

Monitoring IRS Contribution Limits for Investment Plan Members

In July 2022, the Investment Plan Administrator (Alight Solutions) will send an email notification to Retirement Coordinators and/or Payroll Officers who have Investment Plan members who have either:

- Reached the Internal Revenue Code (IRC), Section 415 contribution limits; or
- Do not have the required information to monitor contribution limits.

IRC Section 415 limits employer and employee contributions to the Investment Plan. The FRS performs testing on a semiannual basis to ensure compliance with these limits. This monitoring is an important part of maintaining the FRS's status as a governmental IRC tax-qualified plan.

A sample of the Section 415 email notification is provided on the next page. For additional information, refer to the Frequently Asked Questions on pages 3 and 4.

Legislative Update

In the April 2022 issue of this newsletter, we reported on the passage of several bills that will affect the Florida Retirement System (FRS). These bills have been signed into law. The Division of Retirement provided all FRS-participating employers with an [Information Release](#) detailing legislative changes and contribution rate information (by reporting plan codes). Additional information can be found on the [2022 Legislation](#) page.



Sample Section 415 Email Notification

Dear Florida Retirement System (FRS) Retirement Coordinator/Agency Payroll Officer:

Employer and employee contributions to the Investment Plan are limited by the Internal Revenue Code (IRC), Section 415. This information is monitored by the Investment Plan Administrator for your employees enrolled in the Investment Plan based on the information submitted to the Division of Retirement on your agency's monthly retirement reports. This testing is performed on a semiannual basis to ensure compliance with the IRS limits. This monitoring is an important part of maintaining the FRS status as a governmental IRC tax-qualified plan. To properly monitor the contribution limits for Investment Plan members, accurate information must be received.

A review has been performed of your employees enrolled in the Investment Plan, and we have determined that there are employees who have missing, inaccurate or insufficient information for the 415 Eligible Compensation that is needed to test the 415 federal limits. We are not able to test for exceeding the federal limits. For calendar year 2022 IRC limits the total contributions to a defined contribution plan(s) is the lesser of \$61,000 or \$67,500 if the member is over age 50, or 100% eligible 415 compensation. You have 141 impacted members. The following is a sample of members that are impacted. To receive the full and more detailed list of the impacted members, please contact the Investment Plan Administrator by calling the toll-free MyFRS Employer Assistance Line at 1-866-377-2121, Option 3.

The below members were reported with missing or insufficient data:

415 Limit - Compensation Missing	415 Limit - Exceeded	Insufficient Data	Birth Year	Full Name
YES	N/A	YES	1961	DOE, JANE
YES	N/A	YES	1985	DOE, JOHN
YES	N/A	YES	1998	SMITH, JANE
YES	N/A	YES	1959	SMITH, JOHN
YES	N/A	YES	1989	DOE, JANE
YES	N/A	YES	1997	SMITH, JOHN
YES	N/A	YES	1969	DOE, JOHN
YES	N/A	YES	1974	SMITH, JANE
YES	N/A	YES	1992	DOE, JANE



Frequently Asked Questions About IRC Section 415

Why did I receive the email notification?

It was determined that there are Investment Plan members employed with your agency who have either met the 415 contribution limits and/or this information is not being reported correctly to the Division of Retirement.

Where on the monthly retirement report should this information be reported?

The 415 Eligible Compensation field immediately follows the Annualized Salary Amount field on the monthly retirement report.

What information should be included in this field?

The total year-to-date 415 eligible compensation the member has received up to the date the retirement report is submitted. This amount will increase each month and is based on calendar year contributions, **not fiscal year**, and will reset in January with the new calendar year. This information should be included for ALL Investment Plan members, not for just those listed on the notification email. This means if you are reporting 415 eligible compensation for a member who has earned \$25,000 in eligible compensation through June 2022, then \$25,000 should be reported on the June 2022 monthly retirement report in the Year-to-Date 415 Eligible Compensation field.

How do I know if I am reporting 415 information on our monthly retirement report?

Review your monthly report submitted to the Division of Retirement to see if information is being submitted in the 415 Eligible Compensation field. Also, make sure the retirement plan codes are updated for members timely and are reported correctly to the Division.



Continues on next page.

Frequently Asked Questions – continued

What other information is needed to perform 415 testing?

No additional information is needed if you are reporting employees correctly on your monthly retirement report, which includes the resubmittal of fatal errors. It is important that your employees are reported correctly with correct salary information and retirement plan codes. If an Investment Plan member is incorrectly reported with a Pension Plan retirement plan code, that member's 415 eligible compensation information will not be sent to Alight and cannot be monitored, regardless of data present in the 415 Eligible Compensation field.

Do these limits also apply to any other eligible employer-sponsored plans in which the member participates outside of the FRS?

Yes. If members are making additional contributions to other employer-sponsored defined contribution accounts, such as 457(b), 403(b), 401(a), and 401(k) accounts, the contributions for these plans should also be reported to the Division of Retirement as part of your regular monthly retirement report so that they can be included in the limit tests.

What is considered 415 Compensation and what amounts should be included when reporting this compensation?

This is a determination that should be made by your agency. You should consult with your tax advisor in reference to Treasury Regulations and what amounts to include in the calculation.

For More Information

For additional information, review the below pages in the Division of Retirement's [FRS Pension Plan Employer Handbook](#):

- [Chapter 3](#), pages 3-15 through 3-18
- [Chapter 4](#), pages 4-5 through 4-6

If you have questions about the 415 Eligible Compensation or 415 Contribution Limits, contact the Investment Plan Administrator:

FRS Employer Assistance Line
1-866-377-2121, Option 3



Find It on MyFRS.com

Excessive Fund Trading Guidelines — Find out how much fund trading is too much.

Annual Fee Disclosure Statement Notice for the Investment Plan — Get information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. This statement is designed to set forth relevant information in simple terms to help Investment Plan members make better investment decisions. It will be updated for 2022 in mid-July. Members can request a printed copy, mailed at no cost to them, by calling the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 4 (TRS 711).

Recent News Articles — Formerly called "Alerts & Hot Topics," this is your best source for important information and breaking news affecting the Florida Retirement System. It contains links to legislation and other items of interest as well as a link that gives you easy access to a financial planning expert.

Schedule an Appointment with an EY Financial Planner — By clicking this link, you and your employees can make an appointment to speak with an EY financial planner at a time that's convenient for you. The online MyFRS Financial Guidance Line Appointment System allows you to select the date and time that best fit your schedule.

"Choose Your FRS Retirement Plan" brochure — This publication is a quick and easy way to get your new hires up to speed on the important retirement plan decision they need to make. You can request free copies of this brochure by calling the FRS Employer Assistance Line at 1-866-377-2121 or ordering them **online**.

Order Retirement Publications — Use this online form to order retirement publications free of charge.

Not Certifying New Employees Could Cost You

Your organization and the member may be jointly liable for the repayment of any retirement benefits paid if you hire a retiree in violation of the termination requirements or reemployment after retirement provisions.

To certify that your new hires have not retired¹ from any State of Florida-administered retirement plan nor concluded participation in the Deferred Retirement Option Program within the preceding 12 calendar months,² require them to sign and date an **FRS Employment Certification Form**. Keep the signed form in the employee's personnel file. Do not send it to the FRS unless you are asked to do so.

If you have any questions, please call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2.

¹ An employee is considered retired if they have received any benefits (other than a withdrawal of employee contributions) under the Pension Plan, including DROP, or if they have taken any distribution (including a rollover or refund of employee contributions) from the Investment Plan, or other state-administered retirement programs offered by state universities (SUSORP), state community colleges (SCCSORP), state government for senior managers (SMSOAP), or local governments for senior managers.

² See the following reemployment tables for specific reemployment dates: **Pension Plan Reemployment Table, Investment Plan Reemployment Table, DROP Reemployment Table, SUSORP, SMSOAP & SCCSORP Reemployment Table**.

FRS Employer Training Workshops

FRS employer training workshops are an excellent opportunity for you and your staff to receive an overview of the FRS and the various areas, functions, and processes that involve your agency and its employees.

To register:

By phone:

1-866-377-2121, Option 1

Be ready to provide your name, your contact information, the date and time of the workshop you want to attend, and the number of people from your agency who will be attending.

Online:

- Go to the [workshop calendar](#).
- Locate the employer workshop you want to attend (in-person or via Zoom), then register.
- You will receive a confirmation email after registration. Zoom registrants will also receive a reminder email the day prior to the webinar date.

You must register separately for each workshop you wish to attend.

Upcoming Workshops

Pension Plan

8:30 to 11:30 a.m. ET

August 3, 2022

November 9, 2022

Investment Plan

1:00 to 4:00 p.m. ET

August 3, 2022

November 9, 2022

FRS Resources Are Unbiased

All resources used by the MyFRS Financial Guidance Program, including publications, website, workshops, and EY and Alight call centers, are unbiased and do not favor one FRS retirement plan over the other. Both retirement plans have advantages, and our role is to provide new hires and existing members with the information they need to choose the correct plan for themselves. We strictly follow the education directive provided in s. [121.4501\(10\)\(b\)](#), Florida Statutes, which states: "The education component must provide system members with impartial and balanced information about plan choices."



Free Financial Planning Workshops for Employees

The following live workshops are free and unlimited for FRS members. To schedule an in-person workshop or live webinar for your FRS employees, please reach out to Angela Ko by email at Angela.Ko@ey.com or by telephone at 201-872-0176.

July 13	Taking Control of Your Finances (60 minutes)	10:00 a.m. to Noon
July 13	Investment Planning	1:00 to 3:00 p.m.
July 14	Education Planning	10:00 a.m. to Noon
July 14	Understanding the FRS Investment Plan	1:00 to 3:00 p.m.
October 3	Social Security and Your Retirement	10:00 a.m. to Noon
October 3	Understanding Your Benefits under the FRS Pension Plan	1:00 to 3:00 p.m.
October 4	Nearing Retirement in the FRS	10:00 a.m. to Noon
October 4	Group Health Insurance (state employees only)	1:00 to 3:00 p.m.

ALL TIMES ARE ET

To register:

By phone:

1-866-446-9377, Option 2

Online:

- Go to the [workshop calendar](#).
- Locate the employee workshop you want to attend (in-person or via Zoom), then register.
- You will receive a confirmation email after registration. Zoom registrants will also receive a reminder email the day prior to the webinar date.

You must register separately for each workshop you wish to attend.



Upcoming 1st Election Deadlines

Making an active retirement plan choice by the election deadline is the best way for members to ensure they participate in their preferred plan. Members should be encouraged to make an active election even if the default is to their preferred plan.

Deadline dates and times apply to all members, no matter how they submit their retirement plan choice. To confirm a new hire's deadline, call the FRS Employer Assistance Line at 1-866-377-2121, Option 3, or refer to the member's benefit comparison statement.

What Happens If a Member Misses the Deadline?

A member whose retirement plan choice is not received by their 1st Election deadline will be enrolled in the default plan based on their membership class as shown at right.

What About Members with Prior Pension Plan Service?

The plan defaults at right apply to any members who had not submitted a retirement plan choice prior to January 1, 2018 or did not have a plan choice period – even if they were previously enrolled in the FRS. Here's an example:

- **April 1, 1999** – The member initially enrolls in the FRS. (At that time, the Pension Plan was the only retirement program available, so no retirement plan choice was made.)
- **May 2001** – The member terminates employment.
- **February 1, 2022** – The member returns to work. (The enrollment deadline based on the member's month of hire is October 31, 2022, by 4:00 p.m. ET.)
- **October 31, 2022** – No election is received for this member.
- **November 1, 2022** – The member will be enrolled in the default plan based on their membership class. If enrolled in the Investment Plan, the member's prior Pension Plan service will be transferred to the Investment Plan as an opening account balance, which is subject to the Pension Plan's vesting provisions.

Plan Defaults¹

Membership Class	Plan Default
Special Risk Class	Pension Plan
All classes (except Special Risk Class)	Investment Plan

1st Election Deadlines

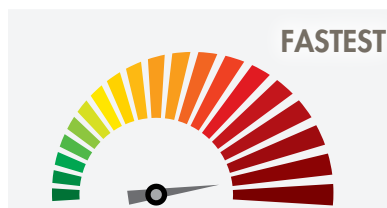
Month of Hire	Enrollment Deadline ²
October 2021	June 30, 2022
November 2021	July 29, 2022
December 2021	August 31, 2022
January 2022	September 30, 2022
February 2022	October 31, 2022
March 2022	November 30, 2022
April 2022	December 30, 2022
May 2022	January 31, 2023
June 2022	February 28, 2023
July 2022	March 31, 2023
August 2022	April 28, 2023
September 2022	May 31, 2023

¹ Applies to members initially enrolled in the FRS on or after January 1, 2018.

² By 4:00 p.m. ET.

ChooseMyFRSplan.com Is the Fastest Way to Submit a Retirement Plan Choice

Here are some additional options from next fastest to slowest:



Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711). *This is a good option if the employee has questions.*

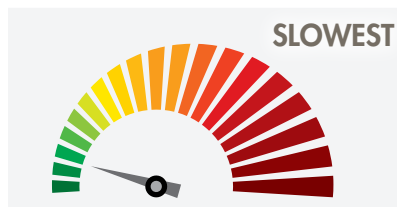


Submit the [online EZ Retirement Plan Enrollment Form](#).



Submit the hard copy form available on [MyFRS.com](#):

By Fax: 1-888-310-5559



By Mail:
Plan Choice Administrator
P.O. Box 785027
Orlando, FL 32878-5027

EY Is Our Exclusive Financial Planning Partner

The FRS has a contract with EY to provide all FRS members free, unbiased financial planning and counseling services. EY does not sell any investment or insurance products. No other financial planners, financial institutions, or firms are affiliated with or endorsed by the Florida Retirement System, by Alight Financial Solutions, or by Alight Solutions, the Investment Plan Administrator.



Help Keep All Members' Names and Addresses Current

Encourage your inactive and retired FRS members to keep their contact information current so they don't miss any important information from you or the FRS.

Investment Plan Members

Active Employees

Names and addresses are automatically updated on the FRS database when you submit your agency's monthly retirement report.

Inactive or Retired

See the online FAQ **"How can I change my name or mailing address if retired or terminated from the Investment Plan?"**

Pension Plan Members

Active Employees

Names and addresses are automatically updated on the FRS database when you submit your agency's monthly payroll report.

Inactive (Not Currently Employed)

Address Change – Call the DMS, Division of Retirement.

Retired and Receiving a Benefit

Address Change – The retiree can log in to their FRS Online account at frs.fl.gov to update their address. If you have questions, call the DMS, Division of Retirement.

Name Change – The member must **mail or fax** a signed letter to the DMS, Division of Retirement. The letter must be accompanied by a copy of the court order, marriage certificate, or valid driver license reflecting the member's new name.

How to Reach the DMS, Division of Retirement



Department of Management
Services, Division of Retirement
P.O. Box 9000
Tallahassee, FL 32315-9000



850-410-2010



1-844-377-1888 (toll-free)
or 850-907-6500
(Tallahassee local calling area)



Keep Members' Beneficiaries Current

Encourage your Investment Plan and Pension Plan members to keep their beneficiaries current so their benefits (if any) are passed to their named beneficiaries upon their death.

Investment Plan Members

Investment Plan members have four options for submitting their beneficiary information:

1. **Online FRS Investment Plan Beneficiary Designation form** on **MyFRS.com**. (Accessible without login)
2. Logging in to **MyFRS.com** and clicking Investment Plan > Your Profile > Beneficiaries.
3. Mailing or faxing an **FRS Investment Plan Beneficiary Designation form (IPBEN-1)**, available online, to the Investment Plan Administrator.
4. Calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4.

Pension Plan Members

Employers can access two reports on FRS Online that identify active Pension Plan members missing a beneficiary designation. Please review these reports regularly and direct your employees to name a beneficiary through their FRS Online account.

Active or Inactive Employees

The member can view or update their beneficiary designation at any time using their FRS Online account at **frs.fl.gov**.

Retired and Receiving a Benefit

The retiree can view their current beneficiary designation and learn how to change their beneficiary designation at any time using their FRS Online account at **frs.fl.gov**.

Help Keep Your Co-Workers Informed

If you know a co-worker who should receive this newsletter, send an email to walter.kelleher@sbafla.com with the co-worker's name, title, agency name, and email address.



Resources

FRS Employer Assistance Line

1-866-377-2121 (toll-free)

EY and Aight Solutions representatives are available from 8:00 a.m. to 6:00 p.m. ET, Monday through Friday, except holidays.

DMS, Division of Retirement, staff are available from 8:00 a.m. to 5:00 p.m. ET, Monday through Friday, except holidays.

MyFRS.com Resources

- [Recent News Articles](#) — Keep up with the latest legislation and more
- [Contribution Rates](#) — See “Retirement and Health Insurance Subsidy (HIS) Contribution Rates”
- [Employer Forms](#) and [General Forms](#) — Current forms available to print on demand
- [Employer Handbooks](#) — Technical guides for retirement coordinators, payroll staff, and others who have FRS responsibilities
- [FAQs](#) — Frequently asked questions and glossary
- [Helpful Links/Websites](#) — Links to agencies, departments, and other resources
- [Laws and Rules](#) — Florida Statutes and Administrative Code governing the FRS
- [Order Materials](#) — Online catalog of printed materials that you can order free of charge
- [Public Records](#) — State Board of Administration and DMS, Division of Retirement, Public Records Policy
- [Publications](#) — All available online publications
- [Request for Intervention/Final Orders](#) — Interventions may include unresolved customer service complaints, and allegations of misconduct or misrepresentation
- [Videos](#) — New hire, educational, and training videos

Are You Using Outdated FRS Forms?

FRS forms are routinely updated throughout the year. To use up-to-date forms and save paper, go to the [Forms section on MyFRS.com](#) to download and print the forms as you need them.

