Retirement

By: Office of Human Resources

Important Notice

This symbol will indicate important messages and facts to remember

Button

Click on the buttons presented on the slides to be taken to the corresponding websites.
Three Retirement Plans

1. Florida Retirement System (FRS) Pension Plan
2. Florida Retirement System (FRS) Investment Plan
3. Optional Retirement Program (ORP)

Eligibility

<table>
<thead>
<tr>
<th>Employee</th>
<th>Plan Type</th>
</tr>
</thead>
</table>
| USPS     | • FRS Pension
          | • Investment Plan          |
| A&P      | • FRS Pension
          | • Investment Plan
          | • ORP                      |
| Faculty  | • FRS Pension
          | • Investment Plan
          | • ORP                      |

FRS Pension Plan

Summary

• Defined-benefit plan.
• At retirement, you will receive a monthly pension retirement check for remainder of your lifetime.
• Requires a mandatory pre-tax 3% employee contribution.
• Requires 8 years of service to be vested.
  ○ Does not have to be continuous service.

If you have FRS service prior to July 1, 2011, you will fall under previous vesting requirements. Please consult with a Human Resources benefits specialist for further information.
FRS Pension Plan

- Normal retirement =
  - Age of 65 and vested
  - Or with 33 years service at any age

- If you retire early:
  - 5% penalty per year under age 65 (unless you have 33 years)

- Salaried, part-time employees (not OPS) receive full retirement service credit for every month worked under the FRS Pension Plan

FRS Pension Plan

(Special Risk Class members)

- This information only applies to certain law enforcement employees eligible for Special Risk Class membership

- Normal retirement for Special Risk Class:
  - Age 60 and vested
  - Or with 30 years of Special Risk service at any age

- If you retire early:
  - 5% penalty per year under age 60 (unless you have 30 years)

- Salaried, part-time employees (not OPS) receive full retirement service credit for month worked under the FRS pension plan

FRS Pension Plan

- Annual retirement benefit is based on:
  - Average Final Compensation (AFC) - eight highest fiscal years' earnings during FRS career
  - Years of "creditable" service (not OPS)
  - Percentage value per year:
    - 1.6% if in Regular Class
    - 3.0% if in Special Risk Class

- Benefit formula: AFC x Service x Percentage value per year
FRS Pension Plan

- Additional benefits:
  - Disability retirement
  - Survivor benefits
  - Health Insurance Subsidy (HIS)
    - $5 per year of service
    - Maximum of $150 to monthly benefit
  - Annual Cost of Living Adjustment (COLA) for retirees based on current law

FRS Pension Plan

Example:
Employee Jane Smith is 65 years of age, and is retiring with 20 years of service at FSU. Her eight highest years of salary, when averaged, calculate to $35,000. Ms. Smith is a Regular Class member.

- Using the benefit formula:
  \[ \text{Benefit} = \text{AFC} \times \text{Service} \times \text{Percentage for Regular Class} \]
  \[ = \$35,000 \times 20 \times 1.6\% \]
  \[ = \$11,200 \text{ maximum annual retirement pension benefit, or } \$933.34 \text{ per month} \]

FRS Pension Plan

- Deferred Retirement Option Program (DROP) - Allows you to retire and begin accumulating your retirement benefits, without terminating employment, for up to 5 years (60 months)

- Participation in DROP may begin once you meet the requirements for normal retirement
  - Age 65 and vested
  - Or 33 years of service at any age for Regular Class members

- Eligibility to join expires 1 year after you initially meet the requirements for normal retirement.

- Exception: Employees may defer joining DROP if they have 33 years of service prior to age 57
  - Deferment lasts until the month in which they attain 57 years of age
FRS Pension Plan

- While participating in DROP, your monthly retirement benefits:
  - Remain in the FRS Trust Fund
  - Earn tax-deferred interest that compounds monthly at an effective annual rate of 1.3%
- The monthly benefit also receives a cost of living adjustment every July 1 during this period

- At the end of the DROP period, your DROP accumulation may be:
  - Taken as a lump sum cash payout
  - Invested in a tax-deferred account
  - Or a combination of both.
- Upon leaving DROP you also begin to receive your monthly pension benefit

For more information on the FRS Pension Plan

FRS Investment Plan

Summary

- Defined Contribution Plan – Personal retirement investment account (similar to a 401(k))
- Requires a mandatory pre-tax 3% employee contribution
- University contributes 3.3% o A total of 6.3% to your account
- Additional voluntary employee contributions are not permitted in the investment plan; however, employees may make contributions through a separate Tax Sheltered Annuity [403(b)] or Deferred Compensation (457) program

1-year vesting requirement
  - Any previous FRS Pension Plan service time counts toward vesting
  - Deadline to enroll: the end of the 5th calendar month following your date of hire

Employees who do not elect Investment Plan within this election period will be automatically defaulted into the FRS Pension Plan

FRS Investment Plan

- Members not eligible for:
  - DROP
  - Cost of living adjustment
  - Health Insurance Subsidy
    - $5 per year of service
    - Maximum of $150 monthly
FRS Investment Plan

- Informational packets are sent automatically to all USPS employees approximately three months after date of hire
- A&P and Faculty will receive enrollment information if they do not choose ORP within the first 90 days of employment

For more information call Ernst & Young Financial Advisors at 1-866-446-9377

FRS – 2nd Election

- After the initial five calendar month election period, all employees have one opportunity (in their entire FRS career) to switch from:
  - FRS Pension Plan → FRS Investment Plan
  - FRS Investment Plan → FRS Pension Plan

- A finalized 2nd Election cannot be undone

  - Note: Switching to the FRS Pension Plan may require additional out-of-pocket expenses

FRS – 2nd Election

- Important Items to Remember
  - 2nd Election Form must be completed and submitted prior to termination, or it will be deemed invalid
  - Nine or ten month faculty cannot utilize 2nd Election during the summer break, unless employed on a summer contract

- From the FRS Pension Plan to FRS Investment Plan:
  - All past retirement contributions, earned while under the FRS Pension Plan, have a 8 year vesting period.
  - After 8 years worked, those funds will be moved to your Investment Plan account
  - However, all future contributions have only a 1 year vesting period
Optional Retirement Program
(A&P and Faculty only)

**Summary**
- Defined contribution plan – similar to 401(k)
- Requires a mandatory pre-tax 3% employee contribution
  - University contributes 5.14% of your gross salary
  - Total of 8.14% goes to an approved ORP provider of your choice to be invested by you
- Percentage is based on State law
- Immediate Vesting
- 90-Day Deadline to enroll from the date of hire
  - This deadline is strictly enforced

Optional Retirement Program
(A&P and Faculty only)

<table>
<thead>
<tr>
<th>Voluntary Employee Contribution Option</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>In addition to the mandatory pre-tax 3% contribution, you have the option to contribute a percentage of gross salary</td>
</tr>
<tr>
<td></td>
<td>- No restrictions on starting, stopping, or changing</td>
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<tr>
<td></td>
<td>- Deducted as pre-tax dollars</td>
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</tbody>
</table>

**ORP Rules and Limitations**
- Minimum age to withdraw funds without penalty is 59-1/2
- No Health Insurance Subsidy; but option of continuing health insurance coverage at retirement
- No Disability Retirement option
- No Cost of Living Increase

Choose from five companies:
1. **ING** - 850-894-9611 or 800-330-6115
2. **Jefferson National** - 850-894-9611 or 800-330-6115
3. **MetLife Investors** - 850-386-6211 or 800-763-2838
4. **TIAA-CREF** - 800-842-2776 or 877-267-4510
5. **VALIC** - 850-297-0780 or 800-488-2542
Optional Retirement Program (A&P and Faculty only)

<table>
<thead>
<tr>
<th>Contribution Summary</th>
<th>Mandatory: Required 3% contribution of gross earnings bi-weekly</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Voluntary: option to voluntarily contribute a percentage of gross earnings bi-weekly in addition to the mandatory 3%</td>
</tr>
<tr>
<td>Voluntary Contribution Rules and Limitations</td>
<td>May start or stop voluntary contributions at any time</td>
</tr>
<tr>
<td></td>
<td>In most cases the first 5.14% must be contributed through an approved ORP provider. (See your annuity company representative for additional information)</td>
</tr>
<tr>
<td></td>
<td>Maximum calendar year contributions are subject to IRS limits 2013 limits:</td>
</tr>
<tr>
<td></td>
<td>• $17,500/year if under age 50</td>
</tr>
<tr>
<td></td>
<td>• $23,000/year if age 50+</td>
</tr>
<tr>
<td></td>
<td>(See your annuity company representative for additional information on tax laws/limits)</td>
</tr>
</tbody>
</table>

Enrolling in a Retirement Plan

USPS Employee

- General Retirement Plan Enrollment Form
- FRS Pension Plan
- FRS Investment Plan

At [http://hr.fsu.edu](http://hr.fsu.edu) and [http://www.myfrs.com](http://www.myfrs.com)

**Reminder:** If an enrollment form is not completed by your enrollment deadline, you will automatically default to the FRS Pension Plan.

A&P or Faculty Employee

- State University System Optional Retirement Program (ORP) Enrollment Form
- FRS Pension Plan
- FRS Investment Plan
- Optional Retirement Program (ORP)

At [http://hr.fsu.edu](http://hr.fsu.edu)

**Reminder:** 90 day deadline to enroll in ORP!
Enrolling in a Retirement Plan

Attention A&P and Faculty employees:

- If an enrollment form is not completed by your 90 day enrollment deadline, you will automatically default to the FRS Pension Plan.
  - Only a few more months to select the FRS Investment Plan
- ORP enrollment is not complete until annuity contracts are signed
- Forms and plan information are also available at MyFRS.com (http://www.myfrs.com)

Reemployment Restrictions

- You are a retiree if any portion of your FRS Pension, FRS Investment or ORP benefit at any time is:
  - Received
  - Withdrawn
  - Or rolled over/transferred
- This is regardless of age
  - Can be an FRS “retiree” in your 20’s or 30’s
- If considering re-employment remember:
  - Minimum of 6 full calendar month waiting period
  - Financially liable for repayment, if in violation
  - 1 full year after “retirement” – no further restrictions
- Remember: Retired retirees are not eligible for renewed membership in any State of Florida retirement plan

Questions?

Human Resources – Benefits
University Center A, Suite 6200
(850) 644-4015
retirement@admin.fsu.edu

MyFRS
(866) 446-9377 (Toll Free)
Would you like to reduce your taxable income, and save for retirement too?

### 403(b) Tax-Sheltered Annuity program

<table>
<thead>
<tr>
<th>Who?</th>
<th>Why?</th>
<th>How?</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL employees, salaried or OPS</td>
<td>Accounts are easy to set up • Affordable – you control how much you want to contribute</td>
<td>Specific pre-tax contributions, deducted bi-weekly • Deposited into a 403(b) retirement account • Invest contributions to generate supplemental retirement income • Minimum of $10</td>
</tr>
</tbody>
</table>

### Tax Sheltered Annuities 403(b)

- The Gabor Agency (Jefferson National, ING, ING Reliastar, Symetra)
  - 850-494-9611
  - 800-330-6115
- Lincoln Financial Group
  - 877-727-9470
- MetLife Investors
  - 850-386-6211
  - 800-763-2838
- TIAA-CREF
  - 800-842-2776
  - 877-267-4510
- VALIC
  - 850-297-0780
  - 800-488-2542

### Deferred Compensation 457

For a list of companies, or to enroll, contact:

State of Florida Bureau of Deferred Compensation
850-413-3162 or 877-299-8002
Tax Sheltered Annuities 403(b) & Deferred Compensation 457

Limitations:
• Maximum calendar year contributions subject to IRS limits
• 2012 limits:
  o $17,000/year if under age 50
  o $22,500/year if age 50+

(See your annuity company representative for additional information on tax laws/limits.)

Additional way to save for retirement

Post-Tax → Roth 403(b)

<table>
<thead>
<tr>
<th>Who?</th>
<th>What?</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALL employees, salaried or OPS</td>
<td>Voluntary employee contributions made on an &quot;after-tax&quot; basis</td>
</tr>
<tr>
<td></td>
<td>Similar to pre-tax Traditional 403(b) and 457 plans</td>
</tr>
</tbody>
</table>

What's the Difference between a Traditional and a Roth 403(b)?
• Roth 403(b) contributions are subject to federal income tax at the time the contributions are made.
• Contributions plus any earnings may be withdrawn tax-free at a later date.

Roth 403(b)

• The Gabor Agency (ING)
  o 850-894-9611
  o 800-330-6115
• TIAA-CREF
  o 800-842-2776
  o 877-267-4510
• VALIC
  o 850-297-0780
  o 800-488-2542
Important Reminder for A&P and Faculty!

Failure to successfully elect ORP (by completing the enrollment form and signing contracts with approved investment provider companies) **within the first 90 days of employment** will result in a permanent and irrevocable default election into the FRS Pension Plan!