Welcome to Florida State University, this section is an overview of the Retirement options available to all salaried USPS, A& P, and faculty employees. We are pleased to offer these retirement benefits to you, and hope that you will take advantage of these opportunities to increase your retirement savings and help formulate a sound financial plan for your retirement years.

Be on the lookout for this symbol as it will indicate important messages and facts that you should remember.

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

As a salaried employee at Florida State University, you are eligible for membership in one of three State of Florida-sponsored Retirement Plans:
- The FRS Pension Plan,
- The FRS Investment Plan,
- and the Optional Retirement Program.

Participation in one of these three plans is mandatory for all USPS, A&P and Faculty employees.

Now, a brief explanation about the plans you can choose:
If you are a USPS employee, you are eligible to enroll in either the FRS Pension, or the FRS Investment Plan.
If you are an A&P employee, or a Faculty member, you are eligible to enroll in the FRS Pension Plan, the FRS Investment Plan or a third option – the Optional Retirement Program. In this presentation, you will see this third plan referred to as ORP.
Please note that you are only allowed to be enrolled in one plan at any time. Also, if you have previously worked for another university, community college, State agency, or local government, you may already have membership in one of these State retirement plans. This may impact your retirement plan selection as a new employee here at FSU. Please consult with a Human Resources Benefits team member if you have any questions about choosing a retirement plan.

We will now discuss the three Florida Retirement System plans, in greater detail.
First, the FRS Pension Plan. The FRS Pension Plan is a traditional defined-benefit pension plan. A defined-benefit plan means that a fixed formula is used to calculate your retirement benefit. Upon retirement, the FRS Pension Plan will provide you with a monthly retirement check, which will be paid to you for the remainder of your lifetime. In some cases, the benefit may even be paid to your survivors, such as a spouse, or children. The Pension Plan requires a mandatory employee contribution along with a contribution from the University. The required employee contribution is pre-tax.
This plan has an 8 year vesting period. Vesting simply means the amount of time that you must work for FSU, or any other FRS-member employer, in order to qualify for any benefit under the plan. As an FRS Pension Plan member, you must work a minimum of 8 years in a salaried position to be eligible to receive a monthly pension check upon retirement. The 8 years do not need to be worked consecutively. If you complete your
working career without accumulating a total of 8 years of service, you will not be entitled to receive a benefit. For this reason, the FRS Pension Plan is an excellent choice for employees who expect to have a relatively long career working in public employment in the State of Florida.

Please note that if you have service prior to July 1, 2011 under the Florida Retirement System you would fall under the previous guidelines. Please contact your Human Resources benefits specialist with questions.

Slide 7. If you are vested with 8 years of service under the FRS Pension Plan and have reached normal retirement you may begin to receive your monthly benefit upon retirement.

Normal retirement under the Florida Retirement System Pension Plan occurs at age 65, or after completing 33 years of service – at any age. You may, of course, continue to work after age 65 or 33 years, and retire at a later date. As long as you are vested under the plan, you may choose to retire early, before reaching the normal retirement age or years of service. Note, however, that if you choose to retire before you are eligible for a normal retirement benefit, then your monthly retirement payments will be reduced by 5% for every year that you are short of age 65.

All salaried employees, either full-time or part-time, will earn full service credit for every month worked under the FRS Pension Plan. Employment in a non-salaried position, such as OPS or adjunct teaching work, is not included for retirement purposes under any of the State-sponsored retirement plans, such as the FRS Pension Plan.

Slide 8. The information on this slide only applies to employees who are in certain law enforcement positions with the University. Due to the increased risks involved in performing this type of work, the Florida Retirement System allows these employees to retire at an earlier age, or after attaining fewer years of service.

If your position is eligible for membership in the Special Risk Class, you are eligible for normal retirement at age 60, or after completing 30 years of service. As with other members, early retirement will cause your monthly benefit to be reduced by 5% for every year that you are short of your normal retirement age.

Slide 9. Here is a brief explanation about how your FRS Pension Plan benefits are calculated:

When you are ready to retire, the Florida Retirement System will evaluate your service and salary history to determine your pension benefit. They will determine your Average Final Compensation, abbreviated as AFC, which is simply the average of your eight highest fiscal year salaries earned while working under the FRS. The State of Florida uses fiscal years – July through the following June – instead of traditional calendar years. This AFC is then multiplied by the number of years of service, and then multiplied by a percentage factor. The percentage factor for Special Risk employees is 3%. For most other employees, it is 1.6%. The resulting dollar amount is your yearly Pension Plan benefit.
FRS Pension Plan members are also eligible to receive benefits, if retiring due to a permanent disability. To qualify for disability retirement, you must have a minimum of 8 years of eligible service under the FRS. Certain family members may be eligible to receive survivor benefits if you pass away before becoming eligible to receive your Pension retirement. Also, as an extra supplement for retirees who have certain insurance coverages, the State of Florida will pay a health insurance subsidy of an additional $5 per year of service, with a maximum of $150, added to your monthly benefit. And finally, the monthly pension benefit—not the Health Insurance Subsidy— is subject to an annual cost of living adjustment based on current law.

Let’s look at an example of a benefit calculation under the FRS Pension Plan…

Our employee, Jane Smith, is 65 years old and has 20 years of service with Florida State University. She has always worked in a regular class position. A regular class position means that she did not have any service time as a law enforcement officer in the Special Risk Class. Jane is now ready to retire from the Pension Plan.

In reviewing her salary history, it is determined that Jane’s eight highest years of earnings averaged $35,000. Using the benefit formula AFC times SERVICE times PERCENTAGE, we are able to calculate her yearly retirement benefit. As we can see on this slide, Jane can expect to receive a benefit of as much as $11,200 per year, upon retirement. This amount may vary, depending on the benefit option Jane elects to receive. By taking the $11,200 annual benefit and dividing it by 12, we can calculate Jane’s monthly pension benefit of $933.34 per month.

Once you reach normal retirement under the Pension Plan, you are eligible to join the Deferred Retirement Option Program, or DROP. DROP allows you to effectively retire from the Florida Retirement System, while continuing to work for your FRS employer for a specified period—usually 5 years. You are not eligible to enter DROP until you reach age 65 and vested or 33 years of service— whichever occurs first. To maximize the amount of time you can participate in DROP, you should enroll in the program as soon as you become eligible. Individuals who have attained the required 33 years of service at a young age may wait until the month of their 57th birthday to enter DROP, and still remain in the program for the full 5 years.

While you are in DROP, you will continue to work, earn paychecks and retain your eligibility for all University benefit plans. The pension retirement payments you would have received, had you completely retired from the University, are deposited into a special account with the State of Florida, where it grows at a guaranteed interest rate set by the Legislature.

Upon completion of this 5 year DROP period, you will begin to receive your monthly pension retirement check, and also receive a lump sum payment of the retirement income you deferred during those 5 years— plus any interest earned. The lump sum DROP
proceeds can be paid to you in cash (with applicable taxes withheld), placed in a tax-
deducted account, or a combination of both of these options.

Slide 14. Now we will discuss the FRS Investment Plan. The FRS Investment Plan is a defined contribution plan, similar to a 401(k) offered at a private employer. The Investment Plan requires a mandatory employee contribution that is pre-tax. Each bi-weekly pay period, in addition to the mandatory employee contribution, the University will contribute an amount set by the Legislature to an investment account. You, as owner of the Investment Plan account, control how you want the contributions to be invested. You can choose from many fund options of different risk levels, such as stocks, bonds and equities.

Slide 15. The vesting requirement for the FRS Investment Plan is one year. You have until the end of the 5th month following your hire date to enroll in the Investment Plan. Please note that Investment Plan members are not permitted to participate in DROP, and will not earn yearly cost of living adjustments. Once you retire from this plan, you may continue your health insurance, and can also receive the health insurance subsidy.

Slide 16. Informational packets about the Investment Plan are sent to all USPS employees. They are sent to A&P employees or Faculty members only if they default to the Pension Plan. Free, unbiased advice from financial planners is available by contacting the Ernst & Young Financial Advisors hotline at 1-866-446-9377. They can provide valuable assistance in helping you make your retirement plan choice.

Slide 17. As previously mentioned, you have a period of five calendar months in which to elect participation in the FRS Investment Plan. If no election is made, you will default into the FRS Pension Plan. If, later on in your career, you decide you want to switch to the other plan, you may use your 2nd Election. The 2nd Election is a one-time opportunity to move between the two FRS plans. The decision to use the 2nd Election becomes final once it has been processed by the Florida Retirement System. Members wanting to switch from the FRS Investment Plan to the FRS Pension Plan will be required to use their Investment Plan funds to buy into the Pension Plan. The cost of buying into the Pension Plan is determined by calculating the amount the University would have contributed to the Pension Plan, plus interest, had he or she been a member of the Pension Plan from the date of hire. If the member’s investment plan account does not have enough money to fund the buy-in amount, the member may have to pay some out of pocket funds to finance the switch.

Slide 18. For a 2nd Election to be valid, it must be submitted prior to separation from FRS employment. Also, certain contract faculty members are restricted from utilizing the 2nd election option during the summer months. Please be sure to contact the HR Benefits office if you have any questions about using the 2nd Election. All FRS Pension Plan members interested in switching to the FRS Investment Plan should be aware that any retirement contributions earned while a member of the Pension Plan, will retain the Pension Plan’s vesting period. If a member switches to the
Investment Plan prior to vesting, all future contributions will be vested with 1 year of service. All past contributions earned under the Investment Plan, however, will not be available in the member’s Investment Plan account until he or she has meet the Pension Plan vesting requirements.

Slide19. As mentioned earlier, a third retirement plan is available for A&P and Faculty employees. The Optional Retirement Program, or ORP, is a defined contribution plan – similar in some ways to the FRS Investment Plan. This plan requires a mandatory employee contribution that is pre-tax. The University contributes an additional percentage of your gross salary bi-weekly. The total contribution goes to an approved ORP provider of your choice to be invested by you.

Unlike the FRS Pension and FRS Investment Plans, ORP has no vesting period. ORP members own the rights to their benefit from the first day they are hired at FSU. This plan is well-suited to employees such as Faculty, who tend to change employers several times in their career.

Election of the ORP plan must occur within the first 90 days of employment in an eligible position. The Division of Retirement strictly enforces this enrollment deadline. Failure to elect ORP within the first 90 days will result in a permanent and irrevocable default election into the FRS Pension Plan. Once defaulted, an employee only has the option of choosing between the two FRS plans – the FRS Pension Plan and the FRS Investment Plan.

Slide20. As a member of ORP, in addition to the mandatory 3% employee contribution you have the option to contribute some of your own money to the plan, by having a percentage of your gross salary deducted from your bi-weekly paycheck. There are no restrictions on starting, stopping, and changing any voluntary contributions to the plan. All employee contributions made under ORP are made using pre-tax dollars. This way, you are able to save retirement funds, while at the same time, reducing your income tax liability.

Employer or employee contributions under this plan may not be accessed in any capacity while actively employed with the University, or any other FRS member agency. ORP members are not eligible for the health insurance subsidy or disability retirement benefits that are included in the FRS Pension or Investment Plans. There is also no annual cost of living increase in ORP. ORP members are eligible to sign up for State of Florida retiree insurance coverage upon final retirement from the University.

Slide21. The State of Florida requires that ORP participants invest their ORP funds with one (or more) of the approved investment provider companies. There are several investment companies that are authorized to provide services for ORP members. If you would like to enroll with any of these companies, please contact them through the phone numbers and web sites listed on this slide. This contact information is also available on the Faculty and Staff Benefits section of the FSU Human Resources web site, at www.hr.fsu.edu.

Slide22. The IRS limits the amount that any employee can contribute to a retirement account in any given calendar year. Please note that these limits only apply to the voluntary
contributions made by an employee. Any voluntary ORP contributions are subject to these limits.

The limits for the current calendar year are listed in this slide. You will need to contact your annuity company for additional information on tax laws and limits.

Slide23. To enroll in the FRS Pension or Investment Plan, you will need to complete a General Retirement Plan Enrollment Form. Enrollment forms are due no later than the last working day of the fifth month following your month of hire. Failure to enroll in a retirement plan by your deadline will result in your automatic enrollment into the FRS Pension Plan.

Forms are available online, at the FSU Human Resources web site, or at MyFRS.com.

Slide24. A&P and Faculty employees must decide whether to enroll in the Optional Retirement Program, within their first 90 days of employment. You must use the ORP-16 Enrollment Form to make your plan selection.

Slide25. After the initial 90 day period for ORP enrollment has passed, A&P and Faculty employees will only have the option of choosing from the two remaining FRS plans - Pension and Investment. The deadline for making this selection is determined by the Division of Retirement, and is generally the last working day of the fifth month after hire. Please note that if you are selecting membership in ORP, your enrollment is not officially complete until you complete both the enrollment form and the necessary contract paperwork with your selected ORP investment provider company or companies.

Slide26. Please be aware that the Florida Retirement System has strict rules and regulations regarding reemployment after retirement. It is important to understand that any employee, regardless of age or years of service, who begins receiving their FRS Pension Plan, Investment Plan or ORP benefit, becomes a retiree of the State of Florida, and may be subject to certain restrictions if returning to public employment at a later date. Be aware that these restrictions only apply to former FRS retirees who come back to work at FRS agencies. FRS retirees are, of course, free to work for any private employer, or public employer outside of the State of Florida, without any restrictions.

All reemployed FRS retirees, hired on or after July 1, 2010 are not eligible to earn an additional State retirement benefit of any kind. Rehired retirees will not be earning service credit toward a second retirement, nor will FSU or any other FRS agency make any contributions toward an additional retirement. The rehired retiree will still have access to the benefits from their first retirement, as dictated in the reemployment restrictions.

Slide27. If you have any questions about any of the State retirement plans, or if you need assistance in choosing a plan, please feel free to contact the Human Resources Benefits office at (850) 644-4015, by e-mail at retirement@admin.fsu.edu, or on the web at hr.fsu.edu.
Detailed information about the State plans is available at the MyFRS web site. The address is myfrs.com. You can also call the toll free MyFRS Financial Guidance Line at 1-866-446-9377.

Slide28. In addition to the State-sponsored retirement benefits, the University allows ALL employees, salaried or OPS, to participate in its 403(b) Tax-sheltered annuity program. A 403(b) is a type of retirement account that is similar to a standard 401(k) account that you might find at a private employer. In this plan, an employee can contribute a specific dollar amount, to be deducted from his or her bi-weekly paycheck, to be deposited into a 403(b) retirement account. The contributions in this account can be invested in several types of funds, including money markets, bonds and stock funds. The minimum amount that can be invested bi-weekly is $10.

All contributions made to a 403(b) account are pre-tax, meaning the payroll deduction is made before any federal withholding taxes are calculated. The participating employee gets the advantage of utilizing these funds without having to pay any taxes on the amount of the contribution. Taxes are paid at the time the funds are withdrawn from the account, presumably at retirement, when the participant has significantly less yearly income and a smaller tax liability.

All contributions to the FSU 403(b) plan are voluntary – and the amount contributed may be started, stopped or changed at any time. The contributions and earnings are fully accessible to the participant after he or she has terminated from employment, or has reached age 59½.

Slide29. To enroll in the FSU 403(b) Tax Sheltered Annuity Program, please contact one or more of the Investment Providers listed on this slide. You will be required to complete an annuity contract to initially set up your 403(b) account. The investment company representative will ensure that your contribution request is submitted to FSU for processing.

Slide30. The State of Florida 457 Deferred Compensation Program is yet another way FSU employees can save for retirement on a pre-tax basis. There are several companies available within this plan. For more information, and to enroll, please contact the Bureau of Deferred Compensation.

Slide31. As with ORP contributions, employees are limited in the total amount that can be contributed to a 403(b) or 457 account in any calendar year. The IRS limitations for the current year are listed on this slide.

Each plan – 403(b) Tax Sheltered Annuity and 457 Deferred Compensation, have separate limits, so an employee is eligible to put the maximum contributions toward both accounts at the same time. These contribution limits usually change every calendar year. The Human Resources Benefits office will post notices of limit changes on the human resources webpage and in STATE, the employee newsletter.

Slide32. FSU employees also have the option to contribute to a post-tax Roth 403(b) retirement account. A Roth 403(b) is similar to the Traditional 403(b) and 457 plans, except that all
contributions are made using post-tax, not pre-tax, dollars. Unlike Traditional 403(b)s and 457s, Roth contributions are subject to federal income tax at the time the contributions are made. Since these taxes are paid in advance, the contributions plus any earnings may be withdrawn tax-free at a later date – ideally at retirement. All contributions to the FSU Roth 403(b) plan are voluntary – and the amount contributed may be started, stopped or changed at any time. Contributions and earnings are fully accessible to the participant after he or she has terminated from employment, or has reached age 59½.

Slide33. To enroll in the FSU Roth 403(b) program, please contact one or more of the Investment Providers listed on this slide. You will be required to complete an annuity contract to initially set up your Roth 403(b) account. The investment company representative will ensure that your contribution request is submitted to FSU for processing.

Slide34. Finally, one last reminder before concluding the retirement portion of this presentation… If you are in an A&P or Faculty position, and you wish to participate in the Optional Retirement Program, you must make your plan choice within the first 90 days of employment. Do not put off this important decision. You will most likely not have another opportunity to participate in this plan.