Welcome to Florida State University, this section is an overview of the Retirement options available to all salaried faculty employees.
You are eligible to enroll into one of three State of Florida-sponsored Retirement Plans: The Optional Retirement Program, Florida Retirement System Pension Plan, and the Florida Retirement System Investment Plan. Participation in one of these three plans is mandatory for all faculty.

If you have previously worked for another Florida university, community college, State agency, or local government, you may already have membership in one of these retirement plans. This may impact your retirement plan selection as a new employee at FSU. Please consult with a Human Resources Benefits team member if you have any questions about choosing a retirement plan.
The Optional Retirement Program, or ORP, is a defined contribution plan. It requires a mandatory pre-tax employee contribution, while the University contributes an additional percentage. The total contribution goes to an approved ORP provider of your choice to be invested by you.

ORP has no vesting period and members own the rights to their benefit from the first day they are hired at FSU.

Election of the ORP plan must occur within the first 90 days of employment in an eligible position. The Division of Retirement strictly enforces this enrollment deadline. Failure to elect ORP within the first 90 days will result in a permanent and irrevocable default election into the FRS Pension Plan. Once defaulted, you can only choose between the Pension Plan and the Investment Plan.
As a member of ORP, there are no restrictions on starting, stopping, and changing any voluntary contributions to the plan.

The IRS limits the amount that any employee can contribute to a retirement account in any given calendar year. These limits only apply to your voluntary contributions.

The limits for the current calendar year are listed on this slide. You will need to contact your investment company for additional information on tax laws and limits.
The State of Florida requires that ORP participants invest their ORP funds with one (or more) of the approved investment provider companies. There are several investment companies that are authorized to provide services for ORP members. Contact a participating company for more information or to enroll.
The FRS Pension Plan is a traditional defined-benefit pension plan. Upon retirement, the FRS Pension Plan will provide you with a monthly retirement check, paid to you for the remainder of your lifetime. The Pension Plan requires a mandatory 3% pre-tax employee contribution.

This plan has an 8 year vesting period. As an FRS Pension Plan member, you must work a minimum of 8 years in a salaried position to be eligible to receive a monthly pension check upon retirement. The 8 years do not need to be worked consecutively. If you complete your working career without accumulating a total of 8 years of service, you will not be entitled to receive a benefit. For this reason, the FRS Pension Plan is an excellent choice for employees who expect to have a relatively long career working in public employment in the State of Florida.

Please note that if you have service prior to July 1, 2011 under the Florida Retirement System you would fall under the previous vesting and normal retirement guidelines. Please contact your Human Resources benefits specialist with questions.

Normal retirement under the Florida Retirement System Pension Plan occurs at age 65, or after completing 33 years of service – at any age. You may, of course, continue to work after age 65 or 33 years, and retire at a later date. As long as you are vested under the plan, you may choose to retire early, before reaching the normal retirement age or years of service. Note, however, that if you choose to retire before you are eligible for a normal retirement benefit, then your monthly retirement payments will be reduced by 5% for every year that you are under age 65.

All salaried employees, either full-time or part-time, will earn full service credit for every month worked under the FRS Pension Plan. Employment in a non-salaried position, such as OPS or adjunct teaching work, is not included for retirement purposes under any of the State-sponsored retirement plans.
Once you reach normal retirement under the Pension Plan, you are eligible to join the Deferred Retirement Option Program, or DROP. DROP allows you to effectively retire from the Florida Retirement System, while continuing to work for your FRS employer for a specified period – usually 5 years.

You are not eligible to enter DROP until you reach age 65 and vested, or accumulate 33 years of service – whichever occurs first. To maximize the amount of time you can participate in DROP, you should enroll in the program as soon as you become eligible. Individuals who have attained the required 33 years of service at a young age may wait until the month of their 57th birthday to enter DROP, and still remain in the program for the full 5 years.
Here is a brief explanation about how your FRS Pension Plan benefits are calculated:
When you are ready to retire, the Florida Retirement System will evaluate your service and salary history to determine your pension benefit. They will determine your Average Final Compensation, abbreviated as AFC, which is simply the average of your eight highest fiscal year salaries earned while working under the FRS. The State of Florida uses fiscal years – July through the following June – instead of traditional calendar years. This AFC is then multiplied by the number of years of service, and then multiplied by a percentage factor of 1.6%. The resulting dollar amount is your yearly Pension Plan benefit.
FRS Pension Plan members are also eligible to receive benefits if retiring due to a permanent disability. To qualify for disability retirement, you must have a minimum of 8 years of eligible service under the FRS.

Certain family members may be eligible to receive survivor benefits if you pass away before becoming eligible to receive your Pension retirement.

Also, as an extra supplement for retirees who have certain insurance coverages, the State of Florida will pay a health insurance subsidy of an additional $5 per year of service, with a maximum of $150, added to your monthly benefit.

The monthly pension benefit – not the Health Insurance Subsidy – is subject to an annual cost of living adjustment based on current law.

You have until the end of the 5th month following your hire date to enroll in the Pension Plan. You will be automatically enrolled into the Pension Plan if you fail to make an election.
The FRS Investment Plan is a defined contribution plan, similar to a 401(k). The plan requires a mandatory 3% pre-tax employee contribution. The University will also contribute an amount set by the Legislature to an investment account.

You, as owner of the Investment Plan account, control how you want the contributions to be invested. You can choose from many fund options of different risk levels, such as stocks, bonds and equities.
Investment Plan members are not permitted to participate in DROP, and do not earn yearly cost of living adjustments. Once you retire from this plan, you may continue your health insurance, and can also receive the health insurance subsidy. Normal retirement age is 59½.

You have until the end of the 5th month following your hire date to enroll in the FRS Investment Plan. You will be automatically enrolled into the Pension Plan if you fail to make an election.
As mentioned on the last slide, you have a period of five calendar months in which to elect participation in the FRS Pension or Investment Plans. If no election is made, you will default into the FRS Pension Plan. If, later on in your career, you decide you want to switch to the other plan, you may use your 2nd Election. Please note that ORP members are not eligible to use the 2nd Election to switch retirement plans.

The 2nd Election is a one-time opportunity to move between the two FRS plans. The decision to use the 2nd Election becomes final once it has been processed by the Florida Retirement System. Members wanting to switch from the FRS Investment Plan to the FRS Pension Plan will be required to use their Investment Plan funds to buy into the Pension Plan. The cost of buying into the Pension Plan is determined by calculating the amount the University would have contributed to the Pension Plan, plus interest, had he or she been a member of the Pension Plan from the date of hire. If the member's investment plan account does not have enough money to fund the buy-in amount, the member may have to pay some out of pocket funds to finance the switch. Also, please note that 9- and 10-month faculty who are not working a summer contract cannot use the 2nd Election during summer months.
Faculty employees must decide whether to enroll in the Optional Retirement Program, within the first 90 days of employment. You must use the appropriate enrollment forms to make your plan selection. Forms are available online, at the FSU Human Resources website, or at MyFRS.com.
Please be aware that the Florida Retirement System has strict rules and regulations regarding reemployment after retirement. It is important to understand that any employee, regardless of age or years of service, who begins receiving their FRS Pension Plan, Investment Plan or ORP benefit, becomes a retiree of the State of Florida, and may be subject to certain restrictions if returning to public employment at a later date. Be aware that these restrictions only apply to former FRS retirees who come back to work at FRS agencies. FRS retirees are free to work for any private employer, or public employer outside of the State of Florida, without any restrictions.

All reemployed FRS retirees, hired on or after July 1, 2010 are not eligible to earn an additional State retirement benefit of any kind. Rehired retirees will not be earning service credit toward a second retirement, nor will FSU or any other FRS agency make any contributions toward an additional retirement. The rehired retiree will still have access to the benefits from their first retirement, as dictated in the reemployment restrictions.
In addition to the State-sponsored retirement benefits, the University allows employees to participate in three types of voluntary retirement plans.

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Employees can participate in FSU’s 403(b) Tax-sheltered annuity program. The pre-tax contributions in this account can be invested in several types of funds, including money markets, bonds and stock funds. The minimum amount that can be invested bi-weekly is $10.

All contributions to the 403(b) plan are voluntary – and the amount contributed may be started, stopped or changed at any time. The contributions and earnings are fully accessible to the participant after he or she has terminated from employment, or has reached age 59½.
Contact one or more of the Investment Providers listed on this slide for more information or to enroll. Additional contact information, including phone numbers, is available through the Human Resources website link listed above.
Deferred Compensation accounts are another way employees can save for retirement on a pre-tax basis. The yearly contribution tax limits for Deferred Compensation is separate from the limit for the Tax Sheltered Annuity 403(b).

There are several companies available within this plan. Contact the Bureau of Deferred Compensation for more information or to enroll.
FSU employees also have the option to contribute to a post-tax Roth 403(b) retirement account. A Roth 403(b) is similar to the Traditional 403(b) and 457 plans, except that all contributions are made using post-tax, not pre-tax, dollars. Unlike Traditional 403(b)s and 457s, Roth contributions are subject to federal income tax at the time the contributions are made. Since these taxes are paid in advance, the contributions plus any earnings may be withdrawn tax-free at a later date – ideally at retirement.

All contributions to the FSU Roth 403(b) plan are voluntary – and the amount contributed may be started, stopped or changed at any time. Contributions and earnings are fully accessible to the participant after he or she has terminated from employment, or has reached age 59½.

To enroll in the FSU Roth 403(b) program, please contact one or more of the Investment Providers listed on this slide. You will be required to complete an annuity contract to initially set up your Roth 403(b) account. The investment company representative will ensure that your contribution request is submitted to FSU for processing.
Thank you

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