	$28,000.00	
2016	1.00	$27,000.00	
2015	1.00	$26,000.00	
2014	.50	$12,500.00	Fiscal year salary of $25,000.00 times the percentage needed to make a full five fiscal years of salary = .50 service credit. - $25,000 X .50 = $12,500 to be used in AFC.
Totals	5 years	144,400.00	(144,400/5) = AFC of $28,800.00 AFC with annual leave payout
Versus the $27,500.00 AFC without annual leave payout			

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Benefit Formula Calculation

Special Risk Class Service Member at Normal Retirement Tier 1

Years of Service	X	% Value/Year	X	Average Final Compensation
25	X	3.00%	X	$25,000.00
= Gross Annual Option 1 Benefit of $18,750.00				
		Divide by 12		
= Gross Monthly Option 1 Benefit of $1,562.50				

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Benefit Formula Calculation

Regular Class Service Member at Normal Retirement Tier 1

Years of Service	X	% Value/Year	X	Average Final Compensation
30	X	1.60%	X	$25,000.00
= Gross Annual Option 1 Benefit of $12,000.00				
		Divide by 12		
= Gross Monthly Option 1 Benefit of $1,000.00				

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Benefit Formula Calculation

Tier 1 Member at Normal Retirement with dual membership

Years of Service	X	% Value per year	X	AFC	Option 1 Annual Benefit
25 years Special Risk	X	3.00%	X	$25,000.00	$18,750.00
5 years Regular Class	X	1.60%	X	$25,000.00	$2,000.00
Total Option 1 Annual Benefit Amount					$20,750.00
Divide by 12 to get Monthly Option 1 Benefit					$1,729.17

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Early Retirement

Service Retirement before Normal Retirement Date

Benefit reduced 5% for each year under Normal Retirement age or prorated share thereof:

- If initially enrolled prior to July 1, 2011, Normal Retirement age is 62
- If initially enrolled on or after July 1, 2011, Normal Retirement age is 65
- Special Risk Normal Retirement is age 55

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Benefit Payment Options

Benefit Payment Option 1 and Option 2

- Beneficiary can be anyone.

Benefit Payment Option 3 or Option 4

- Beneficiary must be a qualified joint annuitant, including:
  - Your spouse.
  - Your parent, grandparent, or a person for whom you are the legal guardian, claimed as a 50% dependent on your federal income tax.
  - Your natural or legally adopted child who is either under age 25 or is physically or mentally disabled and incapable of self-support (regardless of age).

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Cost of Living Adjustment (COLA)

Tier 1 Members – Member Enrolled Prior to July 1, 2011

- Three percent COLA – on service earned prior to July 1, 2011
- No COLA on service earned on or after July 1, 2011

COLA Calculation at Retirement:

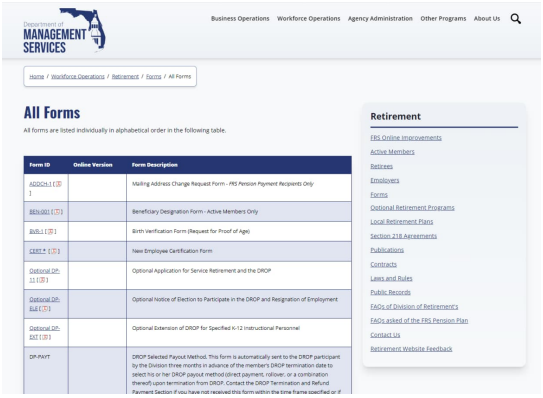
$$\frac{\text{Years of service prior to July 1, 2011}}{\text{Total years of service at retirement}} \times 3\% = \text{Individual COLA}$$

26/30 X 3% = 2.60%

26/33.75 X 3% = 2.31%

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Division Forms



Forms are available on the division's website (FRS.MyFlorida.com):

- All Forms
- Active Member Forms
- DROP Forms
- Retiree Forms

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Direct Deposit Required

Current State Employees: Retirement benefit will be directly deposited to the same account as their pay

Non-State employees need to set up the direct deposit of their retirement benefit through their FRS Online account as follows:

- For Service Retirements – Set up upon receipt of the Acknowledgement of your Service Retirement Application from the division.
- For DROP participants – Upon receipt of your DROP Termination packet sent three months prior to your DROP termination date.

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Retiree Forms Packet

- Form W-4P, Withholding Certificate for Pension Payments
  - You should do this in your FRS Online Account
- Form HIS-1, Health Insurance Certification for Pension Plan Members
  - Complete and upload to your FRS Online account after you have terminated employment

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Termination Requirement

- Termination Requirement – 1st – 6th Calendar Months
  - You cannot be in an employment relationship with and must cease providing services to all FRS employers. This includes temporary positions such as an adjunct instructor, OPS, substitute teaching and positions not currently being reported to the FRS if you are dually employed. An employment relationship with an FRS employer in any capacity during this six-calendar month period may void your retirement.
- See the Forms below for more information.
  - FRS-TAR, Pension Plan Termination and Reemployment after Retirement
  - FRS-TAR-IP, Investment Plan Termination and Reemployment after Retirement
- Beginning July 1, 2023, Volunteer Services in accordance with section 121.091(15), Florida Statutes, do not constitute employment by or provision of services to an FRS employer.

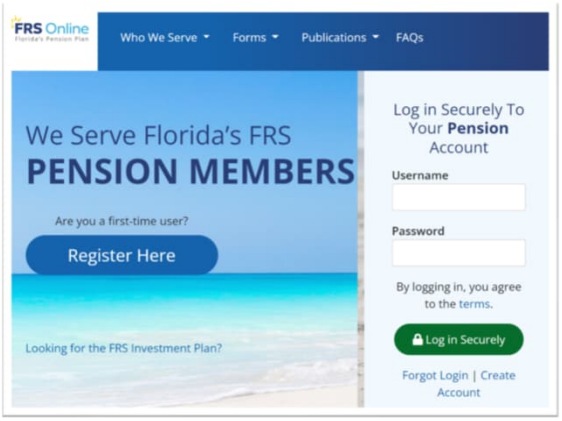
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Renewed Membership

- Renewed Membership – Closed effective July 1, 2010.
- Renewed Membership re-opened effective July 1, 2017, for reemployed retirees of the state-administered defined contribution plans.
- Any FRS Pension Plan retiree initially reemployed with an FRS employer on or after July 1, 2010, is not eligible to participate in any state-administered retirement plan.

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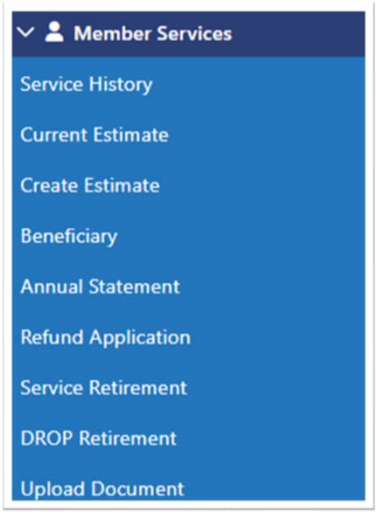
FRS Online – Login



FRS Online (FRS.FL.gov) is a secure website that provides active and retired FRS Pension Plan members access to their account for services and retirement information.

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FRS Online – Active Members



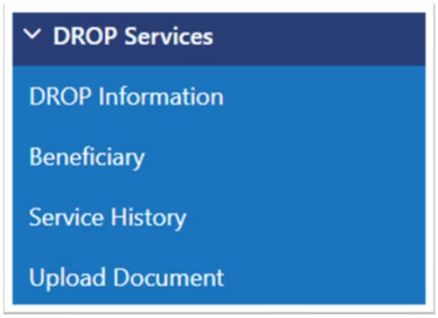
Active members may:

- View years of service
- View an estimate or create a new estimate
- View or update beneficiary information
- View Annual Statement
- Apply for a refund of employee contributions
- Upload documents to the division for processing
- Apply for Service or DROP Retirement if eligible

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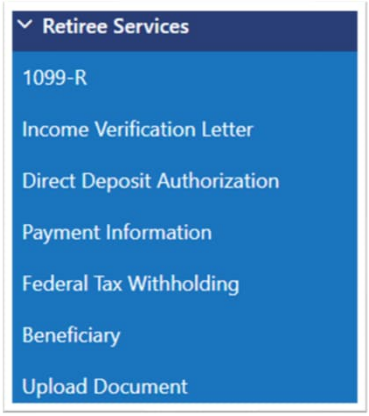
FRS Online – DROP Participants

DROP participants may:
- View DROP participation information
- View or update beneficiary information
- View years of service
- Upload documents to the division for processing



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FRS Online – Retirees



Retirees may:
- View 1099-R
- View Income Verification Letter
- View or update Direct Deposit Authorization
- Update Federal Tax Withholding
- View or update beneficiary
- Upload documents to the division for processing

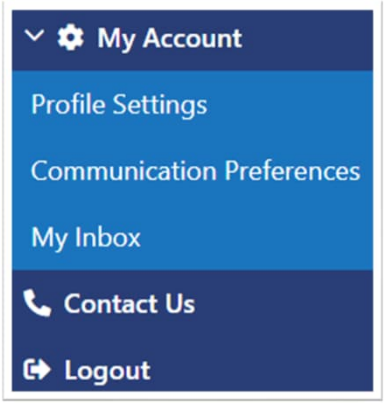
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FRS Online – All Users

All FRS Online users may:

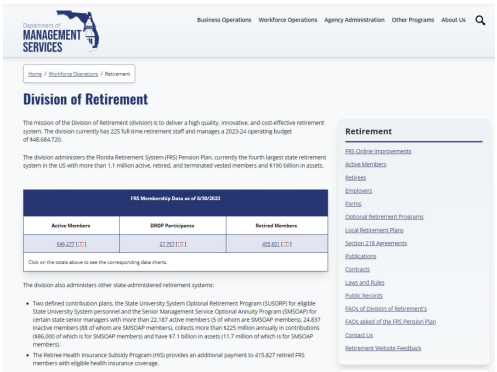
- Update profile settings
- Update communication preferences
- View messages sent to their FRS Online inbox

Note: Retirees may update their address



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Division Website

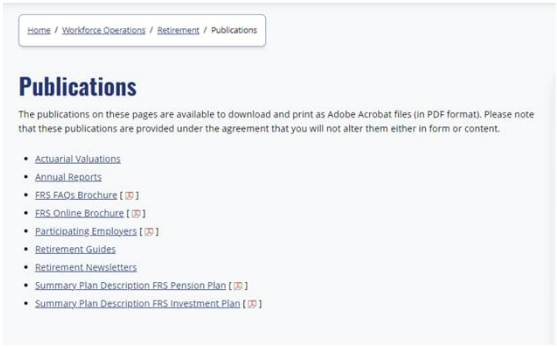


Resources are available on the division's website (FRS.MyFlorida.com):

- Active Members
- Retirees
- Forms
- Publications

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Division Publications

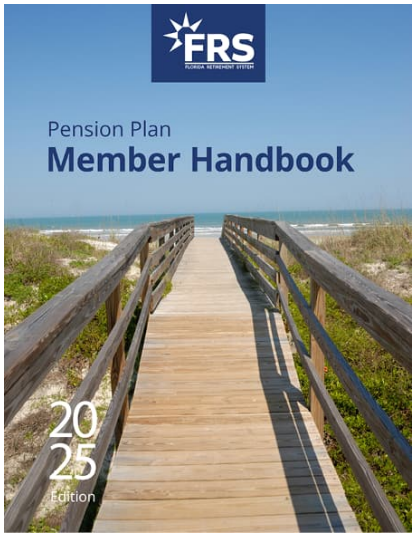


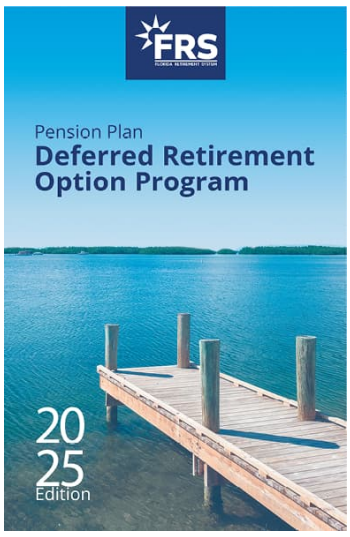
Important publication for all members include:

- Retirement Guides
- Retirement Newsletters

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Retirement Guides

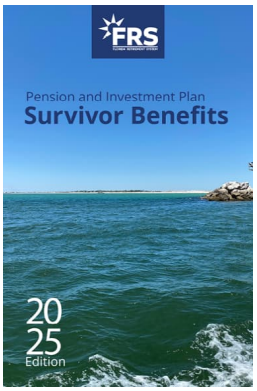


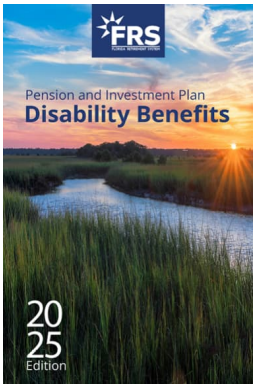


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Retirement Guides







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Division of Retirement

FRS Online: FRS.FL.gov
Division Website: FRS.MyFlorida.com

Call the Division of Retirement	
Toll-Free Phone:	844-377-1888
Local Phone:	850-907-6500
MyFRS Financial Guidance (MyFRS.com)	866-446-9377

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