

NORTHWEST FLORIDA STATE COLLEGE

RETIREMENT PLANS

Retirement Plan Overview

Florida Retirement System (FRS) Pension Plan

Florida Retirement System (FRS) Investment Plan

Optional Retirement Program (ORP)

BENEFIT

Your retirement benefit is a guaranteed benefit based on a formula that includes your:

- Age (65)
- FRS membership class (e.g. Regular Class, Special Risk Class, etc.)
- Years of FRS service (33)
- 8 years of highest pay, averaged

Your retirement benefit is based on your account balance, which equals:

- 3% employee contribution and employer contributions to your account
- *Plus* investment returns
- *Minus* expenses, fees and losses

Your retirement benefit is based on your account balance, which equals:

- 3% employee contribution and 5.15% employer contributions to your account
- *Plus* investment returns
- *Minus* expenses, fees and losses

CONTRIBUTIONS

Monthly contributions based on salary and FRS membership class are ***paid by you (a 3% contribution) and your employer*** to a single pension trust fund.

The State Board of Administration manages the Pension Plan Trust Fund for all FRS members.

Monthly contributions based on salary and FRS membership class are ***paid by you (a 3% contribution) and your employer*** to an account set up in your name.

You choose how contributions are allocated among the assortment of investment funds set by the State Board of Administration. You can change your investment elections at any time.

Monthly contributions based on salary are ***paid by you (a 3% contribution) and your employer*** to the ORP Provider Company you have chosen.

You allocate contributions among the available investment options (e.g. Guaranteed, Stock, Money Market, Bond, Social Choice, etc.). You design an investment strategy to suit your own needs and circumstances.

VESTING

Benefits vest after 8 years of FRS service.

Benefits vest 100% immediately for Employee contributions; After 1 year of employment for Employer contributions.

Benefits vest immediately.

PORTABILITY

Portable within 800 FRS Employers so if you go to another FRS employer, your benefit will continue to grow.

Portable within 800 FRS Employers as well as employers outside the FRS umbrella.

Portable among more than 5,000 institutions nationwide.

DEFERRED RETIREMENT OPTION PROGRAM (DROP)

DROP is available when you are eligible for normal retirement. You can retire while continuing to work for up to 60 months and draw normal salary. While you are in DROP, retirement benefits accumulate in the Pension Trust Fund. At termination, you would receive DROP benefits as a lump sum, a rollover or a combination.

You are not eligible for DROP under the FRS Investment Plan.

You are not eligible for Drop Under the ORP Plan.

MORE INFORMATION

Enclosed

Enclosed

Qualified Companies:

- Metlife
- Valic
- TIAA CREF

More information available in Human Resources.

MORE INFORMATION
CONCERNING

THE PENSION PLAN
AND
THE INVESTMENT PLAN

Plan Comparison QUICK GUIDE



Here's a quick look at some of the key differences between your two retirement plan options: the Investment Plan and the Pension Plan. For more details about these plans, see the comparison chart on page 2 of the enclosed "New Employee FRS Enrollment Kit" or visit the MyFRS website, and click "Compare Retirement Plans" under the "New Hires" tab.

	Investment Plan	Pension Plan
Type of plan?	401(k)-type retirement investment plan	Traditional retirement pension plan
How long do I have to work to own my benefit (called "vesting")?	1 year	8 years
How much do I contribute?	3% of your monthly salary	3% of your monthly salary
How much will my employer contribute?	3.3% of your monthly salary (Regular Class)	Employer contributions are determined by the Florida Legislature.
Can the amounts contributed to the plan ever change?	Yes, the Florida Legislature can raise or lower the amount you or your employer pays into the plan.	Yes, the Florida Legislature can raise or lower the amount you or your employer pays into the plan and/or increase or reduce future benefits.
Who decides how money in the plan is invested?	You decide by selecting from the plan's list of funds and choosing how to invest your plan account balance.	The State Board of Administration invests all Pension Plan assets.
What will the benefit I receive from the plan be based on?	Your account balance, which includes: <ul style="list-style-type: none"> • The amount of money you and your employer have contributed, • Plus the investment earnings of the funds you've chosen, • Minus the expenses and fees charged by those funds. 	A formula based on your age, FRS membership class, years of FRS service, and an average of your 8 highest years of salary.
When I retire, how will I receive my money?	Your balance can be paid to you in a number of ways, including guaranteed lifetime monthly checks, a rollover to another retirement plan, or a total payout.	Your benefit would be paid to you in monthly checks guaranteed for your lifetime.

This comparison has been designed to be intentionally brief and is not intended to include every plan detail. Complete details can be found in Chapter 121, Florida Statutes, and the rules of the State Board of Administration of Florida (SBA) in Title 19, Florida Administrative Code (F.A.C.).

What's the DIFFERENCE?



MyFRS
Florida Retirement System

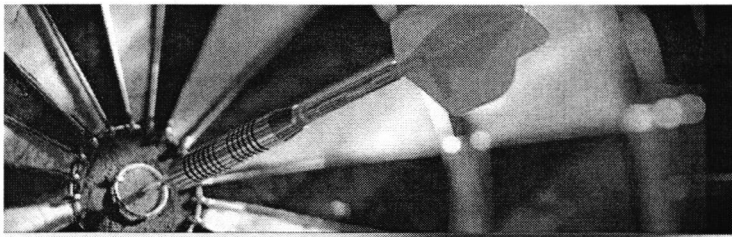


Comparing the FRS Investment Plan and the FRS Pension Plan

Before you make your retirement plan selection, it's important to know the key differences between the two Florida Retirement System (FRS) plan options. Review the chart that follows to learn about some of the similarities and differences.

	FRS Investment Plan	FRS Pension Plan
When am I vested in my benefit?	After 1 year of FRS service. You are always fully vested in your own contributions, as long as you remain in the Investment Plan. ¹	After 8 years ² of FRS service. You are always fully vested in your own contributions, as long as you remain in the Pension Plan. ¹
Who contributes and how much?	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary (total employee and employer rate is 6.3% for Regular Class employees). A mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account.	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary as determined by the state legislature. A mandatory 3% pretax contribution is deducted from your paycheck and deposited into the Pension Plan trust fund.
Where are the monthly contributions deposited?	Into an investment account that is established in your name by the FRS.	Into a single Pension Plan trust fund for all FRS Pension Plan members.
Can future funding increases impact future contributions and benefit levels?	Yes. Pension Plan underfunding or future cost increases to fund the FRS may make it necessary for the Florida Legislature to lower the amount that employers contribute to Investment Plan members' accounts or to increase the amount that employees contribute to their Investment Plan accounts.	Yes. During years when the Pension Plan is determined to be less than 100% actuarially funded, the Florida Legislature may take steps to improve the funding level by increasing employee or employer contributions or to lower Plan costs by reducing future Pension Plan benefits.
Who invests the money?	You can elect how to allocate your account balance among the funds available to Investment Plan participants. You are responsible for managing your account and can change your investment elections at any time. Investment results will affect your benefit.	The State Board of Administration of Florida manages the Pension Plan trust fund for all FRS-covered employees. Investment results do not affect benefits.
Can I switch plans after making my initial election?	Yes. You have a one-time 2 nd Election that you can use during your FRS career to switch to the other FRS retirement plan, provided you are actively employed by an FRS-covered employer and earning retirement service credit at the time your election is received.	

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What's the DIFFERENCE?

Continued from previous page

	FRS Investment Plan	FRS Pension Plan
What other factors affect my benefit?	The length of your FRS service is most important, but salary growth, FRS membership class, vesting, inflation, your age at hire and retirement, how long you live after retiring, and DROP participation also make a difference.	
How is my retirement benefit calculated?	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> • Employer and employee contributions to your account. • Plus or minus investment returns (gains and losses). • Minus expenses and fees. 	<p>Your retirement benefit is a guaranteed benefit based on a formula that includes your:</p> <ul style="list-style-type: none"> • Age, • FRS membership class (e.g., Regular Class, Special Risk Class, etc.), • Years of FRS service, and • The average of your 8 highest years of salary.³
What if I change jobs after vesting?	<p>If you go to work for another FRS-covered employer, you will remain enrolled in the Investment Plan, and contributions will continue to be made to your account. If you leave FRS-covered employment, you have the option of:</p> <ul style="list-style-type: none"> • Leaving your money in the Plan,⁴ OR • Taking a distribution and retiring.⁵ 	<p>If you go to work for another FRS-covered employer, your Pension Plan benefit will continue to grow. If you go to work for a non-FRS-covered employer, your Pension Plan benefit will be frozen until you either begin receiving monthly retirement benefits or return to FRS-covered employment.</p>
How is my benefit paid at retirement? (Note that you cannot receive a distribution unless you have terminated from all FRS-covered employment)	<p>Flexible distribution options are available. As long as your balance is more than \$1,000, you can:</p> <ul style="list-style-type: none"> • Leave your money in the plan until age 70½, when mandatory distributions must begin. • Purchase an annuity that provides guaranteed monthly payments for life using all or part of your account balance. Surviving beneficiary and cost-of-living adjustment options are available. • Receive periodic distributions.⁵ • Elect a lump sum when you retire or at any future date.⁵ • Roll it over into another qualified retirement plan. 	<p>Guaranteed monthly checks for life. Cost-of-living adjustment will be applied to the portion of your benefit that is based on service earned prior to July 1, 2011.</p> <p>You can choose payout options that provide continued monthly payments to your surviving beneficiary/joint annuitant.</p>
Does the plan provide other benefits?	Yes, including disability benefits and retiree Health Insurance Subsidy (HIS) payments.	Yes, including DROP ⁶ disability benefits, and retiree Health Insurance Subsidy (HIS) payments.

Free help is available... personalized for you

To learn more about your retirement plan options:

- ✓ Visit MyFRS.com and review the New Hire Roadmap.
- ✓ Call the FRS toll-free at 1-866-446-9377 (TRS 711).
- Select Option 1 to speak with an unbiased financial planner about both plans.

¹ How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2nd Election to switch plans in the future. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

² If you have any Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. If you join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service, you are subject to 8-year vesting.

³ If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, your retirement benefit will be calculated based on the average of your 5 highest years of salary.

⁴ Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.

⁵ Cash distributions will be taxed according to the member's tax bracket. Penalties may apply depending on the member's age at distribution.

⁶ Deferred Retirement Option Program. Visit MyFRS.com for details.

This flyer highlights some of the differences between the two FRS Plans. For a more detailed comparison, go online to MyFRS.com and select "FRS Programs."

Plan Overview

	FRS Investment Plan	FRS Pension Plan
Who contributes and how much?	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary (total employee and employer rate is 6.3% for Regular Class employees). A mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account.	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary as determined by the state legislature. A mandatory 3% pretax contribution is deducted from your paycheck and deposited into the Pension Plan trust fund.
Where are the monthly contributions deposited?	Into an investment account that is established in your name by the FRS.	Into a single Pension Plan trust fund for all FRS Pension Plan members.
Who invests the money?	You can elect how to allocate your account balance among the funds available to Investment Plan participants. You are responsible for managing your account and can change your investment elections at any time. Investment results will affect your benefit.	The State Board of Administration of Florida manages the Pension Plan trust fund for all FRS-covered employees. Investment results do not affect benefits.
When am I vested in my benefit?	After 1 year of FRS service. You are always fully vested in your own contributions, as long as you remain in the Investment Plan. ²	After 8 years ¹ of FRS service. You are always fully vested in your own contributions, as long as you remain in the Pension Plan. ²
What if I change jobs after vesting?	If you go to work for another FRS-covered employer, you will remain enrolled in the Investment Plan, and contributions will continue to be made to your account. If you leave FRS-covered employment, you have the option of: <ul style="list-style-type: none"> • Leaving your money in the Plan,³ OR • Taking a distribution and retiring.⁴ 	If you go to work for another FRS-covered employer, your Pension Plan benefit will continue to grow. If you go to work for a non-FRS-covered employer, your Pension Plan benefit will be frozen until you either begin receiving monthly retirement benefits or return to FRS-covered employment.

¹ If you have any Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. If you join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service, you are subject to 8-year vesting.

² How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2nd Election to switch Plans in the future. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

³ Account maintenance fees of \$6 per quarter may apply. Distribution is mandatory if the account balance is \$1,000 or less.

⁴ Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.

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Plan Overview

	FRS Investment Plan	FRS Pension Plan
Can I switch Plans after I make my initial election?	Yes. You have a one-time 2 nd Election that you can use during your FRS career to switch to the other FRS retirement plan, provided you are actively employed by an FRS-covered employer and earning retirement service credit at the time your election is received.	
How does my benefit/account grow?	The Investment Plan benefit should accumulate steadily over your career, despite short-term ups and downs in the market. Your benefit ultimately depends on how well you manage your account and on the investment returns earned on contributions. In the early years of your FRS career, most of your benefit comes from the contributions paid into the account. Over time, the investment earnings may account for a larger portion of your account balance.	The Pension Plan benefit grows slowly at first, and then, because the Pension Plan formula is based on the average of your highest years of pay and total years of creditable service, it takes a steep climb near retirement age. A 33-year employee will earn over 50% of their benefit in the last 10 years of their FRS career.
How is my retirement benefit calculated?	<p>Your retirement benefit is based on your account balance, made up of:</p> <ul style="list-style-type: none"> • Employer and employee contributions to your account. • Plus or minus investment returns (gains and losses). • Minus expenses and fees. 	<p>Your retirement benefit is a guaranteed benefit based on a formula that includes your:</p> <ul style="list-style-type: none"> • Age. • FRS membership class (e.g., Regular Class, Special Risk Class, etc.). • Years of FRS service. • An average of your 8 highest years¹ of salary.

¹ If you are a rehired employee who has any Pension Plan service prior to July 1, 2011, your retirement benefit will be calculated based on the average of your 5 highest years of salary.

Plan Overview

	FRS Investment Plan	FRS Pension Plan
<p>How is my benefit paid at retirement?</p> <p>Note that you cannot receive a distribution unless you have terminated from all FRS-covered employment.</p>	<p>Flexible distribution options are available. As long as your balance is more than \$1,000, you can:</p> <ul style="list-style-type: none"> • Leave your money in the Plan until age 70½, when mandatory distributions must begin. • Purchase an annuity that provides guaranteed monthly payments for life using all or part of your account balance. Surviving beneficiary and cost-of-living adjustment options are available. • Receive periodic distributions.¹ • Elect a lump sum when you retire or at any future date.¹ • Roll it over into another qualified retirement plan. 	<p>Guaranteed monthly checks for life. Cost-of-living adjustment will be applied to the portion of your benefit that is based on service earned prior to July 1, 2011.</p> <p>You can choose payout options that provide continued monthly payments to your surviving beneficiary/joint annuitant.</p>
<p>Does the Plan provide other benefits?</p>	<p>Yes, including disability benefits and retiree Health Insurance Subsidy (HIS) payments.</p>	<p>Yes, including DROP,² disability benefits, and retiree Health Insurance Subsidy (HIS) payments.</p>
<p>Can future funding increases impact future contributions and benefit levels?</p>	<p>Yes. Pension Plan underfunding or future cost increases to fund the FRS may make it necessary for the Florida Legislature to lower the amount that employers contribute to Investment Plan members' accounts or to increase the amount that employees contribute to their Investment Plan accounts.</p>	<p>Yes. As of the July 1, 2011 valuation, the Pension Plan had actuarial assets of \$126.1 billion and actuarial liabilities of \$144.1 billion, resulting in a Plan funding level of 87.5%. During years when the Pension Plan is determined to be less than 100% actuarially funded, the Florida Legislature may take steps to improve the funding level by increasing employee or employer contributions or to lower Plan costs by reducing future Pension Plan benefits.</p>

¹ Cash distributions will be taxed according to your tax bracket. Penalties may apply depending on your age at distribution.

² Deferred Retirement Option Program. Visit MyFRS.com for details.

Each Plan Has Advantages and Disadvantages

Both retirement plans have advantages and disadvantages. The Plan that's best for you (i.e., the one that will provide the highest income at retirement) will depend on your personal situation. Following are some pros and cons to consider for each Plan.

The FRS Investment Plan

Advantages

- You are vested¹ after 1 year of service, rather than the 8 years² it takes to vest in the Pension Plan.
- If you're a younger employee, your account balance has more time to grow.
- Your account could grow significantly if the underlying investments do well.
- You have a diversified choice of investment funds, including balanced funds, stock funds, bond funds, a Treasury Inflation-Protected Securities (TIPS) fund, and a money market fund. Before you select any investment funds, you need to review the Fund Profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the "Investment Funds" section at MyFRS.com.
- If you leave your job, you can keep your benefit growing by leaving it in the Plan or rolling it over to another qualified retirement plan.
- Flexible distribution options are available.
- If you have a retirement plan benefit from a former employer, you may be able to roll it over to the Investment Plan.
- If you meet Health Insurance Subsidy (HIS) requirements, you may be eligible for the HIS.
- You may be eligible for disability benefits.
- You have access to the free, unbiased MyFRS Financial Guidance Program resources.

Disadvantages

- There is investment risk involved. Your benefit may decrease in value if the investments in your account don't perform well.
- You must have enough discipline to take a long-term approach to investing.
- You need to actively monitor your investments.
- If you're an older employee, you may not have enough time to accumulate a large account balance before you retire.
- You could outlive your benefit if you don't plan carefully or buy an annuity that provides a guaranteed monthly payment option for life.
- You're not eligible for DROP³.
- If you decide to use your 2nd Election to transfer to the Pension Plan, and your Investment Plan account balance is lower than the amount needed to fully fund your Pension Plan account, it is your responsibility to make up the difference using your personal resources. This "buy-in" cost could make transferring to the Pension Plan unaffordable.
- You are not eligible to apply for the Health Insurance Subsidy (HIS) until you have retired (received any distribution) and met the normal retirement age or service requirements of the Pension Plan for your class of membership.

¹ You are always fully vested in your own contributions, as long as you remain in the Plan you chose as a new employee. How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2nd Election to switch Plans in the future. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

² If you have any Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. If you join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service, you are subject to 8-year vesting.

³ Deferred Retirement Option Program. Visit MyFRS.com for details.

Each Plan Has Advantages and Disadvantages

The FRS Pension Plan

Advantages

- You can earn a substantial benefit if you spend your full career as a Pension Plan member or start your FRS service later in life.
- You don't have to worry about investing with this Plan; the SBA is responsible for managing the Pension Plan trust fund's investments.
- After you are vested, you may receive a benefit even if you retire early.
- You cannot outlive your benefit.
- You can participate in DROP¹ if you're eligible.
- You are eligible for the Health Insurance Subsidy (HIS).
- You may be eligible for disability and In-Line-of-Duty survivor benefits.
- A cost-of-living adjustment will be applied to the portion of your benefit that is based on service earned prior to July 1, 2011, if any.
- You have access to the free, unbiased MyFRS Financial Guidance Program resources.

Disadvantages

- If you're a younger employee, it may take many years of service to build a large benefit.
- If you leave FRS-covered employment before you are vested, you will have no benefit (you are not vested in the Pension Plan until you have completed 8 years^{2,3} of service).
- You have no say in how the money is invested.
- All distribution options are monthly payments; there are no lump sums (except under DROP¹).
- Your benefit is reduced if you choose early retirement.
- If you decide to use your 2nd Election to transfer to the Investment Plan, the money transferred from the Pension Plan to the Investment Plan will not be vested until you have 8 years^{2,3} of service credit under the FRS. If you terminate employment with fewer than 8 years^{2,3} of service credit, the amount transferred from the Pension Plan may be forfeited.
- As of the July 1, 2011 valuation, the Pension Plan had actuarial assets of \$126.1 billion and actuarial liabilities of \$144.1 billion, resulting in a Plan funding level of 87.5%. During years when the Pension Plan is determined to be less than 100% actuarially funded, the Florida Legislature may take steps to improve the funding level by increasing employee or employer contributions or to lower plan costs by reducing future Pension Plan benefits.

¹ Deferred Retirement Option Program. Visit MyFRS.com for details.

² If you have any Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. If you join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service, you are subject to 8-year vesting.

³ You are always fully vested in your own contributions, as long as you remain in the Plan you chose as a new employee. How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2nd Election to switch Plans in the future. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

Key Differences Between the Plans

The chart highlights the basic differences between the Plans.

	FRS Investment Plan	FRS Pension Plan
Designed for	A retirement plan designed for shorter-service and more mobile employees.	A traditional retirement plan designed for longer-service career employees.
Vesting	You qualify for a benefit after 1 year of service. You are always fully vested in your own contributions, as long as you remain in the Investment Plan. ²	You qualify for a benefit after 8 years ¹ of service. You are always fully vested in your own contributions, as long as you remain in the Pension Plan. ²
Contributions	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary (total employee and employer rate is 6.3% for Regular Class employees). A mandatory 3% pretax contribution is deducted from your paycheck and deposited into your retirement account.	Your FRS-covered employer provides the majority of your FRS retirement plan contribution based on a fixed percentage of your gross salary as determined by the state legislature. A mandatory 3% pretax contribution is deducted from your paycheck and deposited into the Pension Plan trust fund.
Benefit	Your benefit depends on the amount of money contributed to your account and on its growth over time. You decide how to allocate the money in your account among the available investment funds. Future plan cost increases could make it necessary for the Florida Legislature to reduce the amount that employers contribute to the Plan, which may result in a lower benefit.	Pays a guaranteed lifetime monthly benefit using a formula based on the service and salary while you are working for an FRS-covered employer. Plan underfunding or future cost increases could make it necessary for the Florida Legislature to reduce benefits.

¹ If you have any Pension Plan service prior to July 1, 2011, you are subject to 6-year vesting. If you join the Pension Plan on or after July 1, 2011 and have no previous Pension Plan service, you are subject to 8-year vesting.

² How your employee contributions are distributed or refunded to you depends on a number of factors, especially if you use your 2nd Election to switch Plans in the future. You can call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for information.

Decision-Making Considerations

These guidelines may help you understand the factors you need to consider before making a choice between the Pension Plan and the Investment Plan.

Once you have made a retirement plan election you have a limited time period during which you may be able to cancel the election.

Guidelines	The Pension Plan might be better if you...	The Investment Plan might be better if you...
FRS Service	<ul style="list-style-type: none"> • Have already earned significant FRS service, such as 25 or more years • Begin your FRS career later in life • Expect to stay long enough to retire from an FRS employer • Expect to spend most of your career with an FRS employer 	<ul style="list-style-type: none"> • Have thus far earned a limited amount of FRS service, such as 10 or fewer years* • Begin your FRS career young in life • Expect to take a non-FRS job in the next 5 to 10 years • May not stay for the years needed to vest in the Pension Plan. Vesting is 8 years if you were enrolled in the FRS on or after July 1, 2011, or 6 years if enrolled in the FRS prior to July 1, 2011.
Salary Growth	<ul style="list-style-type: none"> • Receive most promotions and salary increases near the end of your career 	<ul style="list-style-type: none"> • Receive most promotions and salary increases near the beginning of your career
Managing Your Retirement Benefit	<ul style="list-style-type: none"> • Don't want to make investment decisions; and • Are uncomfortable receiving objective investment assistance 	<ul style="list-style-type: none"> • Prefer making investment decisions and setting goals; or • Are comfortable receiving objective investment assistance
Investment Risk	<ul style="list-style-type: none"> • Are uncomfortable with the risk that your retirement benefit could decrease because of poor financial markets • Are unwilling to experience short-term fluctuations in the value of your account 	<ul style="list-style-type: none"> • Are comfortable relying on long-term investment returns to forecast your retirement benefit • Are comfortable with short-term fluctuations in your retirement account in order to possibly earn higher long-term benefits
Retirement Income Options	<ul style="list-style-type: none"> • Prefer that your benefit be paid as lifetime monthly checks with no lump-sum options • Are comfortable with 1 of the 4 lifetime annuity payment options guaranteed by the Pension Plan • Expect to use the DROP program to build a nest egg to meet special or unanticipated spending needs 	<ul style="list-style-type: none"> • Prefer the flexibility to decide how much of your retirement account is taken as a lump-sum or lifetime monthly benefits • Are comfortable with an annuity payment option (if purchased) guaranteed by a highly rated private insurance company • Prefer a customized benefit payment schedule to meet your special retirement situation/needs
Early-Retirement Considerations	<ul style="list-style-type: none"> • Expect to retire in your 50s with full or reduced monthly benefits (the reduction is 5% per year for each year prior to normal retirement age of age 62 or 65 for Regular Class and age 55 or 60 for Special Risk) • Prefer that your HIS benefit begins immediately upon retirement 	<ul style="list-style-type: none"> • Are willing to receive your benefit as an annuity to avoid tax penalties when drawing this benefit before age 55; or can live on other savings or income until age 55 or don't expect to draw benefits until later in life • Are comfortable deferring your HIS until normal retirement age
Survivor Considerations	<ul style="list-style-type: none"> • Prefer that your surviving beneficiaries receive lifetime monthly benefits guaranteed by the FRS • Expect that only your spouse or other dependents need to be named as beneficiaries 	<ul style="list-style-type: none"> • Prefer that your survivors have the flexibility to receive a lump-sum benefit or lifetime benefits guaranteed by a private insurance company • Expect to name non-family heirs
Purchase Optional Service	<ul style="list-style-type: none"> • Want to purchase military or other service credit such as out-of-state service or a leave of absence to increase benefits 	<ul style="list-style-type: none"> • Have no need to purchase military or other service credit to increase benefits (or have already made this purchase under the Pension Plan)

*According to FRS historical statistics, less than 20% of newly hired employees and 50% of those with over 10 years of service actually stay a full career in FRS employment, given today's mobile society.