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Update on Choice in the Florida Retirement System

Background on the Florida Retirement System

The Florida Retirement System (FRS) is the fifth largest public state retirement system in the U.S., with approximately 999 participating public-sector employers, over 662,000 active employee members and over 693,000 retirees. In 2000, the Florida Legislature created Part II of the FRS consisting of two primary components:

- **The FRS Investment Plan:** a 401(a) defined contribution plan that employees actively elect to participate or default into by taking no action during their choice window (in lieu of actively electing membership in the Pension Plan, a traditional defined benefit plan). At the end of December 2025, it had 20 investment options (includes 11 retirement date funds), 395,503 open accounts, of which 261,318 are actively working members, 236,313 retirees and almost \$22.2 billion in assets; and,
- **The MyFRS Financial Guidance Program:** multi-media educational resources that support employees' choices between retirement plans and, on an ongoing basis, provide all FRS members (i.e., both Pension Plan and Investment Plan) with the information necessary to make informed decisions about choices within their FRS plan and in preparation for retirement (s. 121.4501(10)(d), F.S.). The MyFRS Financial Guidance Program is delivered in coordination with the state of Florida, Division of Retirement (Division) within the Department of Management Services.

Between June 2002 and February 2003, employees were given the opportunity to:

- Remain in the FRS Pension Plan by actively electing or defaulting (i.e., by taking no action during their choice window).
- Enroll in the FRS Investment Plan by transferring a lump sum from the Pension Plan and receiving future employer contributions into a self-directed account.¹

¹ Employees with 8 or more years (5 years if enrolled in the FRS prior to July 1, 2011) of prior FRS service may also choose the Hybrid Plan; which includes aspects of both the Pension Plan and Investment Plan.

- After their initial plan election periods, employees also retain a second and final opportunity to move between the two retirement plans anytime in their FRS career (“2nd Election”).

The MyFRS Financial Guidance Program utilizes the following channels:

- **Print and Video:** Personalized FRS plan choice and retirement statements and generic material on FRS plan choice and retirement planning.
- **Toll-free MyFRS Financial Guidance Line:** Employees can discuss their FRS options and retirement planning issues with experienced and objective financial planners from EY. Members can also speak with the Division’s counselors on this line.
- **MyFRS.com:** This award-winning site contains a wealth of plan choice information and retirement planning applications, including the Choice Service by Alight Solutions that compares the two FRS plans and Advisor Service by Alight Financial Advisors that provides financial guidance.
- **ChooseMyFRSplan.com:** Quick interactive video where employees can answer several questions using this guided experience to learn which plan may make the better choice, view a series of “people like me” videos and review other resources while on the site. Once employees make a decision, they can submit an enrollment online.
- **Workshops:** EY conducts FRS plan choice workshops and retirement and financial planning workshops throughout Florida.

Initial FRS Plan Choice Experience

During the initial education and choice periods in 2002-03, employees were exposed to an economic recession, plummeting stock market, negative press accounts of the dangers of 401(k) plans, the aftermath of the September 11, 2001 terrorist attacks and the largest corporate bankruptcy in U.S. history. The broad stock market fell at an annualized rate of 22% from February 2002 to February 2003 (the education and choice periods), and surveys showed that employees believed this and the economic recession were two of the most important factors in their plan choice decisions.

Table 1 summarizes the elections recorded during June 2002 to February 2003. Roughly \$280 million was transferred from the Pension Plan to the Investment Plan during these initial FRS Plan Choice periods.

Table 1: FRS Plan Choice Statistics, June 2002 to February 2003

	Existing Members	New Hires
Pension Plan	605,042	23,123
Hybrid Plan	669	2
Investment Plan	21,393	2,340
Total	627,104	25,465
Default Rate (not filing an election)	70%	86%
Choosing Investment Plan/Hybrid	3.5%	9.2%

Source: CitiStreet for period covering initial FRS elections June 2002 to February 2003.

Recent FRS Plan Choice Trends

In a given fiscal year, roughly 60,000 newly-hired employees have eight months after their month of hire to choose from the two FRS retirement plans: Pension Plan or Investment Plan.² Like all FRS members, these employees also have one 2nd Election opportunity to switch plans that may be exercised during their active FRS career.

In an ongoing effort to educate and inform the membership about the importance of making an informed decision about their retirement options, and consistent with the SBA's mission to offer unbiased education that promotes *informed and personalized decisions*, the SBA routinely reviews and updates the new hire education and enrollment processes. Employee home mailings and MyFRS.com have been streamlined. Employers are encouraged to play a more active role in the education process and have been provided with updated publications and an employer education program.

Prior to June 2018, based on survey data, up to 41% of the defaulters may have been using this option as their active election in the belief that by defaulting there could be no mistakes made in their plan choice.

For new hires with a choice period ending during the fourth quarter of 2025, 18% made an active election into the FRS Investment Plan, 21% made an active election into the FRS Pension Plan, 10% defaulted into the Pension Plan, and 51% defaulted into the Investment Plan³.

² Returning employees enrolled in the FRS prior to July 1, 2011 with 5 or more years of prior FRS service (8 years if enrolled on or after July 1, 2011) may also choose the Hybrid Plan; which includes aspects of both the Pension Plan and Investment Plan.

³ All members, excluding Special Risk Class, hired January 1, 2018 (or after) defaulted to the Investment Plan if no active choice was made.

Table 2: FRS Enrollments by Newly-Hired Employees, Various Periods

	Defaults into Pension Plan	Defaults into Investment Plan**	Active Enrollments-Pension Plan	Active Enrollments-Investment Plan*	Total Enrollments
Sep 2002 – Jun 2003	86%		6%	8%	100%
Jul 2003 – Jun 2004	73%		11%	16%	100%
Jul 2004 – Jun 2005	61%		18%	21%	100%
Jul 2005 – Jun 2006	59%		19%	22%	100%
Jul 2006 – Jun 2007	58%		18%	24%	100%
Jul 2007 – Jun 2008	55%		19%	26%	100%
Jul 2008 – Jun 2009	55%		22%	23%	100%
Jul 2009 – Jun 2010	56%		21%	23%	100%
Jul 2010 – Jun 2011	51%		23%	26%	100%
Jul 2011 – Jun 2012	51%		19%	30%	100%
Jul 2012 – Jun 2013	56%		17%	27%	100%
Jul 2013 – Jun 2014	57%		17%	26%	100%
Jul 2014 – Jun 2015	59%		17%	24%	100%
Jul 2015 – Jun 2016	60%		17%	23%	100%
Jul 2016 – Jun 2017	58%		19%	22%	100%
Jul 2017 – Jun 2018	55%		21%	24%	100%
Jul 2018 – Jun 2019	6%	50%	25%	19%	100%
Jul 2019 – Jun 2020	6%	49%	27%	18%	100%
Jul 2020 – Jun 2021	8%	48%	27%	17%	100%
Jul 2021 – Jun 2022	6%	53%	25%	16%	100%
Jul 2022 – Jun 2023	6%	54%	25%	15%	100%
Jul 2023 – Jun 2024	6%	55%	22%	17%	100%
Jul 2024 – Dec 2025	10%	51%	21%	18%	100%

* Includes active enrollments into the Hybrid Plan.

Rounding may prevent rows from totaling to 100%.

**All members, excluding Special Risk Class, default to the Investment Plan.

Table 3: FRS 2nd Election Activity, June 2002 to December 31, 2025

	Pension Plan To Investment Plan	Pension Plan To Hybrid Plan	Investment Plan To Pension Plan	Total 2 nd Elections
Members	109,588	188	13,412	123,188
Percent of Total	89%	1%	10%	100%

Rounding may prevent from totaling to 100%.

Table 4: Actively-Employed FRS Members, December 31, 2025

	Pension Plan*	Investment Plan/ Hybrid**	Total
Members	403,032	261,318	664,350
Percent of Total	61%	39%	100%

* Data provided by Division of Retirement

** Excludes members that have terminated employment, but maintain active accounts under the Investment Plan or Hybrid Plan.

Table 5: Usage of MyFRS Financial Guidance Program, 12 Months Ended December 31, 2025

MyFRS Financial Guidance Line	Most Recent 12-month Period		Annualized Growth*
	Total Calls		
MyFRS.com	Choice Calls	178,672	1%
	Planning Calls	104,288	1%
	Employer Calls	575	-77%
	Online Chats	144,617	16%
	Total Visits	3,078,039	6%
Online Choice, 2 nd Election Service & Advisor Service		86,111	12%

* None of the figures include data from the Division and only include data from Alight Solutions, EY, Alight Financial Advisors and TekStream.