

INVESTMENT PLAN

Quarterly Newsletter

Fourth Quarter, October 2020



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Creating a Retirement Plan Just Got Easier

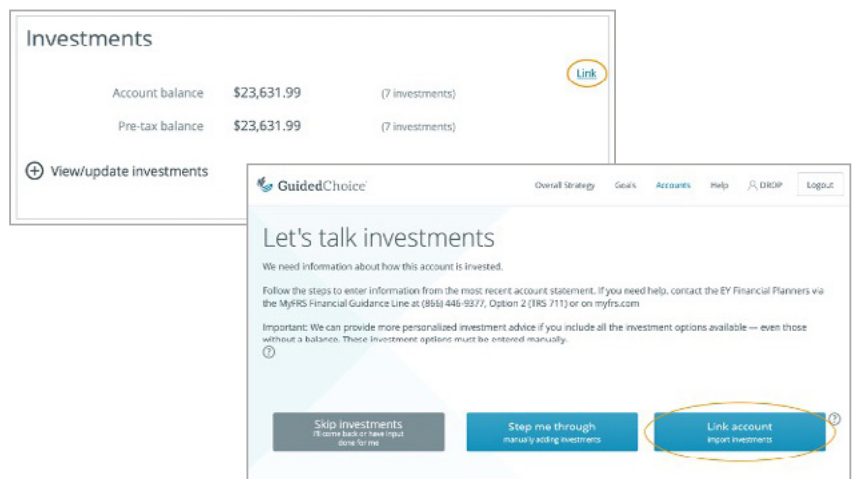
The online GuidedChoice Advisor Service can help make your retirement dreams possible by giving you unbiased guidance on how much to save and where to invest. The service is free to FRS members (both Investment Plan and Pension Plan), and you can create your plan online in about 30 minutes.

Now, creating a comprehensive plan to achieve financial freedom is even more effortless with the addition of account aggregation, a process that allows you to electronically update the investment balances of non-FRS plan retirement accounts. Account aggregation can be added to accounts already being considered in the guidance, as well as new accounts being added. And, because it's available for accounts belonging to you and your spouse, the Advisor Service is able to further refine its guidance.

To learn more about the Advisor Service, log in to [MyFRS.com](https://myfrs.com) and click the "ADVISOR" button. After logging in, an Account Aggregation Guide is available by selecting "Help" in the top right corner of the page and then scrolling to the bottom of the page. If you have any questions, call the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2 (TRS 711).

Deadline for Requesting 2020 Tax Year Distributions

The deadline for requesting an Investment Plan distribution that will be considered a 2020 tax year distribution is 1:00 p.m. ET on December 24, 2020. Any distribution requested after this deadline will be processed for the 2021 tax year.



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, inflation protection 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.

Inflation Protection 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, 2020

	STRATEGY	FEES PER \$1,000		PERFORMANCE ¹			
		Annual ²	Long-Term	Quarterly ³	1 Year	5 Years	10 Years
TOTAL FRS INVESTMENT PLAN	--	--	--	5.78%	8.10%	8.41%	7.37%
<i>PB: Investment Plan Total Index</i>		--	--	5.33%	6.95%	7.98%	7.01%
RETIREMENT DATE FUNDS	--	--	--	5.60%	7.44%	8.19%	--
<i>PB: Total Retirement Custom Index</i>		--	--	5.25%	7.12%	7.93%	--
FRS 2060 Retirement Date Fund (2060) ⁴	Active	\$1.00	\$10	7.07%	8.22%	9.43%	--
<i>PB: 2060 Retirement Custom Index</i>		--	--	6.81%	7.75%	9.22%	--
FRS 2055 Retirement Date Fund (2055)	Active	\$1.00	\$10	7.03%	8.11%	9.43%	--
<i>PB: 2055 Retirement Custom Index</i>		--	--	6.81%	7.75%	9.22%	--
FRS 2050 Retirement Date Fund (2050)	Active	\$1.00	\$10	6.95%	7.85%	9.41%	--
<i>PB: 2050 Retirement Custom Index</i>		--	--	6.76%	7.75%	9.23%	--
FRS 2045 Retirement Date Fund (2045)	Active	\$1.00	\$10	6.71%	7.87%	9.42%	--
<i>PB: 2045 Retirement Custom Index</i>		--	--	6.51%	7.79%	9.27%	--
FRS 2040 Retirement Date Fund (2040)	Active	\$1.20	\$12	6.33%	7.72%	9.27%	--
<i>PB: 2040 Retirement Custom Index</i>		--	--	6.12%	7.66%	9.05%	--
FRS 2035 Retirement Date Fund (2035)	Active	\$1.30	\$13	5.89%	7.47%	9.03%	--
<i>PB: 2035 Retirement Custom Index</i>		--	--	5.62%	7.32%	8.67%	--
FRS 2030 Retirement Date Fund (2030)	Active	\$1.50	\$15	5.49%	7.27%	8.48%	--
<i>PB: 2030 Retirement Custom Index</i>		--	--	5.10%	6.99%	8.21%	--
FRS 2025 Retirement Date Fund (2025)	Active	\$1.70	\$17	5.00%	7.15%	7.96%	--
<i>PB: 2025 Retirement Custom Index</i>		--	--	4.55%	6.65%	7.65%	--
FRS 2020 Retirement Date Fund (2020)	Active	\$1.90	\$19	4.45%	6.78%	7.25%	--
<i>PB: 2020 Retirement Custom Index</i>		--	--	3.94%	6.25%	6.97%	--
FRS Retirement Fund (2000)	Active	\$1.90	\$19	4.04%	6.70%	6.19%	--
<i>PB: Retirement Custom Index</i>		--	--	3.51%	6.10%	6.01%	--
MONEY MARKET FUND							
FRS Money Market Fund (60)	Active	\$0.60	\$6	0.06%	1.12%	1.42%	0.82%
<i>PB: iMoneyNet Money Fund Average</i>		--	--	0.01%	0.90%	1.12%	0.58%
INFLATION PROTECTION FUND							
FRS Inflation Sensitive Fund (300)	Active	\$3.60	\$37	3.62%	1.65%	3.57%	--
<i>PB: FRS Custom Multi-Assets Index</i>		--	--	2.72%	-0.33%	3.38%	--

Regarding This Performance Summary

This quarterly performance summary reflects the new investment funds effective July 1, 2020.

Performance Summary as of September 30, 2020 – 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>							
		--	--	1.67%	6.78%	4.80%	4.00%
FRS U.S. Bond Enhanced Index Fund (80)	Passive	\$0.50	\$5	0.68%	7.08%	4.26%	3.74%
<i>PB: Barclays Capital Aggregate Bond Index</i>							
		--	--	0.62%	6.98%	4.18%	3.64%
FRS Core Plus Bond Fund (310)	Active	\$1.90	\$19	2.17%	6.84%	5.31%	--
<i>PB: FRS Custom Core Plus Fixed Income Index</i>							
		--	--	1.35%	6.50%	4.72%	--
U.S. STOCK FUNDS							
<i>PB: Investment Plan Total U.S. Equities Index</i>							
		--	--	8.57%	11.55%	12.55%	12.75%
FRS U.S. Stock Market Index Fund (120)	Passive	\$0.20	\$2	9.22%	15.10%	13.78%	13.56%
<i>PB: Russell 3000 Index</i>							
		--	--	9.21%	15.00%	13.69%	13.48%
FRS U.S. Stock Fund (340) ⁵	Active	\$3.50	\$36	8.08%	9.43%	11.68%	--
<i>PB: Russell 3000 Index</i>							
		--	--	9.21%	15.00%	13.69%	--
FOREIGN AND GLOBAL STOCK FUNDS							
<i>PB: Investment Plan Total Foreign/Global Equities Index</i>							
		--	--	6.93%	4.35%	6.85%	5.27%
FRS Foreign Stock Index Fund (200)	Passive	\$0.30	\$3	6.81%	3.83%	6.64%	5.07%
<i>PB: MSCI ACWI ex US IMI Index</i>							
		--	--	6.80%	3.51%	6.31%	4.74%
FRS Foreign Stock Fund (220)	Active	\$4.90	\$50	9.66%	14.97%	9.08%	6.79%
<i>PB: MSCI ACWI ex US Index</i>							
		--	--	6.25%	3.00%	6.35%	4.29%
FRS Global Stock Fund (210)	Active	\$4.90	\$50	12.64%	25.74%	14.70%	12.19%
<i>PB: MSCI All Country World Index</i>							
		--	--	8.13%	10.44%	10.30%	8.79%

¹ The performance information presented reflects past performance, net of fees, 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 are only one 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 The following applies to the FRS U.S. Stock Fund with an inception date of July 1, 2020: 1.) the five-year history, if available, is considered the return since inception; and 2.) one-year and five-year historical performance is based on the target weight of the underlying managers/funds that would have been in place if the funds had been in place during these time periods.

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.

Thinking About a 2nd Election?

The 2nd Election is a one-time opportunity to change from your current FRS retirement plan to the other.¹ The 2nd Election Choice Service can help you with this important decision by letting you compare customized benefit estimates from both plans based on your own assumptions about your salary growth and your age at retirement. You can use the 2nd Election Choice Service as often as you like – at no cost to you – until you make an election to change plans.

The 2nd Election Choice Service is powered by Alight Solutions, the Investment Plan Administrator and provider of communication consulting services to the MyFRS Financial Guidance Program. To access the 2nd Election Choice Service, log in to [MyFRS.com](https://myfrs.com) and select “2nd Choice.”

Changing to the Pension Plan Could Cost You

Depending on your circumstances, you may have to buy into the Pension Plan using your own money, and the change can have long-term financial implications. In addition to using the 2nd Election Choice Service, call the MyFRS Financial Guidance Line to be sure you fully understand the implications, requirements, and potential cost of a 2nd Election.

¹ Reemployed retirees enrolled July 1, 2017 or after are not eligible to use a 2nd Election.

About Fund Transfers

The Investment Plan generally permits you to change your investment options daily (some funds restrict your ability to move your money under certain circumstances; review the [Excessive Fund Trading Guidelines](#) available in the “Investment Funds” section on [MyFRS.com](https://myfrs.com)). Transfer requests processed before 4:00 p.m. ET (or market close, if earlier) will be effective on the day the request is made. Transfer requests received after that time will be processed the next business day. You can change or cancel your request at any time before market close by logging in to [MyFRS.com](https://myfrs.com) or calling the Investment Plan Administrator at 1-866-446-9377, Option 4. If your completed request is delayed for any reason, it will be processed as soon as administratively feasible.

How Do I Find My Investment Plan Balance Online?

- Log in to [MyFRS.com](https://myfrs.com)
- Look under “Account Details” for your current balance. For more detailed account information, click the green “INVESTMENT PLAN” button.

[MyFRS.com](https://myfrs.com) also gives you access to valuable online tools like the Advisor Service, the 2nd Election Choice Service, and your Investment Plan account. If you’re logging in for the first time, you can get started by visiting the Registration page. You’ll be asked to enter the last four digits of your Social Security number, your six-digit PIN, and your date of birth. If you need help logging in, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

Account Fees for Inactive FRS Members

Inactive Investment Plan members with account balances over \$1,000 are subject to a \$6/quarter account maintenance fee. If applicable, this fee will appear on your quarterly statement after it has been applied to your Investment Plan account. Further information is available in the Investment Plan Summary Plan Description on [MyFRS.com](https://myfrs.com).

Two Ways to Protect Your Retirement Income

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.

Qualified Longevity Annuity Contract

A qualified longevity annuity contract (QLAC), also from MetLife, lets you defer receipt of your guaranteed monthly payments to a later age. QLACs are limited to \$135,000 or 25% of your Investment Plan balance (whichever is less).

To learn more about these options, or to purchase one, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2. Or, visit www.myfrs.com/MakeYourMoneyLastaLifetime.htm for additional resources.

	Lifetime Income Guarantee	QLAC
For example, if purchased at age 65 with \$100,000 of your Investment Plan balance, each option would pay you:	<p>Single Life \$471¹ monthly payments for life beginning at age 65; upon death, payments would cease</p> <p>– OR –</p> <p>Joint & Survivor \$397¹ monthly payments for life beginning at age 65; upon death, payments of \$397¹ would continue to your survivor for life</p>	<p>Single Life \$933¹ monthly payments for life beginning at age 75; upon death, payments would cease</p> <p>– OR –</p> <p>Joint & Survivor \$690¹ monthly payments for life beginning at age 75; upon death, payments of \$690¹ would continue to your survivor for life</p>

¹ Quotes are based on \$100,000 premium as of September 30, 2020 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.

Be Sure to Use the Latest Web Browsers

When accessing MyFRS.com, we recommend that you use the latest version of Edge, Chrome, Firefox, or Safari. As of June 10, 2020, you are no longer able to view your Investment Plan account on MyFRS.com using Internet Explorer. Microsoft has officially ended its support for Internet Explorer and is advising users not to use it and instead use other modern browsers.

