

# Contributions

You and your employer make contributions each month to the plans (with the exceptions noted below) **based on a percent of your salary and your FRS membership class**. The contribution (blended rate) percentage paid by your employer is the same whether you participate in the Pension Plan or the Investment Plan. These rates are shown under the Pension Plan column below. You contribute 3% of your salary each month regardless of which plan you are participating in. Additional contribution rate information is available [here](#).

## FRS Pension Plan (Blended Rate)

Contributions are deposited into the Pension Plan trust fund, according to the following table.

## FRS Investment Plan

The contribution rates below are deposited monthly into your Investment Plan account.

| Employment Class                         | July 1, 2022 Rates |               | Employment Class                         | July 1, 2022 Rates |          |
|------------------------------------------|--------------------|---------------|------------------------------------------|--------------------|----------|
|                                          | Employee           | Employer      |                                          | Employee           | Employer |
| <b>Regular</b>                           | <b>3%</b>          | <b>11.91%</b> | Regular                                  | 3%                 | 6.30%    |
| Special Risk                             | 3%                 | 27.83%        | Special Risk                             | 3%                 | 14.00%   |
| Special Risk Administrative Support      | 3%                 | 38.65%        | Special Risk Administrative Support      | 3%                 | 7.95%    |
| Elected Officers:                        |                    |               | Elected Officers:                        |                    |          |
| Legislators                              | 3%                 | 67.79%        | Legislators                              | 3%                 | 9.38%    |
| Governor, Lt. Governor, Cabinet Officers | 3%                 | 67.79%        | Governor, Lt. Governor, Cabinet Officers | 3%                 | 9.38%    |
| State Attorney, Public Defenders         | 3%                 | 67.79%        | State Attorney, Public Defenders         | 3%                 | 9.38%    |
| Justices, Judges                         | 3%                 | 43.77%        | Justices, Judges                         | 3%                 | 13.23%   |
| County & Local Elected Officers          | 3%                 | 57.00%        | County & Local Elected Officers          | 3%                 | 11.34%   |
| <b>Senior Management Service</b>         | <b>3%</b>          | <b>31.57%</b> | Senior Management Service                | 3%                 | 7.67%    |
| DROP participants                        | 0%                 | 18.60%        |                                          |                    |          |

**It's important to note that the total contributions submitted by you and your employer do not affect your**

**retirement benefit. Your retirement benefit is set by a formula that does not include the contribution rate paid by you and your employer.**

Employee contributions of 3% are required of all Pension Plan and Investment Plan members, except those in DROP who are not required to pay employee contributions. Employee contributions are deposited in the FRS trust fund, along with any contributions you may have paid for a leave of absence or other type of service for which you may have paid contributions.

All employee and employer contributions go into a single trust fund to pay benefits for all FRS Pension Plan participants.

Contribution percentage amounts are subject to change each year based on legislative law changes, investment experience and the actuarial experience of the trust fund. However, the rise and fall of the contribution percentages does not affect your accrued retirement benefit, which is guaranteed by law.

Your employer also contributes additional amounts each month to fund the Health Insurance Subsidy benefit (1.66%), plan administrative and educational expenses (0.06%), and unfunded actuarial liability funding as required by law. The employer rates above include these contributions.

These contributions go into your Investment Plan account and do affect your benefit being the primary funding for your account balance, particularly earlier in your career. The longer you're in the Investment Plan the more important investment earnings become, relative to contributions.

Contribution rates are fixed by law and the Florida Legislature can increase or decrease the amount that you and your employer contribute to your account.

Your employer also contributes additional amounts each month to fund the Health Insurance Subsidy benefit (1.66%), the Investment Plan disability program (contribution varies depending on membership class from 0.25% to 1.33%), and plan administrative, educational expenses (0.06%), and unfunded actuarial liability funding as required by law.

[https://www.myfrs.com/FRSPro\\_ComparePlan\\_Contri.htm](https://www.myfrs.com/FRSPro_ComparePlan_Contri.htm)

# Benefit Calculation

Your benefit calculation is how your retirement benefit is determined under each plan.

## FRS Pension Plan (Normal Retirement)

Your first year benefit is based on a fixed formula and is determined by your age, years of service, the average of your highest 5 or 8 fiscal years of pay (see details below), your membership class and the payment option you select at retirement.

Step 1: Years of Creditable Service Multiplied by Percentage Value (Percentage amount you receive for each year of creditable service based on your membership class. For example, **Regular Class members receive 1.60%** and Special Risk members receive 3% for each year of service.)

Step 2: Average Final Compensation (the average of the highest 5 or 8 fiscal years of salary [July - June] you earn during your covered employment).

If you were enrolled in the FRS prior to July 1, 2011, your Average Final Compensation (AFC) will be the average of your highest 5 years. If you were enrolled in the FRS on or after July 1, 2011, your AFC will be the average of your highest 8 years.

Your AFC may include a maximum of up to 500 hours of lump sum annual leave, if reported during the fiscal years included in your AFC.

Step 3: Result of Step 1 X Step 2 = Option 1 Annual Benefit at Normal Retirement Age (divide by 12 to get the monthly

## FRS Investment Plan

Your benefit is not based on a fixed formula.

Your benefit is determined by your ending account balance, which is:

Your Initial Account Balance  
Plus  
Monthly Employer and Employee Contributions  
Plus  
Investment Earnings  
Minus  
Any Account Expenses

Investment Earnings include the cumulative change in the value of your account due to capital gains (price changes in your investments) and reinvested income earned on the account. Your employer and employee contributions will also include the contributions paid for up to 500 hours of lump sum terminal annual leave pay.

Important Note: Capital gains can be positive or negative over any single period of time, but historical financial data indicates that losses are less frequent over longer periods of time.

Investment earnings may also fail to keep up with increases in the cost-of-living, particularly investments with lower short-term risk, like money market and bond funds.

The investment fees you will pay are calculated as a percent of your account balance and are generally low compared to

benefit)

An example for Regular Class members enrolled in the FRS prior to July 1, 2011:

If you have 13 years of service and your Average Final Compensation is \$34,549

- Step 1:  $13 \times 1.60\% = .208$
- Step 2: \$34,549
- Step 3:  $.208 \times \$34,549 = \$7,186$  Annual Option 1 Retirement Benefit at Age 62 (or \$598.83 per month)

An example for Special Risk Class members enrolled in the FRS after July 1, 2011:

- Step 1:  $13 \times 3\% = .390$
- Step 2: \$34,549
- Step 3:  $.390 \times \$34,549 = \$13,474$  Annual Option 1 Retirement Benefit at Age 60 (or \$1,122.83 per month)

Option 2, 3 and 4 initial-benefits can be less than Option 1 benefits because they may be paid over a longer period of time and provide benefits for two lives, rather than one (i.e., if your spouse survives you, he or she will continue receiving benefits under Options 2, 3 or 4, although the payments under Option 2 will stop after completion of the 10-year certain period). Benefit payments under all four options may provide a cost of living increase each year following retirement (adjustment only applicable to FRS service earned prior to July 1, 2011). If you are initially enrolled in the Pension Plan on or after July 1, 2011 you will not have a cost-of-living increase after retirement.

those in other governmental or private plans. However, even a 0.50% annual fee will eat up about 15% of your account balance over 30 years.

It's important for you to know that, according to Florida law, if you or a beneficiary exercises control over the assets in your account, no program fiduciary will be liable for any loss to your account which results from your or your beneficiary's investment decisions.

You determine when and how to take the distribution of your account balance when you leave FRS employment. Tax issues are discussed in the [Taxability of Benefit](#) section.