

INVESTMENT PLAN

Quarterly Newsletter

Second Quarter, April 2022



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Florida Legislature Approves Increase to FRS Employer Contribution Rates

During the 2022 session, the Florida Legislature passed **House Bill 5007**, increasing the amounts FRS employers contribute to the Investment Plan by 3%, effective July 1, 2022, pending approval by the Governor.

This change does not affect the 3% contribution rate you pay into the Investment Plan. It only changes the total amount paid into your Investment Plan account by your employer. For example, Regular Class members will see their total employee and employer contributions rise from 6.30% to 9.30%. This change increases the overall funds you will be able to accumulate in your Investment Plan account going forward.

Legislative Roundup

The following bills were also passed during the 2022 legislative session. They are pending approval by the Governor.

House Bill 5007 – In addition to the contribution rate changes noted to the right, this bill also allows law enforcement officers in the Special Risk Class to participate in the Deferred Retirement Option Program (DROP) for up to 36 months beyond the 60-month period. The member must be a DROP participant on or after July 1, 2022 and must enter DROP on or before June 30, 2028. Note that DROP is only available to Pension Plan members and not Investment Plan members.

House Bill 689 – This bill adds a posttraumatic stress disorder presumption for correctional officers as it relates to these members’ eligibility for in-line-of-duty disability and death benefits and changes the time period for filing a Workers’ Compensation claim to the later of 52 weeks after the qualifying event or the posttraumatic stress disorder diagnosis, effective July 1, 2022.

Senate Bill 838 – This bill expands the definition of “firefighter,” related to the presumption that causation of specified cancers are work-related, to include full-time Florida-certified fire investigators. This impacts these members’ eligibility for in-line-of-duty disability and death benefits, effective July 1, 2022.

To keep up with legislation, visit MyFRS.com and click “Legislation” in the “Recent News Articles.”

New Investment Plan Employer Contribution Rates

Effective July 1, 2022

Membership Class	Paid by Employee		Paid by Employer		Total to Employee Account	
	Current	New	Current	New	Current	New
Regular Class	3%	3%	3.30%	6.30%	6.30%	9.30%
Special Risk Class	3%	3%	11.00%	14.00%	14.00%	17.00%
Special Risk Administrative Support Class	3%	3%	4.95%	7.95%	7.95%	10.95%
Elected Officers’ Class (Judges)	3%	3%	10.23%	13.23%	13.23%	16.23%
Elected Officers’ Class (Legislature/Cabinet/Public Defender/State Attorney)	3%	3%	6.38%	9.38%	9.38%	12.38%
Elected Officers’ Class (County and Local)	3%	3%	8.34%	11.34%	11.34%	14.34%
Senior Management Service Class	3%	3%	4.67%	7.67%	7.67%	10.67%

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: stable value 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.

Stable Value Funds

These funds invest in fixed income securities and wrap contracts offered by banks and insurance companies. Wrap contracts generally provide a protected return even if the underlying investments decline in value. Stable value funds focus on the preservation of capital, retaining the value of your investment regardless of what stock or bond markets are doing. Stable value 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 March 31, 2022

	STRATEGY	FEES PER \$1,000		PERFORMANCE ¹			
		Annual ²	Long-Term	Quarterly ³	1 Year	5 Years	10 Years
TOTAL FRS INVESTMENT PLAN	--	--	--	-4.83%	5.13%	9.22%	8.08%
<i>PB: Investment Plan Total Index</i>		--	--	-4.00%	6.03%	8.95%	7.83%
RETIREMENT DATE FUNDS	--	--	--	-4.06%	5.49%	8.94%	--
<i>PB: Total Retirement Custom Index</i>		--	--	-3.64%	5.45%	8.79%	--
FRS 2060 Retirement Date Fund (2060) ⁴	Active	\$1.00	\$10	-4.83%	5.94%	10.53%	--
<i>PB: 2060 Retirement Custom Index</i>		--	--	-4.36%	6.01%	10.43%	--
FRS 2055 Retirement Date Fund (2055)	Active	\$1.00	\$10	-4.87%	5.91%	10.53%	--
<i>PB: 2055 Retirement Custom Index</i>		--	--	-4.36%	6.01%	10.43%	--
FRS 2050 Retirement Date Fund (2050)	Active	\$1.00	\$10	-4.88%	5.76%	10.41%	--
<i>PB: 2050 Retirement Custom Index</i>		--	--	-4.37%	5.92%	10.38%	--
FRS 2045 Retirement Date Fund (2045)	Active	\$1.00	\$10	-4.91%	5.35%	10.17%	--
<i>PB: 2045 Retirement Custom Index</i>		--	--	-4.41%	5.52%	10.17%	--
FRS 2040 Retirement Date Fund (2040)	Active	\$1.20	\$12	-4.65%	5.33%	9.86%	--
<i>PB: 2040 Retirement Custom Index</i>		--	--	-4.26%	5.32%	9.79%	--
FRS 2035 Retirement Date Fund (2035)	Active	\$1.40	\$14	-4.29%	5.43%	9.46%	--
<i>PB: 2035 Retirement Custom Index</i>		--	--	-3.91%	5.34%	9.31%	--
FRS 2030 Retirement Date Fund (2030)	Active	\$1.60	\$16	-3.88%	5.53%	8.95%	--
<i>PB: 2030 Retirement Custom Index</i>		--	--	-3.53%	5.38%	8.78%	--
FRS 2025 Retirement Date Fund (2025)	Active	\$1.70	\$17	-3.46%	5.57%	8.37%	--
<i>PB: 2025 Retirement Custom Index</i>		--	--	-3.09%	5.41%	8.15%	--
FRS 2020 Retirement Date Fund (2020)	Active	\$1.90	\$19	-2.93%	5.68%	7.62%	--
<i>PB: 2020 Retirement Custom Index</i>		--	--	-2.54%	5.50%	7.41%	--
FRS Retirement Fund (2000)	Active	\$1.90	\$19	-2.85%	5.28%	6.85%	--
<i>PB: Retirement Custom Index</i>		--	--	-2.35%	5.19%	6.61%	--
STABLE VALUE FUND							
FRS Stable Value Fund (350)*	Active	\$1.90	\$19	0.39%	1.71%	2.05%	--
<i>PB: ICE BofA 1-3 Year Treasury Index</i>		--	--	-2.34%	-2.84%	1.08%	--
INFLATION PROTECTION FUND							
FRS Inflation Sensitive Fund (300)	Active	\$3.60	\$37	1.72%	13.15%	6.04%	--
<i>PB: FRS Custom Multi-Assets Index</i>		--	--	2.80%	13.13%	5.82%	--

* The FRS Stable Value Fund was initially open for investments on July 1, 2021. Past performance shown is based on the investment allocations as if they were held over the past five years prior to July 1, 2021.

INVESTMENT PLAN Quarterly Newsletter

Performance Summary as of March 31, 2022 — 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>							
		--	--	-5.64%	-3.41%	2.81%	2.86%
FRS U.S. Bond Enhanced Index Fund (80)	Passive	\$0.50	\$5	-5.86%	-4.17%	2.20%	2.33%
<i>PB: Bloomberg/BarCap Aggregate Bond Index</i>							
		--	--	-5.93%	-4.15%	2.14%	2.24%
FRS Core Plus Bond Fund (310)	Active	\$1.90	\$19	-5.87%	-3.09%	3.19%	--
<i>PB: FRS Custom Core Plus Fixed Income Index</i>							
		--	--	-5.72%	-3.50%	2.69%	--
U.S. STOCK FUNDS							
<i>PB: Investment Plan Total U.S. Equities Index</i>							
		--	--	-5.29%	11.61%	14.46%	13.73%
FRS U.S. Stock Market Index Fund (120)	Passive	\$0.20	\$2	-5.29%	11.94%	15.46%	14.36%
<i>PB: Russell 3000 Index</i>							
		--	--	-5.28%	11.92%	15.40%	14.28%
FRS U.S. Stock Fund (340) ⁵	Active	\$3.50	\$36	-7.64%	6.05%	12.92%	--
<i>PB: Russell 3000 Index</i>							
		--	--	-5.28%	11.92%	15.40%	--
FOREIGN AND GLOBAL STOCK FUNDS							
<i>PB: Investment Plan Total Foreign/Global Equities Index</i>							
		--	--	-7.23%	-1.63%	8.24%	7.48%
FRS Foreign Stock Index Fund (200)	Passive	\$0.30	\$3	-6.33%	-1.96%	7.02%	6.48%
<i>PB: MSCI ACWI ex US IMI Index</i>							
		--	--	-5.60%	-1.27%	6.92%	6.27%
FRS Foreign Stock Fund (220)	Active	\$4.60	\$47	-12.24%	-9.35%	8.01%	7.32%
<i>PB: MSCI ACWI ex US Index</i>							
		--	--	-5.44%	-1.48%	6.76%	5.78%
FRS Global Stock Fund (210)	Active	\$4.70	\$48	-9.96%	3.95%	15.63%	13.10%
<i>PB: MSCI All Country World Index</i>							
		--	--	-5.36%	7.28%	11.64%	10.04%

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 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.

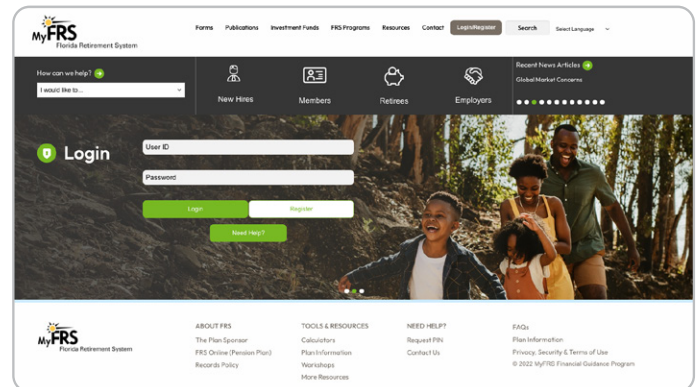
MyFRS.com Debuts New Design

MyFRS.com, the official FRS Investment Plan/MyFRS Financial Guidance Program website, was recently redesigned, giving it a great new look and making it easier to find important items.

A “How can we help?” dropdown box has been added to assist with commonly asked questions. The “Login” section has been revamped to make it easier for members to navigate. We will also soon be adding a new chat service that utilizes artificial intelligence to assist members with questions they may have.

We continue to utilize a responsive web design approach, meaning the site’s appearance adjusts automatically, depending on the device it is being viewed on (e.g., laptop, iPad, mobile phone). Because the traffic on **MyFRS.com** is high (exceeding 3.2 million visits and 1.3 million unique visitors yearly), these changes should make the site easier for all FRS members who visit.

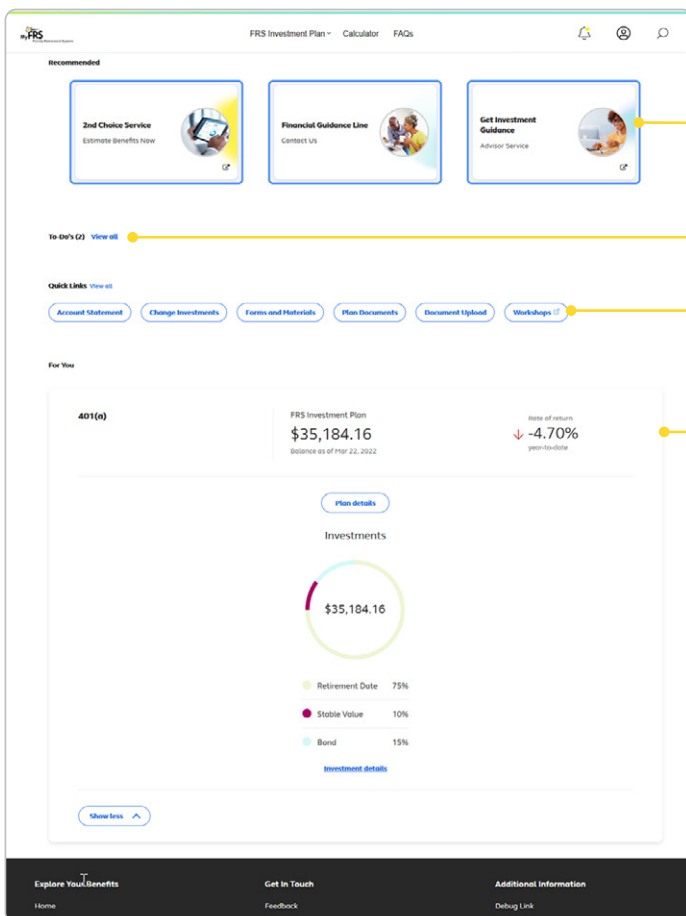
Also, the “Investment Plan” section of **MyFRS.com** (available after login) will be updated in late April. The new, cleaner design will make it easier for you to find information about your Investment Plan account.



To access your Investment Plan account:

Log in to **MyFRS.com** with your current User ID and password, and then choose “Investment Plan.”

The first time you log in, you will need your PIN. If you have forgotten your PIN, you can request a PIN reminder online or by calling the MyFRS Financial Guidance Line toll-free at 1-866-446-9377, Option 2 (TRS 711).



Key page components:

- 1 Recommendations**
Data-driven, personalized, prominent calls to action.
- 2 To-Do's**
Making it easier to find key actions that you need to take.
- 3 Quick Links**
Frequently accessed destinations; can be pinned.
- 4 Data Cards**
Featuring the most important data prominently on the home page.

Increase Your Account Security with Text Alerts!



Mobile text alerts are a convenient way to receive critical account information, like confirmations of changes to personal information and current balances. They also can be key to protecting your Investment Plan account.

To opt in to mobile text alerts:

- Log in to **MyFRS.com** with your current User ID and Password, and then choose “Investment Plan.”
- Access “My Profile” > “Manage Communications.”
- Choose “Change” in the “Text Messages for Benefits” section.

Free Financial Planning Workshops and Webcasts

Webcasts are free and unlimited for FRS members. You may attend as many workshops as you wish; however, you must register separately for each workshop.

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:

- Locate the workshop you want to attend at myfrs.com/WorkshopCalender.htm#_employee.
- Click "REGISTER/JOIN" and you will be directed to the Webinar Registration page on Zoom.
- Enter your first name, last name, and email address.
- Click "Register."
- You will receive a confirmation email after registration and a reminder email the day prior to the webinar date.

Two Ways to Protect Your Retirement Income

Two solutions from MetLife – lifetime income guarantees and qualified longevity annuity contracts (QLACs) – allow you to convert some or all of your Investment Plan balance into payments to you for your lifetime and, if you choose, to your survivor after your death.

The quotes below are based on a \$100,000 Investment Plan balance as of March 31, 2022, for a female aged 65. Joint & Survivor payments assume 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.

	Lifetime Income Guarantee Payments begin at age 65	QLAC Payments begin at age 75
Single Life – lifetime payments to you	\$501	\$1,014
Joint & Survivor – lifetime payments to you that continue to your survivor after your death	\$422	\$745

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 myfrs.com/MakeYourMoneyLastaLifetime.htm for additional resources, including an online quoting tool.

Income Annuities Can Keep You from Depleting Your Retirement Savings

In the last five years, the proportion of retirees depleting their lump sums continued to grow – and they are being depleted more quickly. In 2017, one in five retirees had depleted their lump sum in 5½ years. Today, one in three retirees who took a lump sum from their defined contribution plan depleted their lump sum in five years.¹ Purchasing a lifetime retirement income annuity using some or all of your Investment Plan balance can help provide you with lifetime income in retirement.

¹ MetLife's [Paycheck or Pot of Gold Study](#), 2022.