



Understanding Your State Retirement

FLORIDA RETIREMENT SYSTEM (FRS)

When preparing for your future knowing how your state pension works is critical so you know when you could retire, how much you could receive and most importantly what you may need to save on your own to have the retirement of your dreams. The following will help you understand how your benefits are calculated as of today, you need to be aware that the system may change the rules in the future. Studies have shown that since 2005 teacher pension benefits have declined by \$100,000 on average¹, so you need to watch for changes and adjust accordingly.

Retirement with Full Benefits

As a participant in the Florida FRS your eligibility will be based on your date of hire.

Enrolled in FRS before July 1, 2011

- Vested after 6 years of service and turning age 62
- Have at least 30 years of service, or
- After the age of 62 once you are vested with 6 years of service

Enrolled in FRS after July 1, 2011

- Vested after 8 years of service and turning age 65
- Have at least 33 years of service, or
- After the age of 65 once you are vested with 8 years of service

You may work beyond meeting the requirements and will receive increased pensions benefits based on your additional years of service.

Early Retirement

There are provisions for early retirement where you will receive a pension payment, but it will be reduced. Please see your plans website for details.

How Standard Pension Benefits are Calculated

1. Determine your years of creditable service (YOS)
2. Multiply by percentage value to get payout factor (see chart)
3. Multiply final average salary by the payout factor
4. Divide by 12 to get monthly payment

Example

Age: 62 | Years of service: 35
Final average salary: \$56,000

Calculation

$$\begin{aligned} \text{YOS: } 30 \times 1.4\% &= 42\% \text{ payout factor} \\ 42\% \times \$56,000 &= \$23,520 \\ \$23,520 / 12 &= \$1,960 \text{ per month} \end{aligned}$$

This is a reduction of 41% of what is being earned today!

Your Worksheet

YOS: _____ x _____ % = _____ payout factor

_____ x \$ _____ Final Avg. Salary = \$ _____

\$ _____ / 12 = \$ _____ per month

Determining Percentage Value

The percentage value is determined by age or years of service and when the participant as enrolled in the program. The following table shows the percentage values at different levels.

Enrollees Prior to July 1, 2011	Percentage Value
Retirement at age 62 or 30 years of service	1.60%
Retirement at age 63 or 31 years of service	1.63%
Retirement at age 64 or 32 years of service	1.65%
Retirement at age 65 or 33 years of service	1.68%

Enrollees After July 1, 2011	Percentage Value
Retirement at age 65 or 33 years of service	1.60%
Retirement at age 66 or 34 years of service	1.63%
Retirement at age 67 or 35 years of service	1.65%
Retirement at age 68 or 36 years of service	1.68%

Determining Final Average Compensation

Final average compensation is also dependent on when the participant was enrolled in the FRS.

- Prior to July 1, 2011 – average 5 highest fiscal years
- After July 1, 2011 – average 8 highest fiscal years

Payment Options

Your plan offers multiple payment options. The highest payout will be for your life only, other options will pay a benefit to a designated beneficiary but will reduce the monthly payment. Please review your payment choices on your plan's website.

Payment Increases

Florida law provides for a cost of living adjustment (COLA). The COLA is determined by taking years of service accrued through July 1, 2011, divided by total years of service then multiplied by 3 percent.

Deferred Retirement Option Program (DROP)

When FRS members reach normal retirement age, they may elect to participate in the deferred Retirement Option Program. Under this program participants effectively retire while delaying retirement. During the DROP period, monthly FRS benefits accumulate in a DROP account while participants continue to work and earn a salary, however no additional retirement service is credited. At the end of the DROP period, the participant must terminate employment, or the DROP benefit will be forfeited and retirement benefits will be recalculated at actual retirement as if DROP was not participated in. Please see the FRS website to see if DROP might be right for you.

Your Pensions Website

Go to www.MyFRS.com or scan the QR code



¹ Teachers Retirement U website, Teacher Pension Basics, teacherretirementu.org - August, 2023

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