It is the policy of the Department of Financial Services (DFS) to make available a broad range of investment options that have varying degrees of risk and return. The DFS has responsibility for ensuring that a variety of reasonable investment options are available, that information regarding these options is available to Participants, and that program investment management expenses are kept to a minimum. The State of Florida’s 457(b) Government Deferred Compensation Plan is a Participant directed investment program. The DFS has an established Investment Policy for Product Selection and Retention (IPPSR) that establishes the investment standards for the Government Employees’ Deferred Compensation Plan, adopts criteria for the selection and retention of the Plan’s investment options, and provides a method for the quarterly evaluation and monitoring of the investment options. Copies of the IPPSR and product evaluations are available at www.myfloridadeferredcomp.com or upon request.

For more information, you may contact our office at 850-413-3162 or toll-free at 1-877-299-8002. You may also visit our website at www.myfloridadeferredcomp.com.
How can I contact the Bureau of Deferred Compensation?

- E-mail DeferredCompensation@myfloridacfo.com
- Website www.MyFloridaDeferredComp.com
- Tallahassee 850-413-3162
- Toll Free 1-877-299-8002

What is "Deferred Compensation"?

The primary purpose of the Deferred Compensation Plan is to supplement your retirement income by voluntarily saving and investing a portion of your paycheck dollars. Deferred Compensation is a pre-tax investment plan, so federal taxes are not taken out of the money you contribute into the Plan. Participation allows you to "defer" or delay receiving a portion of your income until a later date, generally when you retire. The money you save with Deferred Compensation will be an addition to the benefits you are expecting to receive from the Florida Retirement System (FRS) and the Social Security Administration (SSA). The State has established this Plan under Internal Revenue Code (IRC) 457(b).

Who is eligible to enroll in the Plan?

Persons who are appointed, elected, or under contract, and who provide a service (state employees including OPS) for the State of Florida for which compensation or statutory fees are paid by the Bureau of State Payrolls may participate in the Plan. The State of Florida 457(b) Deferred Compensation Plan is also available to state university employees, employees of the State Board of Administration, Division of Rehabilitation and Liquidation, Special Districts and Water Management Districts.

Can OPS and FTE employees participate in the Deferred Compensation Program?

Yes. Other Personnel Services (OPS) and FTE personnel are eligible to participate in the Deferred Compensation Program. As long as you receive an earnings statement from the state or other participating employers, you can contribute. If you end employment, you can leave your assets in the plan or begin taking a distribution after 31 days of separation from employment. If you are an OPS employee and you transfer into a career or select exempt service position, you may continue contributing to the plan.

In addition, you may roll-in any funds accumulated from your BENCOR account while employed as an OPS employee into the Deferred Compensation Plan.

When will I be taxed on the income that I "defer", and on the earnings?

You will report the income and earnings on your Federal tax return only when you begin to receive distributions from the Plan. There will be a mandatory 20% Federal income tax deduction withheld from lump sum distributions, partial distributions, and any distribution with less than a 10-year payout. The distributions you receive will be reported as ordinary income in the year that you receive them. Your Investment Provider company(s) will provide you with a form stating the proper amount of income to include on your tax return.

Is there any reason why I should not enroll in the Plan?

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You should not consider this to be a savings account that you have access to at any time. **If you do not have sufficient resources to meet short-term emergencies that may occur (car repairs, normal home repairs, etc.) you should not enroll in the Plan.** If you have significant debt, you may want to consider if it is prudent to participate in the program, especially if the debt has a considerably higher interest rate associated with it than what you expect to make in the plan.

**Does the 3% contribution to FRS affect my contribution limits for my deferred compensation account?**

No. Your required contribution into FRS does not affect the contribution limits for your Deferred Compensation account. You are able to contribute the maximum contribution amounts into your Deferred Compensation account without your required contribution to FRS included in the total.

**Does participation in this Plan affect the calculation of my benefits due from the Florida Retirement System (FRS) or the Social Security Administration (SSA)?**

No. Your eligibility for FRS and SSA benefits are not affected in any way. You continue to earn creditable service towards benefits from the FRS. You continue to pay into the Social Security System each time you are paid your salary.

**Can I be in the State’s 457(b)(b) Plan if I am currently participating in a Tax-Sheltered Annuity (403B) Plan or the Optional Retirement Plan (ORP), or an IRA (traditional, Roth, etc)?**

Yes, you may contribute to the 457(b) Deferred Compensation Plan at the same time you are contributing to other retirement plans.

**Am I "locked into" the Plan for a certain period of time? Can I stop or start my contributions at any time? What are the deadlines for making changes to the amount of my payroll deduction?**

You are not "locked into" the Plan for any period of time. You may stop, decrease, increase, or restart your contributions at any time. Of course, there are IRS and administrative deadlines associated with these changes. However, with minor exceptions, you cannot receive your benefits until you separate from State employment or incur an unforeseeable financial emergency.

**Are my assets protected against general creditors?**

Yes. Your assets are protected from general creditors if you file for bankruptcy. Contact your legal or tax advisor for specific information.

**How safe is my money? Is there any chance that I could lose money?**

As with any investment, there is always the possibility that you could lose your principal unless you are invested in a guarantee of principal and interest account (available with Nationwide, VALIC, Voya and Empower Retirement). As to the guarantee of principal and interest accounts, consult with your Investment Provider company for information regarding the safety of assets. The liquid savings account and certificates of deposit offered by Nationwide Bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account. Amounts at Nationwide Bank, in the FDIC product, in excess of $250,000 are collateralized at 150% with the Department of Financial Services. The FDIC

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Adopted in Rule 69C-6.003, F.A.C.
does not insure the mutual funds offered by the Investment Providers. However, mutual funds are held in separate accounts at the offering investment company, and registered with the Securities and Exchange Commission (S.E.C.). These balances would not be made available to creditors of the companies in the event of bankruptcy. There is also the possibility that your chosen Investment Provider's financial condition could deteriorate. However, the Department of Financial Services analyzes the financial conditions of the Investment Provider companies on a quarterly basis to know the financial stability of the Investment Provider companies. All assets of the Plan are held in trust for the exclusive benefit of Participants and their beneficiaries. The State of Florida owns such assets and the Chief Financial Officer of Florida acts as Trustee, while the Participants and their beneficiaries hold the equitable interest. This trust fund is, by definition, not subject to the claims against and the creditors of the State of Florida.

**Is there a chance that I could receive less than I invested into the Plan?**

The amount and type of risk varies from one investment to another. Some products are guaranteed by the Investment Provider against loss of principal, but if the Investment Provider becomes insolvent it is possible to lose your principal. However, the Department of Financial Services conducts quarterly reviews of the financial condition of each Investment Provider company in the Deferred Compensation Program. It is important that you understand the risks involved in your investment choices. You may wish to consult a qualified investment advisor at your investment company or the State of Florida Deferred Compensation office to help you understand the risks involved in your investment options and your own tolerance for the various types of risk.

**Can I have more than one Investment Provider?**

Yes. You may choose as many providers as you like at one time. If you contribute to more than one Provider, you must specify either a dollar amount or a percentage of your paycheck for each company. If you choose to contribute a percentage, your total contribution cannot exceed 80% of your paycheck.

**Am I able to transfer my money to another company in the Plan?**

Yes. You may transfer between companies at any time without penalty or restrictions. You also have the option of stopping your contribution and leaving your balance with one company, while enrolling with, and contributing to another company.

**Who should I call if I do not know who my Investment Provider(s) is?**

You should contact the State of Florida Bureau of Deferred Compensation at 850-413-3162 or 1-877-299-8002.

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ADVANTAGES
How does participation in the Plan immediately lower my Federal income taxes?

The entire amount that you invest in the Plan every year is not immediately subject to Federal income taxes; therefore, less money is withheld from your pay. Your investment is automatically made before Federal income taxes are withheld, thereby lowering your amount of taxable income. Your W-2 form that your employer sends you will reflect a lower amount of income that you report on your Federal tax return. In addition, all interest earned on your deferred investment will not be taxed until you begin receiving distributions. To illustrate the advantage of investing "pre-tax dollars" please review the following example. The example compares the gross taxable income and spendable income of an employee contributing $200 into an after-tax investment account, versus contributing $200 into a pre-tax investment account with the Deferred Compensation Plan. Please note: The example portrays an employee that is paid monthly with no withholding allowances.

<table>
<thead>
<tr>
<th>After Tax Investment Account</th>
<th>Deferred Compensation Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Income</td>
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</tr>
<tr>
<td>Pre-Tax Investment</td>
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</tr>
<tr>
<td>Gross Taxable Income</td>
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<td>Social Security &amp; Medicare</td>
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<td>After-Tax Investment</td>
<td>(200.00)</td>
</tr>
<tr>
<td>Spendable Income</td>
<td>$1,247.00</td>
</tr>
</tbody>
</table>

D.C. investment "pre-tax"
Report lower income to IRS
Lower est. tax bill, Lower W/H Social Security tax
investment "after-tax"
Spendable income is increased

The bottom line is that you can invest the same amount of money into the 457(b) Deferred Compensation Plan versus an after-tax program, and you will be left with more spendable income afterwards when investing with the Deferred Compensation Plan.

Am I able to contribute any of my payment for accrued leave compensation into the Plan?

Yes. Many employees leaving employment take advantage of this opportunity. You can shelter a large portion of your accrued leave payment from Federal taxes. You can choose to contribute a portion of your accrued leave payment into the Plan, provided that you remain within your normal maximum annual limit. You will not be able to contribute all of your accrued leave payment. Your entire payment will be taxed for Social Security and Medicare. The State Payroll System uses a formula that satisfies these tax requirements and calculates the maximum possible contribution. The amount contributed will not be subject to Federal Income Tax. A net amount will be made payable to you.

Can I transfer my other Pre-Tax Savings Plans (traditional IRA’s, 401(k)’s, and 403(b)’s) into my

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457(b) account?

Yes, in order to transfer your accounts, you must follow these steps:

- Enroll as a deferred compensation Participant with one of the approved Investment Provider Companies and,

- Complete the “ROLLOVER INTO FLORIDA PLAN FORM” and send it back to your Investment Provider. (The Investment Provider sends these forms to the Participant.)

The Investment Provider must request the transfer of funds from your former plan administrator and ensure the timely completion of this transaction. The Bureau of Deferred Compensation is available for assistance.

Examples of other Pre-Tax Savings Plans:

- 401(a) – FRS Investment Plan
- 401(a) – the DROP program is a 401(a) retirement plan offered to state employees who qualify.
- 457(b) (Deferred Compensation) – this is our plan. Offered to employees of the State of Florida, state universities, State Board of Administration, Tri-County Commuter Rail Authority, Suwannee River Water Management District, and Division of Rehabilitation and Liquidation.
- 403(b) – this is a retirement plan offered to employees of the universities.
- Traditional IRA – Individual Retirement Account, offered through most banks and financial services companies to individuals.
- 401(k)
What choices do I have once I have decided to join the Plan?

You have the opportunity to choose from five (5) Investment Provider companies and one (1) on-line brokerage firm. All of the companies offer a wide range of investment fund options including some type of fixed account. The fee structure for the companies and their products differ. Please refer to our “Performance Report” for specific amounts. This can be found on our website at www.MyFloridaDeferredComp.com or by calling the Bureau of Deferred Compensation at 1-877-299-8002. Investment Provider contracts are subject to change at 12/30/2016. You may choose more than one company.

Is there a way to compare all 6 companies and the products they offer?

Yes. The Bureau of Deferred Compensation publishes a document that presents the historical rates of return for all investment funds available in the Plan, with the exception of the on-line brokerage funds, along with the fees assessed by each company. The name of this publication is the “Performance Report”. This report allows you to compare the fees of the six providers uniformly. We urge you to review this document before enrolling with any of the companies in the Plan. The “Performance Report” is available by visiting our website at www.MyFloridaDeferredComp.com. If you would like to be added to the mailing list to receive this report quarterly, please contact the Bureau of Deferred Compensation.

When can I join? Am I only allowed to enroll in the Plan during the "open window" enrollment period?

You may enroll in the Plan at any time during the year.

How do I enroll in the Plan?

Enrolling is simple, quick, and easy. Visit our website at www.MyFloridaDeferredComp.com and click the “enroll now” button to complete and submit the Electronic EZ Enrollment form in just minutes. You may also call the Deferred Compensation office, or enroll online through the website of the Investment Provider(s) that you have chosen. The links to the Investment Provider websites can be found on our website. Representatives from the Investment Provider(s) that you choose will provide you with an enrollment package, and can also answer any questions that you may have. All representatives are licensed to enroll State employees in the Plan and can discuss their investment options in detail.

Why should I enroll?

The Deferred Compensation Plan is an excellent way to help provide additional income at retirement, as well as benefit from a variety of tax advantages. The benefits you will receive from the Florida Retirement System (FRS) and Social Security Administration (SSA) will most likely provide less income than you are normally accustomed. In fact, retirement experts estimate that the average person’s benefits from pension plans and social security will provide for only 50%-75% of the yearly income earned in your working years. This amount could be much lower in the future. For example, a person who has worked for the state for 30 years and is in the Defined Benefit (Pension) Plan, with $30,000 being the average of the highest five annual salaries achieved during those years, will on average receive $14,400 annually in benefits from the FRS. The majority of state employees do not work at the State for 30 years, so for many, the amount of benefits will be even less. The Deferred Compensation office
recommends that you obtain an FRS handbook that will allow you to evaluate your own financial situation, which could be more favorable than the above example. Social Security benefits will provide you with additional income; however, the age to receive unreduced benefits continues to rise. The average Social Security benefit will most likely become smaller as more and more people reach retirement age. You are unable to influence the amount of benefits you will receive from the FRS and Social Security (outside of working longer.) You should also keep in mind that medical expenses will increase when you retire. You can invest in your future and take control of your financial security by actively participating in the pre-tax Deferred Compensation Plan.

How does the Plan work? How do I invest into the Plan?

Once you enroll with an Investment Provider company, you contribute to the Plan by authorizing an amount of money or a percentage of your gross salary to be automatically deducted from your paycheck before any Federal income taxes have been withheld. On the day you receive your paycheck, the Bureau of Deferred Compensation wires your contribution amount to your chosen Investment Provider, where it is immediately deposited into your account. If you are a state employee, your payroll deduction is set up on the Bureau of State Payroll’s monthly or bi-weekly payroll system. If you are paid by a non-centralized employer (State University, State Board of Administration, Tri-County Commuter Rail Authority, Suwannee River Water Management District, or Division of Rehabilitation and Liquidation) your deduction will be handled through your human resources department. You cannot send in a personal contribution that has already been taxed. If you would like to have your contributions automatically increased each year, please contact the State of Florida Deferred Compensation Office.

What funds in the Plan have the lowest fees?

Over the time, fees paid on investments can impact the value of retirement savings. In the Deferred Compensation Plan there are no administrative, commission, or maintenance fees, so by selecting investments with lower fees, the participant could possibly have more retirement savings provided the index returns over time beat the active management fund returns. Identified below is the lowest cost mutual fund for each Investment Provider within the Plan:

- Nationwide Retirement Solutions offers the Vanguard Institutional Index (VINIX) that tracks the Standard and Poor’s 500 Index and has a fee of only 40 cents per $1000 in investment.
- Empower Financial offers the Vanguard Small Cap Index (VSCIX) that tracks the CRSP Small Cap Index and has a fee of only 80 cents per $1000 in investment.
- VALIC offers the Vanguard Total Stock market Index (VITSX) that tracks the CRSP US Total Market Index, which represents approximately 100% of the investable U.S. stock market and includes large-, mid-, small-, and micro-cap stocks regularly traded on the New York Stock Exchange and Nasdaq Index and has a fee of only 40 cents per $1000 in investment.
- T. Rowe Price offers the T. Rowe Price Equity Index Trust that tracks the Standard and Poor’s 500 Index and has a fee of only 1 dollar per $1000 in investment.
- Voya offers the Vanguard Mid Cap Index (VMCIX) that tracks the CRSP US Mid Cap Index and has a fee of only 80 cents per $1000 in investment.

What is the minimum amount that I can invest in the Plan? What is the maximum amount per year that I can invest in the Plan?

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If you are paid on a bi-weekly basis, you can enroll with a minimum of $10 every pay period. The minimum is $20 if you are paid monthly. If you are contributing by a percentage, the maximum amount you may contribute into the Plan is the lesser of 80% of your gross salary or $18,500 per year. This amount is set in accordance with IRS regulations. If you are age 50 or older, you may participate in the “50+ Catch-up” provision. This allows a Participant to contribute up to $24,500 per year.

Can I ever invest more than the maximum amount?

Yes, this provision is called the Standard Catch-up. If you have not invested the maximum allowable amount for all of the years you are eligible to participate in the plan, this period may be used to “catch-up” any available unused portion. You are eligible for standard catch-up for one time only, and it runs for a 3 consecutive year period. The earliest that you are eligible for standard catch-up contributions is the three calendar years prior to your normal retirement age. The maximum amount you may defer in standard catch-up is twice the regular maximum for that calendar year or $37,000. To determine if you qualify for standard catch-up, you may contact the Bureau of Deferred Compensation. When you are ready to enroll, contact your Investment Provider for the Application for Standard Catch-up. You may not participate in standard catch-up if you are 70 ½ years of age or older.

May I use both of the “Catch-up” clauses if I am over 50 years old?

Not at this time. The “50+ Catch-up” option cannot be used in the same year that you use the “Standard Catch-up” option.

MAINTENANCE

What should I do if my authorized payroll deduction was not made? Why was it not made? There are several reasons why your authorized deferral would not be made, including incorrect paperwork, a wrong social security number, late submission, a change in your pay cycle or pay center, or an application for unforeseeable emergency. Contact the Bureau of Deferred Compensation or your Investment Provider directly and the appropriate changes will be made. Another reason for a stop in your deferral would be if you exceeded your maximum year-to-date contribution limit. If at any time, your requested deferral amount causes your total contributions for the year to exceed the maximum allowable amount, the payroll system will not withhold any of your scheduled deferral amount. The scheduled deferral will not be adjusted by the payroll system automatically. You will need to contact your Investment Provider or the Deferred Compensation office to make any necessary changes.

Is my Deferred Compensation account subject to marital court orders?

According to Florida Statute 61.076, all deferred compensation plans are considered marital assets and are subject to equitable distribution. The alternate payee may receive a distribution of the awarded amount even if the Participant is not eligible to receive a distribution. The alternate payee will be responsible for the federal taxes incurred. For questions regarding court orders, the Bureau of Deferred Compensation is available for assistance.

If I have an unforeseeable emergency, can I withdraw my money?

An unforeseeable emergency is defined as “a severe financial hardship to the Participant resulting from
a sudden and unexpected illness or accident to the Participant or a legal dependent of the Participant, loss of the Participant’s property due to natural disasters, or other similar and extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.” Examples of unforeseeable emergencies would include funeral expenses of an immediate family member, loss of income, storm and flood damage, and substantial medical expenses. The Internal Revenue Service says that home and auto repairs of a non-casualty nature, educational expenses, and the purchase of a home are not unforeseeable emergencies. Contact the Deferred Compensation office to discuss your situation and to request Form, DFS-J3-1171 - Request for Unforeseeable Emergency Withdrawal. Please be aware that you will be required to provide legal evidence to support your application. All approved emergencies will be paid in a lump sum distribution, and are subject to a Federal withholding tax of 10% unless otherwise indicated by the Participant. Remember, you have never paid Federal income taxes on this money. An unforeseeable emergency withdrawal will result in contributions being suspended until reinstated by the Participant.

**What will happen if my current Investment Provider's contract is terminated or is not renewed by the State of Florida?**

If you are enrolled with an Investment Provider and their contract is either terminated or not renewed, you may transfer your account to another approved Investment Provider. The Bureau of Deferred Compensation also retains the right to transfer your account to another approved Investment Provider if necessary. You will be notified of this change prior to the transferring of your account.

**Can my beneficiary name a beneficiary?**

No. If your beneficiary dies and you do not have a contingent beneficiary, any unpaid balance will be paid in a lump sum to the beneficiary's estate.

**DEFERRED RETIREMENT OPTION PLAN (DROP)**

**At the end of the DROP period, I will receive payment of my accumulated DROP benefits. May I put this into the Deferred Compensation Plan?**

Yes. To do this, contact your Investment Provider for information and the necessary forms.

**Does the DROP affect my Deferred Compensation contributions?**

No, DROP has no effect on what you can contribute to the Plan.

**May I start receiving my Deferred Compensation benefits once I begin the DROP?**

No. You are still employed when you enter the DROP program. Outside of an unforeseeable emergency or loan withdrawal, you may not begin receiving Deferred Compensation benefits until after you leave employment with the State.

**If I am a special risk employee, can I roll my DROP money into Deferred Compensation and take**
**a distribution without paying the 10% excise tax penalty?**

Yes. Any State employee, including a special risk employee, that is **55 or older** at the time of separation from service, can roll DROP funds directly into the 457(b) plan and future distributions can be taken without the 10% penalty. Certain eligible special risk employees are exempt from the 10% early withdrawal penalty **between the age of 50 and 54**, if the distribution of DROP money comes directly from the defined benefit program (FRS). However, if those funds are then rolled into the 457(b) Deferred Compensation plan, withdrawals until age 59½ are subject to the 10% early withdrawal penalty. For additional information, contact the FRS Guidance Line at 1-(866) 446-9377, Option 2.

**If I receive my accrued leave hours as a result of entering the DROP, can I put that money into the Deferred Compensation Plan?**

Yes. The first step is to contact your investment company. If you are not already participating in the Plan, it may be a great idea to enroll so that you may shelter some or all of your leave payment from Federal income taxes. Your Investment Provider will send you paperwork to complete this process to be returned to them. This paperwork will include a page of instructions that must be given to your payroll office. You may contribute only a portion of your accrued leave payment into the Plan. You must take into account the amount you have already contributed into the Plan that year. You may then contribute an amount that does not exceed the maximum. Because of the mandatory deductions (Social Security and Medicare), it is impossible to put 100% of your accrued leave into the Plan, though you may be able to contribute a large portion of it.

**DISTRIBUTION & BENEFITS**

**Are my Deferred Compensation assets subject to a 10% early withdrawal penalty if I take a withdrawal due to severance from employment prior to age 59 and a half?**

No. There is not a 10% early withdrawal penalty on early distributions. You may begin receiving distributions 31 days following your last day of employment with the State, regardless of age. Normal Federal taxes will apply to any distribution. Also, if you need access to some of your assets while still employed, unforeseeable emergency requests are available. This allows you to take a withdrawal upon a severe financial hardship to you or a dependant due to extraordinary and unforeseen circumstances arising as a result of events beyond your control. Unforeseeable emergency withdrawals are taxed as ordinary income.

**Once I terminate from employment and become eligible for distributions, what do I have to do? How quickly could I receive my benefits?**

If you leave employment and do not wish to begin receiving distributions, you are not required to do so. Although you will no longer be making paycheck contributions, you may leave your account open with your Investment Provider and continue to benefit from tax-deferred growth, and personal attention from your Investment Provider and the Deferred Compensation office. FRS states that you are officially separated from service thirty-one (31) days after your last official workday. Once this time period elapses, the Deferred Compensation office can begin to process your distribution paperwork. For more information, please call the Deferred Compensation office and a representative will be happy to assist you.
**Once I leave state employment, do I have to close or move my deferred compensation account?**

No, you do not have to close or move your account once you leave employment with the State. Your funds may remain in the Deferred Compensation Plan and continue benefiting from tax-deferred growth. You may also continue to adjust your asset allocation just as you did during employment. The Deferred Compensation Plan charges much lower fees than most retirement plans. So, if you are considering transferring your funds out of Deferred Compensation and into an outside retirement plan, please be sure to compare the fees you pay with Deferred Compensation with the fees you will have to pay with the outside retirement plan. Chances are the fees are much higher with the alternative plan. However, when you separate from State employment, please remember to stop your deferral by calling the Bureau of Deferred Compensation.

**If I roll-in other retirement plans such as a Traditional IRA, 401(k), 401(a), or a 403(b), into the State of Florida 457(b) plan, when can I take a distribution from that roll-in money?**

Anytime. The Plan allows in-service distributions for roll-in monies because there was a “distributable event” for the monies rolled into the plan. IRS penalties may apply to all non-457(b) distributions.

**What are the tax impacts of rolling over my assets?**

Rolling your assets to a 401(k), 403(b), or traditional IRA is not a taxable event. However, after rolling out of a 457(b), your assets may be subjected to the 10% early withdrawal penalty if withdrawn before age 59½.

**When am I required to receive distributions from my account?**

The latest you must begin receiving distributions is April 1st of the calendar year following the year in which you reach age 70 ½. However, if you are still employed with an employer that participates in the state’s 457(b) plan when you turn 70 ½, you are not required to begin a distribution. In fact, you can continue to make contributions into the Plan. If you leave employment after 70 ½, you must begin receiving benefits the April 1st following the calendar year you leave employment. Under IRS regulations, you are required to take a minimum distribution from each type of retirement plan (401k, 401a, Traditional IRA, 457(b)). Please see your tax advisor for additional information.

**Am I able to change my payout option at any time without a fee?**

Yes. In addition to a wide array of payout options, you have the flexibility to change your payout option at any time without a fee. If you choose to purchase an annuity, you will not be able to change your annuity option.

**Will my company withhold any taxes from my distributions?**

Your company will withhold the mandatory 20% for Federal income taxes for lump sum distributions, partial distributions, and those with less than a 10 year distribution period. You may request that additional taxes be withheld from your benefits so that you will not incur additional taxes from the IRS. If you wish to increase the amount of your withholding, contact your Investment Provider company.

There may also be a 10% early withdrawal penalty if you are taking a distribution from your DROP 401

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(a) assets that have been rolled into the 457(b) plan if you are under the age of 59 1/2. Exceptions to this 10% early withdrawal penalty are for:

1) Separation from service in or after the year you turn 55.

OR

2) Distributions that are made at any age as part of substantially equal periodic payments (made at least annually) until you reach 59 1/2, at which time you may change distribution methods. Please see your tax advisor or call the FRS Guidance Line at 1-866-446-9377, option 2.

**Also refer to the special risk section from the DROP questions above**

*What happens if I die after I have begun receiving distributions from my account?*

Your beneficiary will be paid in the same manner that distributions were being paid to you. Many of the payout options available to you through the Plan offer a guarantee of income for a beneficiary after your death. If the benefit option you choose is a ‘lifetime payment for yourself only’, then payments will cease upon your death. If you do not designate a beneficiary, the balance of your account will go to your estate.

*What options do I have once I become eligible for distributions?*

You have the option of choosing among a variety of payments, including lifetime, lifetime with guaranteed periods, a joint and survivor payout, and also a pre-authorized distribution. This option will allow you to withdraw money at your discretion, when you feel it is needed. Please check with your Investment Provider to see if pre-authorized withdrawals are available. You can request the "Distribution Guide" booklet from the Bureau of Deferred Compensation which gives detailed information on your Deferred Compensation account.

*If I am with more than one company, do I have to begin receiving benefits from both companies at the same time?*

No. You may choose to have your benefits distributed at different dates and use different distribution methods for each company, unless you are required to take a minimum required distribution. If you are required to take a minimum required distribution, then you must take a distribution from each of your provider companies.

*What if I return to employment after I have chosen a date to begin receiving distributions?* If you return to work before receiving your distribution, you have the option of terminating that election date, and contributing into the same account. If you are already receiving distributions, you can still participate in the Plan by contributing into a different account.

*I would like to receive additional financial guidance on my Deferred Compensation account. Does the Deferred Compensation Program offer anything like this?*

Customized investment advice is now available to Deferred Compensation Participants for a nominal
fee.

- Empower Retirement – Empower Retirement Advisory Services 1-800-444-9412
- Nationwide – Nationwide Pro Account 1-800-949-4457
- VALIC – Guided Portfolio Service 1-888-568-2542

If you would like to utilize this service and you do not have an account with these providers, contact them to enroll.

Is there additional investment guidance available to FRS members that would include my deferred compensation assets as well as other retirement plans?

Yes. Free investment guidance is available to you as an FRS Investment Plan or Pension Plan member. Through the Advisor Service from Financial Engines®, you can get free guidance on your FRS account, as well as all of your non-FRS taxable and tax-deferred accounts, such as a 457(b) account.

You can access the ADVISOR SERVICE directly through MyFRS.com or by calling the MYFRS Financial Guidance Line at 1-866-446-9377 and selecting option two. You will be connected to an Ernst & Young financial planner who can access the service for you. In just minutes, your account will be set up with your personal information, and the ADVISOR SERVICE will start guiding you toward your retirement income goals.

What happens to my account if I die while still employed by the State?

When you enroll in the Plan you must name beneficiaries who would receive the balance of your account upon your death. Beneficiaries may elect to receive a one-time lump sum distribution, partial distribution, or receive payments for the remainder of their life or another specified period of time. If your beneficiaries die before you, the balance of your account will go to your estate unless you have named a contingent beneficiary.

Can I ever receive a distribution from my Deferred Compensation account while still employed with the State?

There are a few situations in which you can take an in-service distribution.
- You reach the age of 70½.
- Your application for an unforeseeable emergency is approved.
- De Minus – plan value is less than $5,000.00 and you have not contributed for a two-year period. Each Participant is allowed one De Minus distribution from the plan, and it must be a full plan withdrawal.

What is the fee I am paying as a Participant?

The “Investment Management Expense” is a fee charged by the mutual fund company itself, not the Investment Provider, and it is included in the returns of the mutual fund. The investment management fees are important, and they should be considered when making a decision on a mutual fund. A portion of the Investment Management Expense is used to fund the State of Florida Deferred Compensation Program. $1.20 per Participant per month is remitted to the State by each Investment Company to fund the State’s responsibility for the Deferred Compensation Program.
Are my assets subject to front end sales charges/loads?

No. The funds offered by the Deferred Compensation plan do not charge a front end sales load.

Are my assets subject to back end loads/contingent deferred sales charges (CDSC)?

No. The Investment Providers do not charge any back end loads/ contingent deferred sales charges for the State of Florida plan.

Are my assets subject to mortality and expense fees?

No. The Investment Providers do not charge any mortality and expense fees.

What are the administrative fees?

There are no administrative fees in the program with the traditional Investment Providers. Charles Schwab, an online brokerage firm channeled through Nationwide Retirement Solutions (NRS), has an annual $25.00 administrative fee to administer the Charles Schwab account.

Are there fees for exchanging between investment options?

No. The Investment Providers do not charge any exchange fees. However, some mutual fund companies place frequency limitations and may have trading restrictions resulting in a short-term trade fee.
For additional assistance please contact the Bureau of Deferred Compensation
(You may enroll with as many providers as you wish)

- E-mail DeferredCompensation@myfloridacfo.com
- Website www.MyFloridaDeferredComp.com
- Local 850-413-3162
- Toll Free 1-877-299-8002
- Fax 850-488-7186

To enroll, visit our webpage, www.MyFloridaDeferredComp.com or contact an Investment Provider(s) below:

Nationwide
(800) 949-4457
www.nrsfloridacom

Empower Retirement
(800) 444-9412
www.florida457.com

VALIC
(888) 467-3726
www.valic.com/floridadcp

T. Rowe Price
(800) 893-0269
http://rps.troweprice.com/mc/sites/florida/

VOYA
(800) 282-6295
https://florida457.beready2retire.com/

Charles SCHWAB
(888) 393-7272
A Self-Directed Brokerage Account (SDBA) Enrollment available through Nationwide