

# INVESTMENT PLAN

## Quarterly Newsletter

Third Quarter, July 2022



Quarterly Fund Performance Summary.....2

Will You Be Eligible for a Health Insurance Subsidy Benefit?.....5

Annual Fee Disclosure Statement.....5

Keep Your Beneficiaries Current.....5

Free Financial Planning Workshops.....6

Two Ways to Protect Your Retirement Income.....6

## Investment Plan Contributions Increasing

House Bill 5007 (**Chapter No. 2022-159**, Laws of Florida) changed employer FRS contribution rates, effective July 1, 2022.

This did not affect the 3% contribution rate you pay; however, it did **increase** by 3% 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 increase from 6.30% to 9.30%.

This change will increase the overall funds you will be able to accumulate in your Investment Plan account going forward. Now is a good time to reach out to an EY financial planner and determine the impact these increased contributions will have on your future Investment Plan balances. 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. Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711).

### Updated with New Contribution Rate

The following online tools have been updated to reflect the increased contributions and are accessible after logging in to [MyFRS.com](https://www.myfrs.com):

#### Advisor Service

Simplify your retirement planning today and know what you can expect when you retire. The Advisor Service can help you create a comprehensive retirement plan and allocate your investments to make sure you can reach your retirement goals. To see what the Advisor Service can do for you, watch this short video: [https://www.myfrs.com/Videos/17-1300\\_Guided\\_Choice\\_RND\\_04.mp4](https://www.myfrs.com/Videos/17-1300_Guided_Choice_RND_04.mp4)

#### 2<sup>nd</sup> Election Choice Service

The 2<sup>nd</sup> Election is a one-time opportunity to change from your current FRS retirement plan to the other. The 2<sup>nd</sup> 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.

### Investment Plan Contribution Rates (employer contributions were increased by 3%, 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](http://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, natural resources, 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 June 30, 2022

	STRATEGY	FEES PER \$1,000		PERFORMANCE <sup>1</sup>			
		Annual <sup>2</sup>	Long-Term	Quarterly <sup>3</sup>	1 Year	5 Years	10 Years
<b>TOTAL FRS INVESTMENT PLAN</b>	--	--	--	-11.69%	-12.22%	5.92%	6.93%
<i>PB: Investment Plan Total Index</i>		--	--	-11.55%	-11.13%	5.74%	6.68%
<b>RETIREMENT DATE FUNDS</b>	--	--	--	-10.91%	-10.95%	5.78%	--
<i>PB: Total Retirement Custom Index</i>		--	--	-11.46%	-11.35%	5.53%	--
FRS 2060 Retirement Date Fund (2060) <sup>4</sup>	Active	\$1.10	\$11	-13.23%	-13.68%	6.60%	--
<i>PB: 2060 Retirement Custom Index</i>		--	--	-13.67%	-13.88%	6.41%	--
FRS 2055 Retirement Date Fund (2055)	Active	\$1.10	\$11	-13.24%	-13.72%	6.60%	--
<i>PB: 2055 Retirement Custom Index</i>		--	--	-13.67%	-13.88%	6.41%	--
FRS 2050 Retirement Date Fund (2050)	Active	\$1.10	\$11	-13.04%	-13.59%	6.53%	--
<i>PB: 2050 Retirement Custom Index</i>		--	--	-13.61%	-13.86%	6.38%	--
FRS 2045 Retirement Date Fund (2045)	Active	\$1.10	\$11	-12.66%	-13.40%	6.39%	--
<i>PB: 2045 Retirement Custom Index</i>		--	--	-13.23%	-13.66%	6.27%	--
FRS 2040 Retirement Date Fund (2040)	Active	\$1.30	\$13	-11.91%	-12.46%	6.29%	--
<i>PB: 2040 Retirement Custom Index</i>		--	--	-12.60%	-12.98%	6.07%	--
FRS 2035 Retirement Date Fund (2035)	Active	\$1.50	\$15	-11.15%	-11.38%	6.13%	--
<i>PB: 2035 Retirement Custom Index</i>		--	--	-11.79%	-11.90%	5.85%	--
FRS 2030 Retirement Date Fund (2030)	Active	\$1.60	\$16	-10.34%	-10.22%	5.88%	--
<i>PB: 2030 Retirement Custom Index</i>		--	--	-10.96%	-10.78%	5.59%	--
FRS 2025 Retirement Date Fund (2025)	Active	\$1.80	\$18	-9.46%	-9.02%	5.59%	--
<i>PB: 2025 Retirement Custom Index</i>		--	--	-10.08%	-9.57%	5.27%	--
FRS 2020 Retirement Date Fund (2020)	Active	\$1.90	\$19	-8.63%	-7.76%	5.14%	--
<i>PB: 2020 Retirement Custom Index</i>		--	--	-9.12%	-8.20%	4.85%	--
FRS Retirement Fund (2000)	Active	\$1.90	\$19	-8.27%	-7.53%	4.62%	--
<i>PB: Retirement Custom Index</i>		--	--	-8.46%	-7.54%	4.37%	--
<b>STABLE VALUE FUND</b>							
FRS Stable Value Fund (350)*	Active	\$1.90	\$19	0.41%	1.63%	2.04%	--
<i>PB: ICE BofA 1-3 Year Treasury Index</i>		--	--	-0.50%	-3.30%	0.94%	--
<b>INFLATION PROTECTION FUND</b>							
FRS Inflation Sensitive Fund (300)	Active	\$3.60	\$37	-6.93%	0.48%	4.42%	--
<i>PB: FRS Custom Multi-Assets Index</i>		--	--	-7.28%	0.44%	4.17%	--

\* 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 June 30, 2022 – continued

	STRATEGY	FEES PER \$1,000		PERFORMANCE <sup>1</sup>			
		Annual <sup>2</sup>	Long-Term	Quarterly <sup>3</sup>	1 Year	5 Years	10 Years
<b>BOND FUNDS</b>							
<i>PB: Investment Plan Total Bond Index</i>		--	--	-5.34%	-10.46%	1.36%	2.09%
FRS U.S. Bond Enhanced Index Fund (80)	Passive	\$0.50	\$5	-4.79%	-10.43%	0.90%	1.61%
<i>PB: Bloomberg/BarCap Aggregate Bond Index</i>		--	--	-4.69%	-10.29%	0.88%	1.54%
FRS Core Plus Bond Fund (310)	Active	\$1.90	\$19	-6.00%	-11.17%	1.54%	--
<i>PB: FRS Custom Core Plus Fixed Income Index</i>		--	--	-5.63%	-10.69%	1.18%	--
<b>U.S. STOCK FUNDS</b>							
<i>PB: Investment Plan Total U.S. Equities Index</i>		--	--	-17.26%	-16.29%	9.47%	12.15%
FRS U.S. Stock Market Index Fund (120)	Passive	\$0.20	\$2	-16.70%	-13.86%	10.64%	12.64%
<i>PB: Russell 3000 Index</i>		--	--	-16.70%	-13.87%	10.60%	12.57%
FRS U.S. Stock Fund (340) <sup>5</sup>	Active	\$3.50	\$36	-18.30%	-20.07%	7.86%	--
<i>PB: Russell 3000 Index</i>		--	--	-16.70%	-13.87%	10.60%	--
<b>FOREIGN AND GLOBAL STOCK FUNDS</b>							
<i>PB: Investment Plan Total Foreign/Global Equities Index</i>		--	--	-13.94%	-20.24%	3.78%	6.57%
FRS Foreign Stock Index Fund (200)	Passive	\$0.30	\$3	-13.10%	-19.38%	2.85%	5.76%
<i>PB: MSCI ACWI ex US IMI Index</i>		--	--	-14.28%	-19.86%	2.50%	5.43%
FRS Foreign Stock Fund (220)	Active	\$4.60	\$47	-14.65%	-27.68%	3.10%	6.30%
<i>PB: MSCI ACWI ex US Index</i>		--	--	-13.73%	-19.42%	2.50%	5.04%
FRS Global Stock Fund (210)	Active	\$4.70	\$48	-18.99%	-22.24%	9.40%	11.21%
<i>PB: MSCI All Country World Index</i>		--	--	-15.66%	-15.75%	7.00%	8.74%

<sup>1</sup> 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.

<sup>2</sup> Fees are only one of several factors that you should consider when making investment decisions.

<sup>3</sup> Not annualized.

<sup>4</sup> The FRS 2060 Retirement Date Fund was initially open for investments on July 1, 2017. Five-year performance shown is for the FRS 2055 Retirement Date Fund, which has the same investment allocations.

<sup>5</sup> 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 Stable Value 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](http://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.



## Will You Be Eligible for a Health Insurance Subsidy Benefit?

Investment Plan retirees (those who have taken a distribution) who have met the Pension Plan's normal retirement age and service requirements for their membership class may be eligible to receive a Health Insurance Subsidy (HIS) benefit. The HIS is not health insurance. It is a monthly supplemental benefit that helps offset the cost of health insurance coverage. You are responsible for applying for the HIS benefit once you meet the eligibility requirements; you cannot be automatically enrolled.

To determine whether you are eligible for this benefit, please review the eligibility requirements listed on Form HIS-IP, Application for Health Insurance Subsidy for Investment Plan Retirees, available in the "HIS Packet" located in the "Forms" section on [MyFRS.com](http://MyFRS.com). If eligible, complete and submit the included forms. If you have any questions about the HIS, you may call the Division of Retirement at 1-844-377-1888 (toll-free).

### Pension Plan's Age and Service Requirements for Normal Retirement

	Special Risk Class	All Other Membership Classes
<b>Hired after July 1, 2011</b>	Age 60 or older and eight or more years of FRS-covered service Age 57 or older and 30 or more years of Special Risk and military service Any age and 30 or more years of Special Risk service	Age 65 or older and eight or more years of FRS-covered service Any age and 33 or more years of FRS-covered service
<b>Hired prior to July 1, 2011</b>	Age 55 or older and six or more years of FRS-covered service Age 52 or older and 25 or more years of Special Risk and military service Any age and 25 or more years of Special Risk service	Age 62 or older and six or more years of FRS-covered service Any age and 30 or more years of FRS-covered service

## Annual Fee Disclosure Statement

The Annual Fee Disclosure Statement for the Investment Plan (which will be updated for 2022 in mid-July) provides information concerning the Investment Plan's structure, administrative and individual expenses, and investment funds, including performance, benchmarks, fees, and expenses. It is written in simple terms to help you make better investment decisions. You can find the statement in the "Investment Funds" section on [MyFRS.com](http://MyFRS.com) ([https://www.myfrs.com/pdf/forms/Annual\\_Fee\\_Disclosure\\_Statement.pdf](https://www.myfrs.com/pdf/forms/Annual_Fee_Disclosure_Statement.pdf)). You also can request electronic delivery to your [MyFRS.com](http://MyFRS.com) Secured Participant Mailbox or have a printed copy mailed at no cost by calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4.

## Keep Your Beneficiaries Current

Please be sure to keep your beneficiaries current so your benefits (if any) are passed to your named beneficiaries upon your death. You have four options for submitting your beneficiary information:

1. Online FRS Investment Plan Beneficiary Designation form (<https://www.myfrs.com/imageserver/IPBForm.htm>) (accessible without login).
2. Logging in to [MyFRS.com](http://MyFRS.com) and clicking Investment Plan > Your Profile > Beneficiaries.
3. Mailing or faxing an FRS Investment Plan Beneficiary Designation form (IPBEN-1) ([https://www.myfrs.com/pdf/forms/ip\\_beneficiary.pdf](https://www.myfrs.com/pdf/forms/ip_beneficiary.pdf)) to the Investment Plan Administrator.
4. Calling the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4.



### Online Security Tips

To reduce the risk of fraud and loss to your retirement account, check out the Department of Labor's "Online Security Tips" available in the "Recent News Articles" section on [MyFRS.com](http://MyFRS.com).

## Free Financial Planning Workshops

The following live workshops (in-person in Tallahassee or via Zoom) 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.
<b>ALL TIMES ARE ET</b>		

## To Register

### By phone:

1-866-446-9377, Option 2

### Online:

- Go to the workshop calendar at [https://myfrs.com/WorkshopCalendar.htm#\\_\\_\\_\\_employee](https://myfrs.com/WorkshopCalendar.htm#____employee).
- 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.

## Two Ways to Protect Your Retirement Income

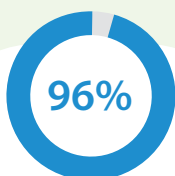
Two solutions from MetLife – lifetime income guarantees and qualified longevity annuity contracts (QLACs) – allow you to convert some or all of your Investment Plan balance into payments to you for your lifetime and, if you choose, to your survivor after your death.

The quotes below are based on a \$100,000 Investment Plan balance as of June 30, 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.

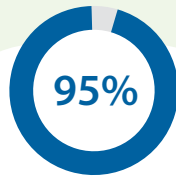
	Lifetime Income Guarantee Payments begin at age 65	QLAC Payments begin at age 75
<b>Single Life</b> — lifetime payments to you	<b>\$558</b>	<b>\$1,199</b>
<b>Joint &amp; Survivor</b> — lifetime payments to you that continue to your survivor after your death	<b>\$476</b>	<b>\$886</b>

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](https://myfrs.com/MakeYourMoneyLastaLifetime.htm) for additional resources, including an online quoting tool.

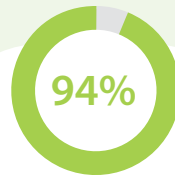
## What People Say About Receiving Monthly Payments



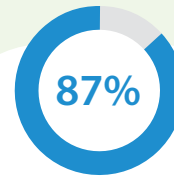
Say it makes their budget more predictable



Say it makes them feel financially secure



Say it's easier to pay for basic necessities



Say it provides greater flexibility for strategies with their other investments

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