



State Board Administration of Florida



1801 Hermitage Boulevard, Tallahassee, Florida 32308

Metropolitan Life Insurance Company

FIXED INCOME ANNUITY QUESTIONS & ANSWERS

**Important Information about Fixed Income
Annuities for FRS Investment Plan Participants**

This information will help you decide whether a fixed income annuity issued by MetLife is right for you. Please read it carefully before you make your decision.

Q. What is a fixed income annuity?

A. A fixed income annuity is a contract between you and the annuity provider. The contract is issued by the annuity provider and provides guaranteed payments to you for as long as you live.¹ Because you are a member of the Florida Retirement System (FRS), you can easily convert all or part of your Investment Plan account balance into an annuity at retirement through MetLife, the FRS' approved annuity provider. Fixed income annuities can protect you against the two major risks to retirement income security: longevity risk and market risk. MetLife also offers an array of options that can be tailored to meet your specific needs and circumstances. You can even ask to have an annual cost-of-living increase built into the calculation as protection against inflation.

A fixed income annuity is a safe, secure way to generate retirement income that is immune to market fluctuations and guaranteed for the rest of your life.

Q. What are the benefits of a fixed income annuity?

A. A fixed income annuity provides you with a series of predictable income payments that are guaranteed for as long as you live. It's like creating a paycheck for yourself in retirement that provides a consistent stream of income to help meet your fixed basic expenses. By purchasing an institutional fixed income annuity from MetLife, these predictable income payments are likely to be higher than they would be if you purchased a retail fixed income annuity. This is because retail fixed income annuities have high commission fees. A MetLife institutional fixed income annuity, on the other hand, is commission-free. A full description of the available annuity options offered to Investment Plan members is covered later in this document.

Q. What are the risks involved with a fixed income annuity?

A. When you purchase financial products with guarantees, you want to know that those guarantees will hold true for as long as you need them. Although MetLife assumes all investment risk for a fixed income annuity, you do need to consider credit risk when making your decision to purchase a fixed income annuity. Credit risk refers to the possibility that an insurer might be unable to pay its financial obligations for any reason. That's why it's important to choose an insurance company you can trust and one that has demonstrated financial strength. Metropolitan Life Insurance Company, the entity underwriting and issuing the contracts, has financial strength ratings that are among the highest in the industry.² Financial strength ratings, which are independent opinions reflecting an insurance company's ability to meet ongoing policyholder obligations, are intended to be assigned specifically with the protection of the policyholders in mind. For more information about Metropolitan Life Insurance Company's current ratings, please visit www.metlife.com and click on "About MetLife," "Ratings."

Q. How is my fixed income annuity amount determined?

A. The amount of your fixed income annuity payment is determined by a number of factors, including your age, the amount of money you use to buy the annuity and the form of annuity you elect at purchase.

Once annuity payments begin, they will continue for the rest of your life. If you select a Joint and Survivor annuity, you will protect your spouse or other loved one in the event of your death. If you elect this option at the time of purchase, your spouse or the other person you select will continue to receive income after your death.

Q. What happens to my fixed income annuity if I die before the amount of the premium I paid to purchase the annuity has been paid out?

A. If you elect a return of premium guarantee (cash refund), this feature provides a death benefit that is equal to the difference between your purchase amount and the total of all annuity payments.³ A lump-sum payment of that difference will be made to your designated beneficiary or beneficiaries, or if none, your estate. This feature may be selected with any of the Lifelong Income payment options, however, your initial benefit payment will be lower than it would be if you did not select this feature.

Q. I'm concerned about the effects of inflation on my benefit payment. Is there any way to help offset inflation with a fixed income annuity?

A. Inflation can be simply defined as the increase in cost of goods and services over time. For example, the cost to mail a letter in the U.S. in 1995 was \$0.32. In 2014, it costs \$0.55. A gallon of milk in 1995 cost on average \$2.51 but in 2020, the same gallon of milk costs \$3.54. If the predictable income of a fixed income annuity appeals to you, but you are concerned about the effects of inflation, you may want to consider adding inflation protection to your fixed income annuity.³ This optional feature allows you to build some inflation protection into your fixed income annuity by providing for a fixed annual increase in your annual annuity benefit. You can choose to have your annuity payment increase by 1%, 2% or 3% each year, or you can have them increase based on changes in the Consumer Price Index (CPIU) inflation index, but keep in mind that your initial benefit payment will be lower than it would be if you did not select this feature.

Q. What if I don't need income immediately and wish to start receiving payments later in retirement?

A. MetLife is now offering eligible Investment Plan members a new type of income annuity: a deferred income annuity (also known as a Retirement Income Insurance Qualifying Longevity Annuity Contract, or RII QLAC). Deferred income annuities are designed to provide income later on in retirement, typically between the ages of 80 and 85. They protect against the possibility of outliving retirement assets and can help ensure financial independence in your later years.

Currently, members can purchase an immediate lifetime annuity that guarantees fixed income for life. The deferred income annuity is different from an immediate lifetime annuity because it allows members to:

- Defer receiving their guaranteed income payments to a later age; and

- Reduce their Investment Plan balance that may be subject to required minimum distribution (RMD) rules.
- Realize higher monthly income payments due to starting later in life

The maximum investment amount for MetLife Retirement Income Insurance QLAC (RII QLAC) is lesser of 25% of the participant's account balance or \$135,000. You can also elect a survivor benefit for your spouse.

Q. What fixed income annuity payout options are offered through the FRS Investment Plan?

A. The FRS Investment Plan offers the following annuity payout options and features.

Payment Options:

1 – Lifelong Income for You[®] (MGIP + RII QLAC)

Also known as a single life annuity, this option guarantees that you will receive fixed payments for as long as you live. Payments will cease upon your death. There is no minimum number of guaranteed payments and there is no provision for a death benefit to a surviving beneficiary. If you don't want or need the death benefit, you may find this option attractive because it provides the highest lifetime payment for the premium.

2 – Lifelong Income for Two[®] (MGIP + RII QLAC)

Traditional Option – Also known as a traditional joint and survivor annuity, this option guarantees that you or another person, typically a spouse, will receive payments for as long as at least one of you lives. You may name anyone as your survivor. Upon your death, payments to your survivor may continue at the same level (100%) or may be reduced to 75%, 66 2/3% or 50% of the original amount.* This will depend on what percentage you select on the election form. Please note that unless you chose to continue payments to your survivor at 100%, the payments will be reduced upon your death.

OR

Contingent Option (MGIP Only) – Also known as a contingent joint and survivor annuity, this option guarantees that you and another person, typically a spouse, will receive payments for as long as at least one of you lives. You may name anyone as your survivor. Unlike the traditional option detailed above, it makes no difference who passes away first. Upon the first death, payments to the other person may continue at the same level (100%) or may be reduced to 75%, 66 2/3% or 50% of the original amount.* This will depend on what percentage you select on the election form. It is very important to note that unless you select to continue payments at 100%, payments will be reduced upon the first death. If the risk of your benefit payments decreasing upon the death of your survivor, should he or she pass away first, is acceptable to you, then this may be an appropriate option. Because of this risk, the initial benefit is higher than it would be if you selected the traditional option.

* For RII QLAC only; survivor must be a spouse.

3 – Lifelong Income for You[®] with Guarantee Period (MGIP)

This option guarantees that you will receive payments for as long as you live with the assurance that should you pass away before your guarantee period ends, payments will continue to your beneficiary for the remainder of the period. Your selected guarantee period can be between 5 and 30 years.³

4 – Lifelong Income for Two[®] with Guarantee Period (MGIP)

This option guarantees that you and another person, typically a spouse, will receive payments for as long as at least one of you lives with the assurance that should both of you pass away before the guarantee period ends, payments will continue to your beneficiary for the remainder of the period. The selected guarantee period can be between 5 and 30 years.³

5 – Income for a Guaranteed Period Only (MGIP)

This option guarantees that you will receive payments for a specific period only, which can be between 5 and 30 years.³ Payments will cease upon the conclusion of the specified period. Should you die during the specified period, payments will continue to your beneficiary for the remainder of the period.

Payment Options Overview	MGIP	RII QLAC
Lifelong Income for You	X	X
Lifelong Income for Two	X	X
Lifelong Income for You with Guarantee Period	X	
Lifelong Income for Two with Guarantee Period	X	
Income for a Guarantee Period Only	X	

Payment Features:⁴

1 – Return of Premium Guarantee (MGIP + RII QLAC)

Also known as a cash refund, this feature ensures that if upon your death the amount of money you paid for your annuity is greater than the total dollar amount of all the benefit payments you received, we will pay the difference to your beneficiary in a lump-sum payment.

2 – Inflation Protection (MGIP + RII QLAC)

This feature increases your benefit payments each year. In an effort to protect your benefit payments against an increased cost of living, you can choose to have them increase by 1%, 2% or 3% each year (for MGIP + RII QLAC), or you can have them increase based on changes in the CPI-U inflation index (only for MGIP).

3 – Pre-commencement Return of Premium Guarantee (RII QLAC)

Lifelong Income for You[®] - The dollar amount you paid to purchase the annuity will be returned to your beneficiary, should you pass away before your income payments begin.

Lifelong Income for Two[®] - Your spouse will begin receiving income payments on your scheduled payment start date, should you pass away before the income payments begin.⁵

Payment Features & Value Adds Overview	MGIP	RII QLAC
Return of Premium Guarantee	X	X
Inflation Protection	X	X
Pre-commencement Return of Premium Guarantee		X

Once the annuity is purchased, there can be no withdrawals on the amount used to purchase the annuity. The annuity has no cash value and cannot be surrendered.

To Learn More, Request a Quote

To find out if an annuity is right for you, or to purchase an annuity from MetLife, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711), Monday through Friday between 8:00 a.m. and 6:00 p.m. ET.

1. All guarantees are based on the claims-paying ability and financial strength of Metropolitan Life Insurance Company.
2. Neither financial strength ratings nor issuer credit ratings are statements of fact or recommendations to purchase, hold or sell any security, contract or policy. Each rating should be evaluated independently of any other rating.
3. The maximum available guarantee period may be limited by IRS regulations.
4. The cost to elect these features is generally higher and the initial payments lower than for payment options selected without these features. Electing these features may also affect the tax calculation in payments received. Please consult your tax advisor.
5. The payment amount may be reduced and will be based on the percentage you selected when the annuity was purchased. Should both you and your spouse pass away before the payment start date, the dollar amount paid to purchase the annuity will be returned to your beneficiary.

Any discussion of taxes is for general informational purposes only and does not purport to be complete or cover every situation. MetLife, its agents and representatives may not give legal, tax or accounting advice and this document should not be construed as such. You should confer with your qualified legal, tax and accounting advisors as appropriate.

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Policy Form Numbers: G.2505 (MGIP), G.3478 (RII QLAC)

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