

INVESTMENT PLAN

Quarterly Newsletter

Second Quarter, April 2023



Florida Retirement System

Quarterly Fund Performance Summary2

Two Ways to Protect Your Retirement Income5

Limits Increased for Qualified Longevity Annuity Contracts (QLACs)5

How to Keep Up with 2023 Retirement Legislation5

Chat Live with an EY Financial Planner on MyFRS.com5

Attend Our Free Financial Planning Workshops6

Confident Retirement Planning6

Beneficiary Designation Reminder6

Will You Be Eligible for a Health Insurance Subsidy Benefit?

Investment Plan retirees* 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 (see table below). 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 will not 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](https://myfrs.com). If eligible, complete and submit the included forms.

If you have any questions about the HIS benefit, you may call the Division of Retirement at 1-844-377-1888 (toll-free).

* Retirees are defined as members who have taken a distribution.

Pension Plan's Age and Service Requirements for Normal Retirement

	Special Risk Class	All Other Membership Classes
Hired after July 1, 2011	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
Hired prior to July 1, 2011	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

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, 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 March 31, 2023

	STRATEGY	FEES PER \$1,000		PERFORMANCE ¹			
		Annual ²	Long-Term	Quarterly ³	1 Year	5 Years	10 Years
TOTAL FRS INVESTMENT PLAN	--	--	--	5.43%	-5.98%	5.63%	6.56%
<i>PB: Investment Plan Total Index</i>		--	--	4.83%	-5.92%	5.60%	6.33%
RETIREMENT DATE FUNDS	--	--	--	5.13%	-5.92%	5.40%	--
<i>PB: Total Retirement Custom Index</i>		--	--	4.75%	-5.67%	5.44%	--
FRS 2060 Retirement Date Fund (2060) ⁴	Active	\$1.10	\$11	6.27%	-6.17%	6.31%	--
<i>PB: 2060 Retirement Custom Index</i>		--	--	5.68%	-6.23%	6.29%	--
FRS 2055 Retirement Date Fund (2055)	Active	\$1.10	\$11	6.27%	-6.19%	6.31%	--
<i>PB: 2055 Retirement Custom Index</i>		--	--	5.68%	-6.23%	6.29%	--
FRS 2050 Retirement Date Fund (2050)	Active	\$1.10	\$11	6.15%	-6.25%	6.18%	--
<i>PB: 2050 Retirement Custom Index</i>		--	--	5.66%	-6.22%	6.26%	--
FRS 2045 Retirement Date Fund (2045)	Active	\$1.10	\$11	6.02%	-6.12%	5.99%	--
<i>PB: 2045 Retirement Custom Index</i>		--	--	5.54%	-6.10%	6.08%	--
FRS 2040 Retirement Date Fund (2040)	Active	\$1.30	\$13	5.63%	-6.00%	5.80%	--
<i>PB: 2040 Retirement Custom Index</i>		--	--	5.27%	-5.89%	5.88%	--
FRS 2035 Retirement Date Fund (2035)	Active	\$1.50	\$15	5.20%	-5.97%	5.56%	--
<i>PB: 2035 Retirement Custom Index</i>		--	--	4.86%	-5.66%	5.64%	--
FRS 2030 Retirement Date Fund (2030)	Active	\$1.60	\$16	4.77%	-5.95%	5.30%	--
<i>PB: 2030 Retirement Custom Index</i>		--	--	4.46%	-5.50%	5.37%	--
FRS 2025 Retirement Date Fund (2025)	Active	\$1.80	\$18	4.26%	-6.01%	4.96%	--
<i>PB: 2025 Retirement Custom Index</i>		--	--	4.05%	-5.42%	5.02%	--
FRS 2020 Retirement Date Fund (2020)	Active	\$1.90	\$19	3.93%	-5.85%	4.57%	--
<i>PB: 2020 Retirement Custom Index</i>		--	--	3.61%	-5.47%	4.57%	--
FRS Retirement Fund (2000)	Active	\$1.90	\$19	3.78%	-5.78%	4.26%	--
<i>PB: Retirement Custom Index</i>		--	--	3.36%	-5.51%	4.18%	--
STABLE VALUE FUND							
FRS Stable Value Fund (350)*	Active	\$1.90	\$19	0.60%	2.05%	2.08%	--
<i>PB: ICE BofA 1-3 Year Treasury Index</i>		--	--	1.56%	0.21%	1.11%	--
INFLATION PROTECTION FUND							
FRS Inflation Sensitive Fund (300)	Active	\$3.60	\$37	2.05%	-7.40%	3.58%	--
<i>PB: FRS Custom Multi-Assets Index</i>		--	--	1.61%	-6.96%	3.48%	--

* 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, 2023 – continued

		FEES PER \$1,000		PERFORMANCE ¹			
	STRATEGY	Annual ²	Long-Term	Quarterly ³	1 Year	5 Years	10 Years
BOND FUNDS		--	--	3.09%	-4.35%	1.54%	1.89%
PB: Investment Plan Total Bond Index		--	--	2.92%	-3.96%	1.32%	1.70%
FRS U.S. Bond Enhanced Index Fund (80)	Passive	\$0.50	\$5	3.22%	-4.73%	0.96%	1.44%
PB: Bloomberg Aggregate Bond Index		--	--	2.96%	-4.78%	0.91%	1.36%
FRS Core Plus Bond Fund (310)	Active	\$1.90	\$19	3.15%	-4.84%	1.69%	--
PB: FRS Custom Core Plus Fixed Income Index		--	--	3.06%	-4.31%	1.45%	--
U.S. STOCK FUNDS		--	--	7.79%	-8.49%	9.32%	11.32%
PB: Investment Plan Total U.S. Equities Index		--	--	7.08%	-8.55%	9.69%	11.16%
FRS U.S. Stock Market Index Fund (120)	Passive	\$0.20	\$2	7.19%	-8.54%	10.50%	11.80%
PB: Russell 3000 Index		--	--	7.18%	-8.58%	10.45%	11.73%
FRS U.S. Stock Fund (340) ⁵	Active	\$3.50	\$36	9.00%	-8.40%	7.82%	--
PB: Russell 3000 Index		--	--	7.18%	-8.58%	10.45%	--
FOREIGN AND GLOBAL STOCK FUNDS		--	--	7.76%	-4.95%	3.57%	5.82%
PB: Investment Plan Total Foreign/Global Equities Index		--	--	6.67%	-5.97%	2.98%	5.04%
FRS Foreign Stock Index Fund (200)	Passive	\$0.30	\$3	7.23%	-4.51%	2.60%	4.91%
PB: MSCI ACWI ex US IMI Index		--	--	6.56%	-5.84%	2.35%	4.59%
FRS Foreign Stock Fund (220)	Active	\$4.60	\$47	9.87%	-3.26%	3.25%	5.99%
PB: MSCI ACWI ex US Index		--	--	6.87%	-5.07%	2.47%	4.34%
FRS Global Stock Fund (210)	Active	\$4.10	\$42	10.33%	-8.88%	9.34%	10.69%
PB: MSCI All Country World Index		--	--	7.31%	-7.44%	6.93%	8.06%

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. Five-year 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 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](https://www.mylfrs.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.

Two Ways to Protect Your Retirement Income

Lifetime income guarantees and qualified longevity annuity contracts (QLACs) are two solutions from MetLife that allow you to convert some or all of your Investment Plan balance into payments to you for your lifetime or payments to your survivor after your death.

The quotes below assume a \$100,000 Investment Plan balance as of March 31, 2023, for a 65-year-old female. Joint & Survivor payments assume the chosen survivor is a 65-year-old spouse. 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	\$639	\$1,491
Joint & Survivor — lifetime payments to you that continue to your survivor after your death	\$557	\$1,131

To learn more about these options, or to purchase one, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2 (TRS 711). Or, visit myfrs.com/MakeYourMoneyLastaLifetime.htm for additional resources, including an online quoting tool.

Limits Increased for Qualified Longevity Annuity Contracts (QLACs)

QLACs are deferred income annuities offered to Investment Plan retirees by MetLife and designed to provide income later in retirement, typically between the ages of 80 and 85. They protect against the possibility of outliving retirement assets and can help ensure financial independence in retirees' later years. Previously, a QLAC purchase was limited to the lesser of 25% of your Investment Plan balance or \$145,000. The Secure 2.0 Act of 2022 removed the 25% threshold and increased the dollar limit to \$200,000.

If you have QLAC questions, call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2. Or, visit www.myfrs.com/MakeYourMoneyLastaLifetime.htm.



How to Keep Up with 2023 Retirement Legislation

The Florida Legislative Session began on March 7, 2023 and ends on May 5, 2023. To keep up with all proposed 2023 retirement bills, click "Recent News Articles" on [MyFRS.com](https://myfrs.com) and scroll to "Legislation."



Chat Live with an EY Financial Planner on MyFRS.com

The live chat feature on [MyFRS.com](https://myfrs.com) is available from 8:00 a.m. to 6:00 p.m. ET, Monday through Friday, except holidays. Just click on the orange chat box on the [MyFRS.com](https://myfrs.com) homepage to get started.

Attend Our Free Financial Planning Workshops

The following live workshops are free and unlimited for FRS members. You may attend as many workshops as you wish, either in person in Tallahassee or via Zoom.

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

July 6	Taking Control of Your Finances (60 minutes)	10:00 a.m. to Noon
July 6	Investment Planning	1:00 to 3:00 p.m.
July 7	Education Planning	10:00 a.m. to Noon
July 7	Understanding the FRS Investment Plan	1:00 to 3:00 p.m.
October 2	Social Security and Your Retirement	10:00 a.m. to Noon
October 2	Understanding Your Benefits under the FRS Pension Plan	1:00 to 3:00 p.m.
October 3	Nearing Retirement in the FRS	10:00 a.m. to Noon
October 3	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 at 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.

Confident Retirement Planning

Market conditions continually evolve, resulting in your retirement plan balances going up and down. If you are someone who doesn't like to think about financial markets often, these fluctuations can cause fear and even panic. And that can lead to poor decisions that might feel better in the short-term but can negatively impact your finances in the long run.

We're here to help. By using the online GuidedChoice Advisor Service to plan and make decisions, you'll see your projected retirement income with the ups and downs of the market taken into consideration. You'll typically find that your projected income stays stable over time. Focusing on your future retirement income instead of your current balance may give you the confidence to avoid making changes, and to stick to your long-term plan and reach your retirement goals.



For help with your retirement plan, log in to the GuidedChoice Advisor Service on [MyFRS.com](https://myfrs.com) or call the EY financial planners via the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

Beneficiary Designation Reminder

Please review the beneficiary(ies) listed on your enclosed quarterly Investment Plan Account Statement to ensure the designation is correct. If you need to make changes, you can submit updates as follows:



- Online** by using the [FRS Investment Plan Beneficiary Designation form](#) on [MyFRS.com](#) (accessible without login).



- By logging in** to [MyFRS.com](#) and clicking on Investment Plan, then clicking on the "profile" icon in the top right corner of the page, then selecting "Beneficiaries" from the drop-down menu.



- By mailing or faxing** an [FRS Investment Plan Beneficiary Designation form \(IPBEN-1\)](#), available online, to the Investment Plan Administrator.



- By calling** the MyFRS Financial Guidance Line at 1-866-446-9377, Option 4.