



YOUR Money YOUR Choice

P.O. Box 13300, Tallahassee, FL 32317-3300

May 30, 2008

Dear FRS Retirement Coordinator:

Recent budget cuts and the potential for layoffs at a number of Florida Retirement System (FRS) covered employers have prompted an increased interest by FRS members in utilizing their 2nd Election to transfer retirement plans. Because you may receive questions from your employees on this subject, we have prepared the following "Quick Guide" on the 2nd Election process, distributions, and reemployment after retirement.

If you or your employees have any questions, please call:

- **Employers** - Employer Assistance Line at 1-866-377-2121, and select Option 1 for Ernst & Young, Option 2 for the Division of Retirement, or Option 3 for CitiStreet.
- **Employees** - Financial Guidance Line at 1-866-446-9377 (TTY 1-888-429-2160), and select Option 2 for Ernst & Young, Option 3 for the Division of Retirement, or Option 4 for CitiStreet.

Sincerely,

A handwritten signature in cursive script that reads "Walter Kelleher".

Walter Kelleher
Director of Educational Services
MyFRS Financial Guidance Program

2ND ELECTION

The 2nd Election option gives all FRS members a one-time opportunity to switch retirement plans during their active FRS career. However, it is a complex subject with financial implications for the member who uses it. So, rather than giving advice, always suggest that members utilize the following free resources to get help:

- Call the toll-free Financial Guidance Line at 1-866-446-9377 (TTY 1-888-429-2160), Option 2. Financial planners will provide personalized, unbiased information based on the member's individual situation. Financial guidance will be provided from someone who is not trying to sell the member investment or insurance products.
- Log onto MyFRS.com and select the 2nd Election CHOICE SERVICE to see projected retirement benefits under both plans.

Please note that once a 2nd Election is made, the election is irrevocable and the member must remain in the chosen plan until FRS-covered employment ends and the member retires. Also, if the member chooses to transfer from the FRS Pension Plan to the FRS Investment Plan, any FRS Pension Plan accrued value transferred to a member's FRS Investment Plan account will be subject to the 6-year vesting requirement of the FRS Pension Plan.

Requirements for Making a 2nd Election

A 2nd Election can be made if the member:

- Has not already used their 2nd Election
- Is actively working for an FRS employer

A 2nd Election cannot be made if the member:

- Has already used their 2nd Election
- Is employed in a temporary or Other Personal Services (OPS) position, or as an independent contractor
- Is on an unpaid leave of absence or has a work contract less than 12 months and is not working in specific months during the summer
- Has retired or is a member of DROP
- Has terminated FRS-covered employment

How to Make a 2nd Election

If a member decides to make a 2nd Election, the member can obtain an "[EZ 2nd Election Retirement Plan Enrollment Form](#)" or a "[2nd Election Retirement Plan Enrollment Form](#)" by calling CitiStreet, the FRS Plan Choice Administrator, at 1-866-446-9377, Option 4, or on MyFRS.com by clicking "Resources," then "Forms," and then either "[ELE-2-EZ.PDF](#)" or "[ELE-2.PDF](#)." The member should complete the form and either mail it to CitiStreet at the address shown on the form or fax it to 1-888-310-5559.

Members interested in using their one-time 2nd Election to switch from the Pension Plan to the Investment Plan can also make their election online. Members should log onto MyFRS.com using their User ID and Password and click on the "2nd Choice Service" tab and follow the instructions to work through the plan comparisons to make the switch.

Note that if the member is terminating FRS-covered employment, the 2nd Election Retirement Plan Enrollment Form **must** be received by CitiStreet or the online election **must** be made prior to the member's date of termination. The member **must** be actively employed earning salary and service credit when the form is received by CitiStreet or the online election is made.

2nd Election Flyers

You may want to provide interested employees copies of the publication “[Is a 2nd Election Right for You?](#),” which explains the 2nd Election in detail, by calling the Employer Assistance Line at 1-866-377-2121, Option 3, or ordering a supply through MyFRS.com by going to the Employer site and clicking the “[Order Materials](#)” tab. Your employees can order a copy by calling the Financial Guidance Line at 1-866-446-9377, Option 4, or obtain a copy on MyFRS.com by clicking “Resources,” then “Publications,” and then “[2nd Election Flyer.](#)”

DISTRIBUTIONS FROM THE FRS

Once employment under the FRS has ended or is about to end, it's time for members to think about how they want to handle the money in their FRS Investment Plan or DROP account, or which payout option they should choose under the FRS Pension Plan (note that DROP members already chose their payout option when they joined DROP). We recommend that members use the following resources prior to taking a distribution or choosing a payout option:

- Call the toll-free Financial Guidance Line at 1-866-446-9377 (TTY 1-888-429-2160), Option 2, and speak to Ernst & Young financial planners who can offer members knowledgeable, personalized assistance. Or call the Financial Guidance Line, Option 3, and speak to Division of Retirement counselors who can provide members with detailed information on the FRS Pension Plan.
- Log onto MyFRS.com and select the ADVISOR SERVICE. The ADVISOR SERVICE can help members bring their personal situation into focus and clarify what, if any, changes the member may need to make. Members can use this service to calculate whether they're on track to reach their retirement goals. (This service is not available after members retire or terminate employment.)

FRS Investment Plan

Requirements for Taking an FRS Investment Plan Distribution

To be eligible to receive a distribution from the FRS Investment Plan, members must be vested in the FRS Investment Plan (have 1 year of FRS service). Any benefit transferred from the FRS Pension Plan to the FRS Investment Plan vests after 6 years of FRS service (i.e., if the member does not accumulate 6 years of service, the member is not entitled to receive these transferred benefits and, depending on the circumstances, these benefits may be subject to forfeiture). Members are eligible to receive a distribution of their account balance after they have terminated all FRS-covered employment for 3 calendar months. If a member has reached the normal retirement requirements of the FRS Pension Plan for the member's class of membership (i.e., age 62 with 6 years of service or 30 years of service for all classes but Special Risk), the member may take a one-time distribution of up to 10% of the account balance after being terminated for 1 calendar month.

How to Request an FRS Investment Plan Distribution

To request a distribution (including a rollover), members may either call CitiStreet or process the distribution online by logging into MyFRS.com and clicking "Manage My Benefits," and then "Manage Investments." Members may want to consider setting up Automatic Clearing House (ACH) deposits, which electronically deposit distributions to the member's bank account. Members can set up ACH deposits at any time prior to being eligible for a distribution. The entered information will be used once the member is eligible and initiates the distribution request online. In addition, CitiStreet will mail a "[Termination Distribution Package](#)," which includes a special tax notice, to the member's address of record 60 days after the member's termination date has been reported.¹ Since tax consequences, including early distribution penalties, may be severe if members make certain distribution choices, members may want to consult a professional tax adviser before making their distribution election if they do not plan to call the Financial Guidance Line.

¹ This Package is also available on MyFRS.com by clicking "Resources," then "Forms," and then paging down to the forms/publications located in the "[Investment Plan Termination/Distribution](#)" category.

Distribution Options Brochure

You can request copies of the “[FRS Investment Plan Distribution Options](#)” brochure, a short summary of the various ways members can receive the funds in their FRS Investment Plan account after terminating employment, by calling the Employer Assistance Line at 1-866-377-2121, Option 3, or ordering a supply through MyFRS.com by going to the Employer site and clicking the “[Order Materials](#)” tab. Your employees can order a copy by calling the Financial Guidance Line at 1-866-446-9377, Option 4, or obtain a copy on MyFRS.com by clicking “Resources,” then “Publications,” and then “[Distribution Options](#).”

FRS Pension Plan and DROP

Requirements for Receiving FRS Pension Plan Benefits

To be eligible to receive monthly retirement benefits from the FRS Pension Plan, members must be vested in the FRS Pension Plan (have 6 years of FRS service). Unreduced retirement benefits can be taken if a member is vested and has met the normal retirement requirements of the FRS Pension Plan (i.e., age 62 and 6 years of service or 30 years of service regardless of age or if Special Risk, age 55 and 6 years of Special Risk service or 25 years of Special Risk service regardless of age). Early retirement benefits can be taken if a member is vested and within 20 years of normal retirement age (normal retirement is age 55 for Special Risk Class members and age 62 for all other classes). Members are eligible to receive monthly retirement benefits after they have terminated all FRS-covered employment and have applied for retirement.

How to Retire from the FRS Pension Plan

Members must apply for retirement benefits before they can begin receiving benefit payments. To apply, members must complete an “[Application for Service Retirement Form](#),” which is available by calling the Financial Guidance Line at 1-866-446-9377, Option 3, or obtain a copy on MyFRS.com by clicking “Resources,” then “Forms,” and then “[FR-11.PDF](#).” The FR-11 must be signed in the presence of a notary public and approved by you, the employer.

You or your employees can request copies of the “[Preparing to Retire](#)” brochure, designed to inform FRS Pension Plan members of the process and requirements of applying for retirement benefits, by calling the Division of Retirement’s Research and Education Section at 1-877-377-1737 or obtain a copy on MyFRS.com by clicking “Resources,” then “Publications,” and then “[Preparing to Retire](#).” A copy is automatically provided to members who request a benefit estimate. You can also order a supply through MyFRS.com by going to the Employer site and clicking the “[Order Materials](#)” tab.

How to Complete DROP Participation

In order to receive their DROP accumulation and begin receiving monthly benefits, members must terminate employment and complete a “DROP Termination Notification Form” and “DROP Selected Payout Method Form.” These forms will be automatically sent to members by the Division of Retirement 90 days prior to the member’s originally selected DROP termination date. Members who choose to terminate earlier than their original DROP termination date must call the Division’s DROP Termination Unit at 1-877-738-3767 to obtain the above forms (these forms are not available online).

You or your employees can obtain a copy of the “[Preparing to Terminate DROP](#)” pamphlet, which explains what to expect when terminating DROP, on MyFRS.com by clicking “FRS Programs,” then “Pension Plan,” then selecting “DROP” in the drop-down box, then scrolling to the bottom of the page and selecting “[Preparing to Terminate DROP](#).”

Retiree Status

Once members take any distribution from the FRS Investment Plan or cash or deposit a benefit payment from the FRS Pension Plan, they are considered “retired” by the FRS and will lose specific benefits of employment, even if they are re-employed by another FRS employer. This means members:

- Will not be entitled to membership in the Special Risk Class.
- Will not be eligible to receive FRS disability benefits.
- Will not be eligible to participate in DROP.
- Will forfeit any non-vested account balance (FRS Investment Plan only).
- Will forfeit any prior FRS Pension Plan service as well as any associated past service credit the member may have earned (FRS Investment Plan only).
- Will not be permitted to add additional service credit, change retirement options, or change the type of retirement the member chose to retire under.

REEMPLOYMENT AFTER RETIREMENT

Members who terminate FRS-covered employment and take **any** distribution from the FRS Investment Plan or cash or deposit a benefit payment from the FRS Pension Plan are considered “retirees.” Retirees may be reemployed by a private employer or by any non-FRS public employer without affecting their retirement benefits. Retirees may not be reemployed with an FRS-participating employer in any capacity (i.e., FRS-covered or non-covered positions) for the first 12 months after taking a distribution without suspending their retirement benefits, except under limited circumstances as described below. Suspension of benefits, in this case, refers to a retiree’s inability to take additional distributions from their FRS Investment Plan account balance until certain requirements have been met, or inability to receive monthly retirement benefits from the FRS Pension Plan.

FRS Investment Plan

Reached Normal Retirement

If an FRS Investment Plan retiree has met the normal retirement requirements of the FRS Pension Plan (i.e., age 62 and 6 years of service or 30 years of service or, if Special Risk, age 55 and 6 years of Special Risk service or 25 years of Special Risk service), they may return to work in certain excepted positions during and through the 12th month after retirement without suspending benefits. Such retiree may return to this limited employment after being off all FRS-covered payrolls for at least one calendar month. The retiree may return to work in any position after being retired for one calendar month if retirement benefits are suspended for the remainder of the eleven-months after retirement.

Not Reached Normal Retirement

If an FRS Investment Plan retiree has not met the normal retirement requirements of the FRS Pension Plan as described above, they may not return to FRS-covered employment in an excepted position until they have been retired for three calendar months (i.e., three calendar months following the month that a distribution was taken). After being retired for three calendar months the retiree may return to employment in one of the excepted positions during the remaining nine months after retirement without suspending their retirement benefits, or the retiree may return to work in any position if retirement benefits are suspended for the remainder of the nine-months.

Exceptions to the Reemployment Law

If an FRS Investment Plan retiree becomes reemployed in an excepted position during the first year of retirement, the retiree may be exempt from the reemployment limitations, or may be otherwise eligible for a limited exception. A complete list of excepted positions is located on page 14 of the “[FRS Investment Plan Summary Plan Description](#)” located on MyFRS.com by clicking “Resources,” then “Publications,” and then “[FRS Investment Plan Summary Plan Description](#).”

Questions on Reemployment

The “[FRS Investment Plan Distribution And Reemployment Provisions](#)” grid located at http://www.myfrs.com/pdf/newsletters/information_grid.pdf can help you determine when former FRS Investment Plan members can receive a distribution of their account balance and the conditions under which they can return to FRS-covered employment. If you have questions concerning the reemployment provisions, please call the toll-free Employer Assistance Line at 1-866-377-2121, Option 1. If your employees have questions, please have them call the toll-free Financial Guidance Line at 1-866-446-9377 (TTY 1-888-429-2160), Option 2.

FRS Pension Plan

Reemployment Limitations

After an FRS Pension Plan member terminates employment and retires under the normal or early retirement provisions of the FRS Pension Plan or terminates employment to complete DROP, they may return to work in certain excepted positions during the 2nd through 12th months of retirement or following DROP termination without suspending benefits. Such retiree may not be employed by an FRS employer during the first calendar month of retirement or DROP termination. Members who return to work in a non-excepted position with an FRS employer during the 2nd through 12th months of retirement or following DROP termination must suspend receipt of their retirement benefits.

Exceptions to the Reemployment Law

If an FRS Pension Plan retiree becomes reemployed in an excepted position during the 2nd through 12th months of retirement or after DROP participation ends, the retiree will be exempt from the reemployment limitations. A complete list of excepted positions is located on page 20 of the "[After You Retire](#)" brochure located on MyFRS.com by clicking "Resources," then "Publications," and then "[After You Retire](#)."

New Employee Certification Form

Before you hire any new employee, you should require the employee to sign and date a "[New Employee Certification Form](#)" (available on MyFRS.com by clicking on "Resources" and then "Forms" and scrolling down to "Enrollment Forms" and choosing the form named "[CERT.PDF](#)"). When a new hire signs the form, they are certifying that they have not retired from any State of Florida administered retirement plan or have not concluded participation in the DROP within the preceding 12 months.

Your organization may be jointly liable for the repayment of any retirement benefits paid if you knowingly hire a retiree in violation of the reemployment after retirement provisions, unless you have a signed "New Employee Certification Form" stating that the employee is not a retiree. Keep the signed form in the employee's personnel file. Do not send it to the FRS unless you are asked to do so. By signing this form, a new employee certifies that they have not retired from the FRS, TRS, or SCOERS in the 12 months prior to their hire date with your organization. It is recommended that all new employees sign this form when they are hired.