

INVESTMENT PLAN

Quarterly Newsletter

Fourth Quarter, October 2019



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Lifetime Income or Installment Payments: What's the Difference?

When you terminate from the Investment Plan, you can choose to take your funds in a number of ways. Two of those ways are lifetime income and installment payments.

What Is Lifetime Income?

Lifetime income guarantees a fixed income to you for your life. Lifetime income is attractive because it is not affected by market returns or fluctuating interest rates, and because it offers you the security of knowing you can never outlive your payments. MetLife is the Investment Plan's exclusive lifetime income provider.

What Are Installment Payments?

Installment payments allow you to receive a fixed percentage or dollar amount of your Investment Plan balance paid out over time. With installment payments, your Investment Plan balance remains invested and has the potential to grow until it's withdrawn. Your funds are liquid and accessible, and the timing and amount of withdrawals can be customized to fit your needs. The Investment Plan Administrator can assist you in setting these up.

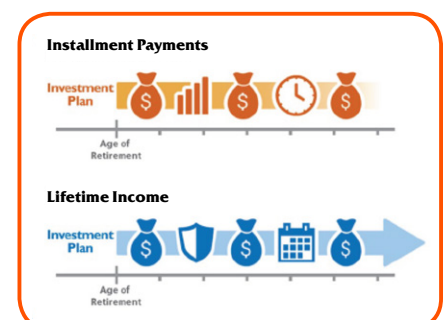
Which Is Right for You?

Both lifetime income and installment payments provide a structured approach for converting your Investment Plan funds into a scheduled paycheck, but installment payments cannot guarantee that you will not outlive your funds. And, while installment payments are flexible and offer you potential future earnings, they do keep your Investment Plan account exposed to market volatility and fluctuating interest rates.

In contrast, lifetime income is less flexible, but offers the comfort and confidence of guaranteed payments for life. To find out which payment may be best for you, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).

Chat Live with an EY Financial Planner on MyFRS.com

The live chat feature on [MyFRS.com](https://www.myfrs.com) is available from 9:00 a.m. to 8:00 p.m. ET, Monday through Friday, except holidays. Just click "Chat" on the [MyFRS.com](https://www.myfrs.com) homepage.



Quarterly Fund Performance Summary

This quarterly fund performance summary gives you a quick update on the performance of the Investment Plan's investment funds. Before you select any investment funds, you should also review the fund profiles, the Investment Fund Summary, and the Annual Fee Disclosure Statement posted in the "Investment Funds" section on MyFRS.com. The asset class descriptions below are general in nature and should not be relied on as your sole source of information regarding these funds.

Asset Class

An asset class is a group of similar investments whose values react in the same basic way to changes in the economy. The Investment Plan's funds are spread across five asset classes: money market funds, multi-assets funds, bond funds, U.S. stock funds, and foreign and global stock funds. There can be a risk in holding a large portion of your account balance in a single fund or asset class. According to investment experts, a good mix of investments (a strategy known as "diversifying") can help you control your risk and improve your returns. Additional information about investing and diversification can be found on the U.S. Department of Labor's website at dol.gov/agencies/ebsa/laws-and-regulations/laws/pension-protection-act/investing-and-diversification.

Money Market Funds

These funds invest in short-term securities (financial instruments or obligations) that are high-quality and can be sold quickly with little loss of value. The funds have limited risk of declining in value; however, over the long term, returns have been modest and may not keep pace with inflation. Money market funds are not FDIC-insured or guaranteed.

Multi-Assets Funds

These funds invest in a diversified array of assets that may help offset inflationary pressures. These assets include but are not limited to U.S. Treasury inflation-linked securities, commodities, real estate investment trusts, gold, and other securities. The funds seek long-term real (net of inflation) returns to preserve the future purchasing power of accumulated assets. You could lose money over short or long periods by investing in this fund, and returns may not keep pace with inflation.

Bond Funds

These funds invest primarily in bonds, which are like IOUs: a company or government agency borrows money and pays it back with interest to the bondholder (the entity making the loan). The quality of a bond is reflected in the credit rating of the company or agency that issues the bond.

The short-term risk of bond funds is relatively low; however, over time, the value of a bond is affected by interest rates, inflation, and other factors. When inflation or interest rates go up, the value of bonds goes down because they pay a fixed rate of interest and the market may see other investments as being more attractive. Therefore, bonds and bond funds don't always protect the value of your retirement savings against inflation.

U.S. Stock Funds

These funds invest primarily in equity shares or stocks issued by U.S. companies. The short-term risk of stocks has been much higher than bonds. However, over longer periods of time, stocks have generally experienced higher returns than bonds, which is one of the main reasons that stocks are typically recommended for retirement investing. Some risk is necessary to achieve long-term investment growth.

Foreign and Global (Foreign and U.S.) Stock Funds

Foreign stock funds invest primarily in equity shares or stocks issued by foreign companies in stock markets outside the U.S. Compared to U.S. stocks, foreign stocks are affected by additional risk factors, such as foreign laws and regulations, differences in accounting practices, political risk (foreign governments are sometimes unstable), and currency risk (differences in the relative value of domestic and foreign money).

Global stock funds invest in both U.S. and foreign stocks. Over the long term, foreign and global stocks have not experienced as high a return as U.S. stocks, but they have provided diversification benefits.

Retirement Date Funds

Each Retirement Date Fund is a diversified portfolio of FRS Investment Plan investment managers and uses an asset allocation concept called "target date funds." The mix of funds in each Retirement Date Fund is based on the amount of time you have before retirement, and the mix gradually changes as you approach retirement. This gradual change follows a careful investment strategy called a "glide path." Each Retirement Date Fund's glide path was developed for the FRS by a global investment consulting firm and a fiduciary to the FRS. Retirement Date Funds don't fall into just one asset class. They invest in multiple asset classes, which makes them good for "one-stop shopping."

Self-Directed Brokerage Account

The self-directed brokerage account (SDBA) does not fall into any single asset class. That's because the SDBA allows you to invest in thousands of different investments in addition to the Investment Plan's primary investment funds. The SDBA is not suitable for all members, and you assume the full risk and responsibility for the investments you select. Additional information on the SDBA is available in the "Investment Funds" section on MyFRS.com.

Strategy

Passively managed funds try to match the returns of a market index (such as the Russell 3000 index) by buying and holding the same securities as the index they're trying to match. Actively managed funds try to beat a market index.

Annual Fees

These are the current fees the fund charges to cover its management, operating, and marketing expenses. These fees are based on a percentage of your account balance and they are deducted from your account balance. The fees shown are based on a \$1,000 investment in that fund.

Long-Term Fees

The total fees that would be charged for a \$1,000 investment held for 10 years, based on current annual fees.

Performance Benchmark (PB)

A performance benchmark allows you to see how well the fund is doing relative to the performance of the market sector it is trying to beat. Note that index funds are designed to approximate the returns of their benchmarks. Benchmarks do not have costs.

Total Index

A total index is a combination of all the market benchmarks in each market sector and is based on the asset amounts of each fund in each market sector.

Performance Summary as of September 30, 2019

	STRATEGY	FEES PER \$1,000		PERFORMANCE ¹			
		Annual ²	Long-Term	Quarterly ³	1 Year	5 Years	10 Years
TOTAL FRS INVESTMENT PLAN	--	--	--	0.38%	2.39%	6.35%	7.40%
<i>PB: Investment Plan Total Index</i>		--	--	0.46%	2.54%	6.10%	7.08%
RETIREMENT DATE FUNDS	--	--	--	0.53%	3.50%	5.91%	--
<i>PB: Total Retirement Custom Index</i>		--	--	0.46%	3.63%	5.74%	--
FRS 2060 Retirement Date Fund (2060) ⁴	Active	\$1.10	\$11	0.08%	1.73%	6.83%	--
<i>PB: 2060 Retirement Custom Index</i>		--	--	0.02%	1.65%	6.60%	--
FRS 2055 Retirement Date Fund (2055)	Active	\$1.10	\$11	0.07%	1.66%	6.83%	--
<i>PB: 2055 Retirement Custom Index</i>		--	--	0.02%	1.65%	6.60%	--
FRS 2050 Retirement Date Fund (2050)	Active	\$1.10	\$11	0.09%	1.66%	6.85%	--
<i>PB: 2050 Retirement Custom Index</i>		--	--	0.03%	1.67%	6.60%	--
FRS 2045 Retirement Date Fund (2045)	Active	\$1.10	\$11	0.18%	2.00%	6.86%	--
<i>PB: 2045 Retirement Custom Index</i>		--	--	0.12%	2.01%	6.63%	--
FRS 2040 Retirement Date Fund (2040)	Active	\$1.20	\$12	0.28%	2.42%	6.76%	--
<i>PB: 2040 Retirement Custom Index</i>		--	--	0.23%	2.49%	6.48%	--
FRS 2035 Retirement Date Fund (2035)	Active	\$1.40	\$14	0.41%	2.99%	6.64%	--
<i>PB: 2035 Retirement Custom Index</i>		--	--	0.37%	3.08%	6.25%	--
FRS 2030 Retirement Date Fund (2030)	Active	\$1.50	\$15	0.57%	3.61%	6.27%	--
<i>PB: 2030 Retirement Custom Index</i>		--	--	0.50%	3.69%	6.01%	--
FRS 2025 Retirement Date Fund (2025)	Active	\$1.70	\$17	0.70%	4.18%	5.82%	--
<i>PB: 2025 Retirement Custom Index</i>		--	--	0.63%	4.34%	5.62%	--
FRS 2020 Retirement Date Fund (2020)	Active	\$1.90	\$19	0.84%	4.78%	5.21%	--
<i>PB: 2020 Retirement Custom Index</i>		--	--	0.77%	5.03%	5.12%	--
FRS 2015 Retirement Date Fund (2015)	Active	\$1.90	\$19	0.99%	5.28%	4.60%	--
<i>PB: 2015 Retirement Custom Index</i>		--	--	0.87%	5.55%	4.58%	--
FRS Retirement Fund (2000)	Active	\$1.90	\$19	1.01%	5.42%	4.26%	--
<i>PB: Retirement Custom Index</i>		--	--	0.89%	5.69%	4.35%	--
MONEY MARKET FUND				0.60%	2.56%	1.23%	0.73%
FRS Money Market Fund (60)	Active	\$0.60	\$6	0.60%	2.56%	1.23%	0.73%
<i>PB: iMoneyNet Money Fund Average</i>		--	--	0.52%	2.24%	0.94%	0.52%
MULTI-ASSETS FUND				0.43%	3.46%	1.64%	--
FRS Inflation Adjusted Multi-Assets Fund (300)	Active	\$4.50	\$46	0.23%	2.65%	1.67%	--
<i>PB: FRS Custom Multi-Assets Index</i>		--	--	0.08%	4.38%	2.48%	--

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Performance Summary as of September 30, 2019 — continued

	STRATEGY	FEES PER \$1,000		PERFORMANCE ¹			
		Annual ²	Long-Term	Quarterly ³	1 Year	5 Years	10 Years
BOND FUNDS							
<i>PB: Investment Plan Total Bond Index</i>							
FRS U.S. Bond Enhanced Index Fund (80)	Passive	\$0.50	\$5	2.30%	10.33%	3.46%	3.86%
<i>PB: BBg BARC Aggregate Bond Index</i>							
FRS Intermediate Bond Fund (90)	Active	\$1.20	\$12	1.59%	8.50%	2.96%	3.54%
<i>PB: BBg BARC Intermediate Government/Credit Bond Index⁵</i>							
FRS Core Plus Bond Fund (310)	Active	\$2.40	\$24	2.31%	10.49%	4.33%	--
<i>PB: FRS Custom Core Plus Bond Index</i>							
U.S. STOCK FUNDS							
<i>PB: Investment Plan Total U.S. Equities Index</i>							
FRS U.S. Stock Market Index Fund (120)	Passive	\$0.20	\$2	1.17%	2.99%	10.54%	13.16%
<i>PB: Russell 3000 Index</i>							
FRS Large Cap Stock Fund (320)	Active	\$2.80	\$28	-0.18%	-1.30%	10.08%	--
<i>PB: Russell 1000 Index</i>							
FRS Small/Mid Cap Stock Fund (330)	Active	\$5.80	\$60	-0.87%	-2.14%	10.17%	--
<i>PB: Russell 2500 Index</i>							
FOREIGN AND GLOBAL STOCK FUNDS							
<i>PB: Investment Plan Total Foreign/Global Equities Index</i>							
FRS Foreign Stock Index Fund (200)	Passive	\$0.30	\$3	-1.70%	-1.55%	3.36%	5.13%
<i>PB: MSCI ACWI ex US IMI Index</i>							
FRS Foreign Stock Fund (220)	Active	\$4.90	\$50	-1.59%	1.14%	5.02%	6.07%
<i>PB: MSCI ACWI ex US Index</i>							
FRS Global Stock Fund (210)	Active	\$4.90	\$50	-0.41%	2.88%	9.71%	10.62%
<i>PB: MSCI All Country World Index</i>							

¹ The performance information presented reflects past performance, which is not necessarily an indication of future performance. The most recent quarter, 1-, 5-, and 10-year performance returns are shown, if available.

² Fees and expenses are only two of several factors that you should consider when making investment decisions.

³ Not annualized.

⁴ The FRS 2060 Retirement Date Fund was initially open for investments on July 1, 2017. Past performance shown is for the FRS 2055 Retirement Date Fund, which has the same investment allocations.

⁵ As of January 1, 2019, the benchmark for the FRS Intermediate Bond Fund changed to the Bloomberg Barclay's Capital (BBg BARC) Intermediate Government/Credit Bond Index. Prior history remains the BBg BARC Intermediate Aggregate Bond Index.

All Investment Plan funds (except the FRS Money Market Fund) are subject to the Excessive Fund Trading Guidelines, which may limit your ability to make investment changes. The guidelines are available on the "Investment Funds" page of MyFRS.com.

This performance summary is intended for use in connection with the FRS Investment Plan, pursuant to Florida law, and is not intended for use by other investors. Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, including the self-directed brokerage account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account that results from your exercise of control.

3 Ways to Boost Your Financial Knowledge

Take advantage of these three resources available from the FRS to boost your financial know-how.

1. **Free financial planning workshops.** Workshops are available live, via webcast, or by viewing recorded videos online. For more information, go to MyFRS.com and click “Workshops.”
2. **MyFRS.com.** This is your gateway to a host of tools and information about the Investment Plan, including your personal retirement forecast, current prices and values of your investments, and access to the online Advisor Service and 2nd Election Choice Service.
3. **EY financial planners.** This service is free to all FRS members. EY does not sell any investment or insurance products. Financial planners are available to serve as your personal retirement and financial advocate and to answer any retirement and financial questions you have.

Contact the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, if you have any questions.

Get Professional Advice from the Advisor Service

The Advisor Service provides you with personalized professional advice on how to allocate investments in your Investment Plan account and most other non-FRS retirement accounts. If it’s been awhile since you have used the service, check in to ensure you are still allocated correctly by logging in to MyFRS.com and clicking “ADVISOR.” If you have questions, contact the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

Enhanced Security for MyFRS.com

New authentication security measures are being added to MyFRS.com at login. Using data from public records, members must correctly answer several individual questions before being able to register on MyFRS.com. The result is that identity verification will be enhanced and identity theft minimized. Members who do not answer the questions correctly or who have questions about the process should contact the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

Go Paperless! Get Information Quickly!

Get important information about your Investment Plan account more quickly through your MyFRS.com Secure Mailbox.

To sign up:

1. Log in to MyFRS.com.
2. Choose “Investment Plan.”
3. In the pop-up box that appears, make your delivery preference choice.

To change your current delivery preference:

1. Click “Your Profile.”
2. Click “Manage Communications.”
3. Click “Change” next to “Delivery Preference.”
4. At the bottom of the next page, choose the button next to “Email.”
5. Click “Save.”

You can change your mind at any time and revert to paper mailings. Also, you can always receive a paper copy of all documents and information by calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4.

New Online Access to Check Advises

Beginning January 1, 2020, Investment Plan retirees will no longer receive printed advises when requesting a distribution, with the exception of those who request rollovers out of the plan. Members will be able to log in to MyFRS.com and view their check advises. Additional details on how to access check advises will be provided in a future newsletter and posted online.

Beneficiary Designation Reminder

Please review the beneficiary(ies) listed on your enclosed quarterly Investment Plan Account Statement to ensure the designation is correct. You can change your beneficiaries by logging in to MyFRS.com and clicking Investment Plan > Your Profile > Beneficiaries. Or, mail or fax an [FRS Investment Plan Beneficiary Designation form \(IPBEN-1\)](#), available online, to the Investment Plan Administrator. You can also update your beneficiaries by calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4 (TRS 711).

Is Guaranteed Retirement Income Right for You?

Lifetime Income Guarantee

A lifetime income guarantee (offered by MetLife) lets you convert some or all of your Investment Plan balance into a stream of future payments that could last your lifetime.

For example, a lifetime income guarantee purchased at age 65 with \$100,000 of your Investment Plan balance would pay you:

Single Life

\$505¹ monthly

payments for life beginning at age 65; upon death, payments would cease

OR

Joint & Survivor

\$423¹ monthly

payments for life beginning at age 65; upon death, payments of \$423¹ would continue to your survivor for life

To find out if a lifetime income guarantee is right for you, or to purchase one, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).

Qualified Longevity Annuity Contract (QLAC)

If you would like to defer receipt of your guaranteed monthly payments to a later age, you can choose a qualified longevity annuity contract (QLAC). Addition of a death benefit during the deferral period would decrease the monthly payments.

For example, a lifetime income guarantee QLAC purchased at age 65 with \$100,000 of your Investment Plan balance would pay you:

Single Life

\$1,030¹ monthly

payments for life beginning at age 65; upon death, payments would cease

OR

Joint & Survivor

\$755¹ monthly

payments for life beginning at age 75; upon death, payments of \$755¹ would continue to your survivor for life

¹ Quotes are based on \$100,000 premium as of September 30, 2019 for a female aged 65. Joint & Survivor assumes the chosen survivor is a spouse aged 65. Your actual quotes may vary based on your individual data and other circumstances. Please note that other payment options and features are available.

Deadline for Requesting 2019 Tax Year Distributions

The deadline for requesting an Investment Plan distribution that will be considered a 2019 tax year distribution is 1:00 p.m. ET on December 24, 2019. Any distribution requested after this deadline will be processed for the 2020 tax year.