



**For Investment Plan Members:**

**WHEN YOUR FLORIDA  
RETIREMENT SYSTEM  
EMPLOYMENT ENDS**

**Your FRS Investment Plan  
Distribution Options and  
Special Tax Notice**

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## **Este Folleto Está Disponible en Español**

Visite [MyFRS.com](http://MyFRS.com), haga clic en Publicaciones y busque el enlace debajo de Retirees.

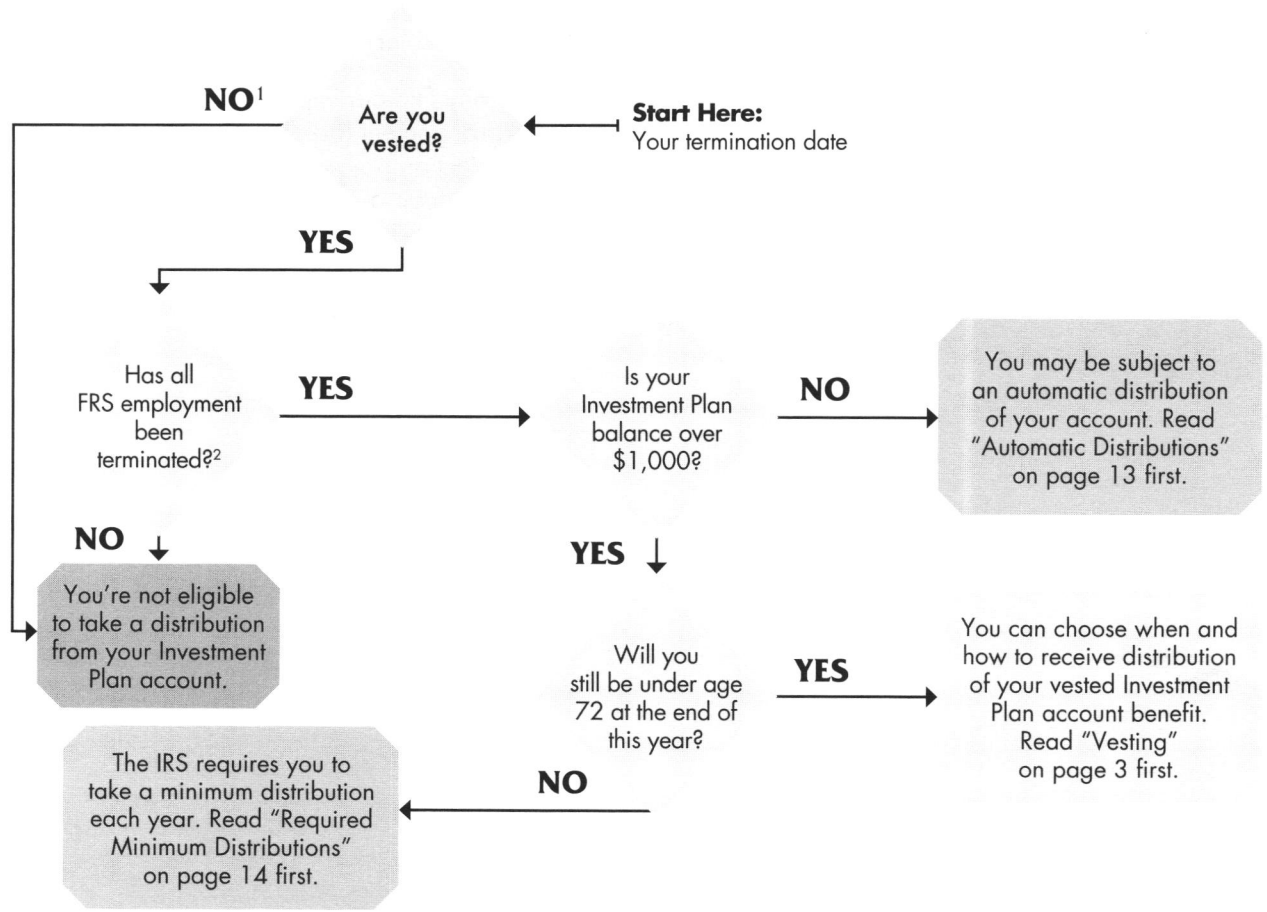
# What's Your Next Step?

Below is a high-level overview of the decisions you have to make regarding taking distributions from your Investment Plan account. This booklet is here to help you along the way by defining terms you need to know, explaining your options, and walking you through your choices.

If you have any questions or would like further guidance about what to do next, call the MyFRS Financial Guidance Line to speak with an experienced EY financial planner free of charge.

**1-866-446-9377, Option 2 (TRS 711)**

8:00 a.m. to 6:00 p.m. ET, Monday through Friday, except holidays.



<sup>1</sup> If you are not vested, you are eligible to receive your own contributions and any earnings.

<sup>2</sup> See definition of "FRS employment" on page 2.

# When Your FRS Employment Ends

You can't plan for your retirement without first understanding when your FRS employment really ends.

Below are definitions to terms used in this booklet to describe when you can withdraw your retirement savings from the Investment Plan and what would happen to distributions you've requested if you are reemployed at a later date.

<b>FRS-participating employer or FRS employer:</b>	Any agency that participates in the Florida Retirement System.
<b>FRS employment:</b>	<ul style="list-style-type: none"><li>• Being actively employed by <b>any</b> FRS-participating employer in <b>any</b> capacity; and/or</li><li>• Providing any service to <b>any</b> FRS-participating employer through any arrangement (paid or unpaid), including OPS, adjunct, election poll work, temporary employment, or working through a third party that provides service to an FRS-participating employer, etc.</li></ul>
<b>FRS-covered employment:</b>	A position that is eligible to be reported for FRS contributions.

# Vesting

Vesting refers to gaining ownership of your Investment Plan benefit. You can only request a distribution of the vested portion of your Investment Plan account.

**Do you have *at least one year of FRS-covered service in the Investment Plan*?**

You are vested in all contributions (yours and your employer's) to your Investment Plan account and any earnings on those contributions.

**Do you have *less than one year of FRS-covered service in the Investment Plan*?**

You are vested only in *your* contributions to your Investment Plan account and any earnings on your contributions.

**Did you *transfer a benefit from the Pension Plan into the Investment Plan*?**

You must have eight or more years of total FRS-covered service (six or more years if hired prior to July 1, 2011) to be vested in the transferred Pension Plan benefit and any earnings on that transferred benefit.

## What Happens to Your Unvested Balance After Termination

If you do not have enough FRS-covered service to be fully vested in your Investment Plan account when your FRS employment ends – and you do not take a distribution from your vested balance – your unvested balance will be moved to a suspense account.

If you return to FRS-covered employment (see page 2) within five years from your date of termination, your unvested balance, plus earnings, will be reinstated from the suspense account.

**Warning!** You will permanently forfeit the unvested portion of your balance, and its associated service credit, if you:

1. Do not return to FRS-covered employment within five years of your termination date or the date you were no longer in an FRS-covered position; or
2. Choose to take a distribution of your vested balance (whether from the Investment Plan or Pension Plan) while you have an unvested balance in a suspense account.

# Other Things to Think About Before Choosing a Distribution

In addition to being sure your FRS employment has ended (see page 2) and that you are vested (see page 3), here are some other things to consider.

**1. You can request a distribution only under these two circumstances:**

1. All FRS employment (see page 2) has been terminated for at least three full calendar months. Here's an example:

Month terminated	1 <sup>st</sup> full month	2 <sup>nd</sup> full month	3 <sup>rd</sup> full month	Eligible for distribution
JANUARY	FEBRUARY	MARCH	APRIL	MAY

2. You have reached normal retirement. See "Normal Retirement" on page 5.

**2. If you choose to take a distribution, the FRS will consider you to be "retired" and reemployment restrictions would apply.**

See "When You Are Officially Retired" on page 5.

**3. Your distribution will be subject to taxes and possibly to penalties.**

See "Taxes and Penalties" on page 7.

**4. A distribution could affect your eligibility to continue your current health insurance coverage with your employer.**

Before taking a distribution from your Investment Plan account, be sure to contact your employer's personnel office to verify your eligibility to continue your coverage.

**5. Will you have enough money in retirement?**

The Investment Plan was designed to help you save money for your retirement. Before taking any distributions, consider how much money you have in your account and how long that money has to last.

**6. You will lose future potential earnings on the money you withdraw.**

The money you withdraw from the Investment Plan will lose its potential to gain investment earnings, unless you roll it over into another investment account.

# Normal Retirement

You qualify for normal retirement upon reaching a certain combination of age and years of service. Once you've achieved normal retirement and been terminated for one full calendar month, you can take a one-time distribution of up to 10% of your Investment Plan account balance. If you haven't achieved normal retirement, you have to wait until you have been terminated for three full calendar months before you can take a distribution.

The table below explains when you reach normal retirement, according to the Investment Plan's rules.

	<b>Special Risk Class</b>	<b>All Other Membership Classes</b>
<b>Hired after July 1, 2011</b>	Age 60 or older and one or more years of FRS-covered service Age 57 or older and 30 or more years of Special Risk and military service Any age and 30 or more years of Special Risk service	Age 65 or older and one or more years of FRS-covered service Any age and 33 or more years of FRS-covered service
<b>Hired prior to July 1, 2011</b>	Age 55 or older and one or more years of FRS-covered service Age 52 or older and 25 or more years of Special Risk and military service Any age and 25 or more years of Special Risk service	Age 62 or older and one or more years of FRS-covered service Any age and 30 or more years of FRS-covered service

## When You Are Officially Retired

Once you take any distribution from the Investment Plan, including a withdrawal of only your employee contributions or a rollover to another plan, the FRS will consider you to be retired. Once you are considered retired:

- You will lose any non-vested Investment Plan or prior Pension Plan service.
- You can eventually be reemployed by any FRS-participating employer but, as the timeline on page 6 shows, you might not be eligible to receive additional distributions from your Investment Plan account.

Receiving a required minimum distribution (RMD) or an automatic distribution (de minimis distribution) will not cause you to be considered retired.

## Reemployment After Retirement

Returning to FRS employment after retirement includes providing any service to any FRS-participating employer through any arrangement, whether paid or unpaid. See page 2 for the complete definition of FRS employment.

<b>Calendar Months Following Your First Distribution</b>	<b>0</b>	<b>Month of First Distribution</b>
	<b>1</b>	<b>Reemployment Blackout Period</b>
	<b>2</b>	If you return to any employment with an FRS-participating employer during this period, you (and possibly your employer) will be required to repay any benefits you received. You must notify the Investment Plan Administrator of employment during this period by calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711).
	<b>3</b>	
	<b>4</b>	
	<b>5</b>	
	<b>6</b>	
	<b>7</b>	<b>Suspension of Distributions</b>
	<b>8</b>	If you return to any employment with an FRS-participating employer during this period, any distributions you requested from the Investment Plan will be canceled and any distributions you are receiving (including the Health Insurance Subsidy) will stop until either you terminate FRS employment or until 12 calendar months pass from your retirement date. You are exempt from this suspension of distributions if you are a retired law enforcement officer who is reemployed during this period as a school resource officer with an FRS-participating employer.
	<b>9</b>	
	<b>10</b>	
	<b>11</b>	You must notify the Investment Plan Administrator of employment during this period by calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711).
	<b>12</b>	
<b>After 12 months</b>	<b>No Reemployment Restrictions</b>	
	You can keep any distributions you've received and receive further Investment Plan distributions even if you are reemployed by an FRS-participating employer.	

## This Benefit Can Help Pay Your Health Insurance Premiums

If the FRS considers you to be retired, you may be eligible for the Health Insurance Subsidy (HIS). The HIS is a monthly supplemental payment that offsets the cost of your health insurance premiums. This is an extra benefit; it does not come from your Investment Plan account balance. To be eligible to receive the HIS, you must meet the Pension Plan's normal retirement age and service requirements for your class of membership and provide proper documentation certifying that you have health insurance coverage.

For more information about the HIS and how to take advantage of this benefit, read "The Health Insurance Subsidy" on page 16.



# Taxes and Penalties

The money in your Investment Plan account is pretax money, meaning it has never been taxed. When you take a distribution, you will be responsible for paying the taxes you owe on that money. Your age and personal financial situation will determine the amount of tax you'll be required to pay.

A mandatory 20% will be withheld from the taxable amount of your distribution, unless you roll over the entire distribution into another tax-deferred account. The withheld amount will be credited against any income tax you owe for that year. If the tax amount you owe is higher than the 20% withheld, you will be responsible for any additional taxes when you file your income tax return. If you receive payment before you reach age 59½, the IRS may impose an additional 10% penalty tax for early withdrawal.

Before you take money out of your account, contact the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711), to discuss the impact that taxes will have on your benefit. For additional information, see the Special Tax Notice on page 18.

## Taxes and Penalties: An Example

\$30,000	distribution
- \$6,000	20% withholding
- \$3,000	10% early withdrawal penalty if under age 59½
\$21,000	net payment to you

A mandatory 20% will be withheld from the taxable amount of your distribution, unless you roll over the entire distribution into another tax-deferred account.

## Annuity Income Tax Considerations

Annuity income payments made over time allow you to spread out your tax obligations. The purchase of an annuity is not a taxable event. When you receive your monthly benefit payments, they are taxed as ordinary income in the year they are received. Every year you will receive a Form 1099-R for the payments received in the prior year.

## If You're Living Outside the United States

If your address is outside the United States when you receive your distribution, you may be subject to a higher 30% withholding rate, unless you qualify for a lower rate.

*If you're a U.S. citizen living outside the U.S. and want the U.S. withholding rate of 20% applied to your payment, you must complete a Form W-9.*

*If you're not a U.S. citizen and your country of residence qualifies for a tax withholding rate of less than 30%, you may request the lower rate by completing a Form W-8BEN. Your form must be submitted and approved prior to your payment request.*

Withholding rates and forms can be found on [www.irs.gov](http://www.irs.gov). For more information, refer to IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*. If you have questions, call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 4 (TRS 711).