

Caution About Cash-Out

Many people choose to cash out their retirement account and spend the money on *today's* expenses. **But cashing out is typically not in your best long-term interest.**

Here's why: Your Investment Plan benefit is intended to provide you with retirement income. If you spend this money now, you may not have enough money to live comfortably in retirement ... not to mention the taxes and penalties you will have to pay on your distribution.

Penalties And Taxes

If you receive a distribution of any of your Investment Plan balance (including a rollover to another plan):

- You will lose any non-vested prior FRS Pension Plan service.
- If you are re-employed by an FRS employer in the future, you:
 - Will not be entitled to membership in the Special Risk class.
 - Will not be eligible to receive disability coverage.
 - Will not be eligible to participate in the Deferred Retirement Option Program (DROP).

If you withdraw your money now, there are tax consequences. You'll owe income taxes on your entire distribution in the year it's paid to you, unless you roll it over into another qualified plan.

- A mandatory 20% will automatically be withheld**, as required by federal regulations, from funds that are not directly rolled over into another tax-deferred retirement plan.

Be Aware!

The FRS considers you "retired" if you take any distribution (cash-out or rollover) from your Investment Plan account.

- If you're under age 59½ when you receive a distribution, you may owe an **additional 10% federal tax penalty** on the taxable portion of your distribution unless you meet one of the exemptions. Call 1-866-446-9377 for details.

Depending on your tax bracket, an Investment Plan account balance of \$30,000, for example, may be worth only \$21,000 if you cash it out. On the other hand, if you leave it invested until retirement age, it will be worth the full amount, plus investment earnings. **Think carefully about whether it's really worth it to potentially sacrifice as much as 30% or more of your retirement savings.**

Loss Of Earnings

There's more to consider than just taxes and penalties. If you take a distribution, you will lose the earnings you could have gained by leaving your money in the Plan. Thanks to compounding - or the snowballing effect of gaining interest on earnings - your savings can really add up.

You choose...

Keep your money working		Cash out now	
Current balance	\$30,000	\$30,000	Current balance
Growth over 20 years (assuming 7% annual interest)	+ \$86,000 *	-\$9,000	Pay penalties and taxes (assuming 30%)
Available balance after 20 years	\$116,000	\$21,000	Available balance

* Assumes no additional employer contributions.

Penny For Your Thoughts

Don't base your future on short-term thinking. You worked hard for your retirement. Now it's time to let your retirement nest egg work for you. Ensure a more comfortable retirement by sticking with the Plan.



YOUR Money YOUR Choice

Keep Your Money Working

Investment Plan Termination Options



This publication is a summary of the Investment Plan termination options available to FRS employees, written in non-technical terms. It is not intended to include every program detail. Complete details can be found in Chapter 121, Florida Statutes, the rules of the State Board of Administration of Florida in Title 19, Florida Administrative Code and the Investment Plan Summary Plan Description. In case of a conflict between the information in this publication and the statutes and rules, the provisions of the statutes and rules will control.

The examples used in this document may differ from your personal financial situation depending on factors such as your tax filing status, actual investment return, and account balance.



Keep Your Money Working . . .

Your Options

Now that your employment under the Florida Retirement System (FRS) has ended, it's time to think about what you want to do with your FRS Investment Plan benefit. Your Investment Plan account is yours to keep if you are vested (this means you have at least one year of FRS service as of your termination date). * **It's an important decision** - one that could have a significant impact on your account balance and future retirement income.

You choose...

Leave your money in the Plan or roll it over

Your money keeps growing

Cash out

You pay taxes and may incur penalties

When You Leave

- Although you will no longer receive employer contributions, if you leave your Investment Plan dollars in the Plan, you will continue to receive investment earnings.
- If you do nothing and you are vested, your balance will remain in the Investment Plan. You will pay investment management fees based on the funds you choose plus quarterly plan-administrative charges of only \$6.
- You can roll your other qualified retirement money into your Investment Plan account.
- If you meet the normal retirement requirements of the FRS Pension Plan, you may be eligible to withdraw up to 10% of your Investment Plan account balance after one calendar month following your month of termination. * *
- Call the FRS Investment Plan Administrator toll-free at 1-866-446-9377, option 4, to request a distribution.

* Pension Plan account balances transferred to the Investment Plan require six years to vest.

** For example, if you terminate on October 7, you would be eligible to take a 10% distribution after November 30 if your employer reported your termination date. You are eligible to take a 100% distribution after you have been terminated for three calendar months. Note that there are other factors that may impact your distribution. Contact the FRS for more information.

Get Free Help Before You Decide!

Even if you've already made plans for your money, please review your options with an unbiased financial planner. **That conversation could save you money.**

Before deciding what to do with your Investment Plan account balance:

**CALL the MyFRS
Financial Guidance Line
1-866-446-9377
(TTY 1-888-429-2160)
and
VISIT MyFRS.com**

Keep Your Money Growing

Stay In The Plan Or Roll It Over

As long as your Investment Plan account balance is vested, you can roll your money into an Individual Retirement Account (IRA), a 403(b) plan, a 457 plan, or another qualified retirement plan. However, keeping your money in the FRS Investment Plan offers certain advantages that may not be available anywhere else.

Either way, by keeping your money invested, you avoid paying taxes and penalties. The chart below compares these two options: staying in the Plan vs. rolling your money into another qualified plan.

You choose ... Investment Plan vs. Rollover

	Fees	Flexible Payout Options	Ongoing Support
Stay in the Investment Plan* and ...	Choose from 20 low-cost investment options. The Plan administrative fee of \$6 per quarter is also low.	Choose from many flexible payment options: lump sum, systematic withdrawals, and fixed and variable annuities with payments for spouses and beneficiaries. You may use these options in any combination. Visit "Getting Your Benefit" at MyFRS.com for more information.	As long as you have an Investment Plan account balance, you may access the MyFRS Financial Guidance Line (1-866-446-9377) and speak to an unbiased financial planner. You will receive a high level of free personal support and access to retirement and financial planning help.
Rollover to another plan and ...	You could pay higher investment management and administrative fees in another plan. Higher fees can substantially reduce your earnings. Always compare fees!	Depending on the plan, you may have limited payout options, or be subject to withdrawal or termination penalties.	The support services available from other plans may be focused on sales rather than education.

* You must have more than \$1,000 in your account to leave it in the Investment Plan. Balances of \$1,000 or less are automatically paid out by the Plan after you terminate.