

DERRICK JOHNSON

The Ultimate FRS Retirement Blueprint

Expert Strategies from Benowitz Wealth to Protect Your Pension, Optimize DROP, and Build a Confident, Tax-Smart Retirement.

Investment Plan

Pension Plan

TAXES

D.R.O.P

IRA

SAVINGS

403B \ 457

H.I.S

MEDICARE

SOCIAL SECURITY

The Ultimate FRS Retirement Blueprint

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BENOWITZ WEALTH MANAGEMENT

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Welcome to Your FRS Retirement Journey

If you are reading this, you have spent a significant portion of your working life serving the people of Florida. Maybe you teach children. Maybe you respond to emergencies. Maybe you keep a courthouse running, or a county office functioning, or a school district funded. The work you do is the kind that holds communities together — quiet, essential, and rarely glamorous.

In exchange for that service, you have earned access to one of the most substantial public retirement systems in the country. The Florida Retirement System covers more than a million current and former employees, and it offers benefits that most workers in the private sector simply do not have: lifetime pension income, structured savings options, supplemental healthcare support, and a framework that was built to provide stability across an entire career.

The challenge is that the FRS is not always easy to understand. The rules have changed several times over the years. The decisions you make at retirement — when to start, which payment option to elect, whether and when to enter DROP, what to do with the resulting balance — are largely irreversible. And these decisions interact with Social Security, Medicare, taxes, and your personal savings in ways that are not always obvious until they are already in motion.

This guidebook exists to help. It is written for the dispatcher, the school administrator, the firefighter, the corrections officer, the public health worker, the librarian, the bus driver, the analyst, and every other public servant whose retirement deserves a clear explanation rather than a sales pitch. It is not a substitute for personalized advice, but it is the kind of straightforward background reading that should make personalized advice — when you do eventually seek it — easier to absorb and easier to evaluate.

Inside this book, you will find a plain-English walk through the Pension Plan and the Investment Plan, a thorough explanation of DROP and the most common mistakes that follow it, a guide to the Health Insurance Subsidy, an overview of Social Security and Medicare as they apply to FRS members, and a discussion of what to look for in a financial advisor when you are ready to bring everything together into a coordinated plan.

The goal is not to convince you of anything. The goal is to explain the major decisions you will face, present the trade-offs honestly, and leave you in a better position to make choices that fit your own life. You earned the benefits described in these pages. You also deserve to understand them.

Let's begin.

CHAPTER ONE

Understanding the Florida Retirement System

What it is, how it works, and why your enrollment matters

The Florida Retirement System is one of the largest public retirement systems in the United States, covering more than a million current employees and retirees across the state's school districts, counties, cities, universities, special districts, and state agencies. For most members, it operates quietly in the background of their working life — a small deduction here, a contribution there, an annual statement that arrives and gets filed. By the time retirement comes into view, however, it becomes one of the most important financial structures in the household.

What makes the FRS distinctive is that it is not a single retirement plan. It is a system with two primary paths, each built around a different philosophy about how retirement income should work.

The Pension Plan

The FRS Pension Plan is what most people picture when they hear the word "pension." It is a defined benefit plan, which means the benefit you receive in retirement is defined in advance by a formula. You work for a certain number of years, your salary is averaged over a particular period, your job classification determines a multiplier, and the resulting monthly check is paid to you for the rest of your life. Whether the stock market rises or falls, your pension is unaffected. The state is responsible for funding the obligation; you are responsible for showing up to work.

This kind of predictability is increasingly rare in American retirement. Most private-sector workers today rely on 401(k) accounts, where the eventual income depends on how much was contributed, how it was invested, and what the market did over time. The Pension Plan does not work that way. The math is set, the rules are public, and the payment continues as long as you do.

The Investment Plan

The FRS Investment Plan is a defined contribution plan. Instead of guaranteeing a monthly check for life, the state contributes a percentage of your salary into an individual account that you control. You choose how the money is invested from a menu of professionally managed funds. The balance grows — or does not — based on the performance of

those investments. When you retire or leave FRS employment, the account is yours to manage, roll over, or draw down as you see fit.

The Investment Plan offers flexibility and portability that the Pension Plan does not. It vests quickly. It travels with you if you leave Florida public employment. And for some members, the visible, growing account balance feels more tangible than the abstract promise of a future monthly check. The trade-off is that the responsibility for managing the money — and for absorbing market risk — sits with you.

THE CORE DISTINCTION

The Pension Plan transfers investment risk to the state and pays you a fixed monthly benefit for life. The Investment Plan transfers control to you and pays you whatever your account is worth when you retire. Both are legitimate paths. Neither is universally better.

Which Plan You Are In

Your enrollment generally depends on when you were hired and what choices you made — or did not make — early in your career. The defaults have shifted over time. Members hired in earlier eras were typically placed into the Pension Plan unless they actively chose to switch. More recent hires were given a choice, with the Investment Plan becoming the default for the most recent cohort. If you are uncertain which plan you are in, your annual FRS statement and your MyFRS online account will both tell you clearly.

It is worth noting that, at certain points in a career, members have had a one-time opportunity to switch between the two plans. The mechanics of switching are not something to be taken lightly — the calculation is complex, and the right answer depends on your age, tenure, salary trajectory, family situation, and risk tolerance. This is one of several places in the FRS where a careful, individualized analysis is more useful than a rule of thumb.*

** Current enrollment defaults, switching rules, and deadlines are published by MyFRS. Verify your status and any switching opportunities directly with the Florida Division of Retirement before acting.*

Service Credit, Vesting, and Why They Matter

Every year you work in an FRS-covered position, you accumulate service credit. This service credit is the currency of the retirement system. It determines when you are eligible to retire, how large your pension will be, when you can enter DROP, how much your Health Insurance Subsidy will be worth, and whether you are vested in the benefit at all.

Vesting is the point at which the benefit becomes yours regardless of whether you continue working in an FRS-covered position. The Pension Plan and the Investment Plan have different vesting requirements, and the difference is significant: the Investment Plan vests far more quickly than the Pension Plan. For members who change careers, move out of state, or leave public employment before reaching the longer vesting threshold, this distinction can be the difference between walking away with a meaningful benefit and walking away with very little.*

** Current vesting periods are published by MyFRS. They have changed by legislation in the past and could change again. Confirm the rule that applies to your hire date before making decisions based on it.*



The chapters that follow will walk through each of these elements in detail — what the Pension Plan looks like in practice, how the Investment Plan works, what DROP is and how it fits in, how the supplemental pieces like the Health Insurance Subsidy operate, and how all of this coordinates with Social Security and Medicare. Whatever your enrollment, whatever your years of service, and whatever your retirement timeline looks like, the goal of this book is to make the system understandable. Decisions made with understanding tend to be better decisions.

CHAPTER TWO

The Pension Plan

Income designed to last as long as you do

For most Florida public employees who have spent their careers under the FRS Pension Plan, retirement income arrives in the form of a steady monthly check — calculated by a formula, paid for life, and unaffected by what happens in the stock market. It is one of the most distinctive features of working in Florida's public sector, and for many members, it forms the financial foundation that everything else in retirement is built around.

Understanding how that monthly check is calculated is the first step toward understanding your retirement. The formula itself is straightforward, even if the inputs sometimes take a moment to unpack:

$$\text{Years of Service} \times \text{Multiplier} \times \text{High-5 Salary} = \text{Annual Pension}$$

Three numbers, multiplied together. The annual pension is then divided by twelve to produce your monthly benefit. Each of these three inputs is worth understanding on its own, because each one is shaped by decisions you make over the course of your career.

Years of Service

Service credit accumulates for each year you work in an FRS-covered position. For most members, one year of work equals one year of service credit. Members in Special Risk classifications — generally those in law enforcement, firefighting, and corrections — accrue service credit under their own set of rules, which reflect both the physical demands of those roles and the historically shorter careers associated with them.

Because years of service is one of three multiplied inputs in the pension formula, every additional year you work raises your eventual benefit in a meaningful way. This is why so much of FRS retirement planning revolves around timing — when to retire, when to enter DROP, when to step away. A year of additional service is not just a year of additional salary; it is also a permanent increase in the lifetime pension.

The Multiplier

The multiplier is the percentage of your High-5 salary that you earn in pension for each year of service. It is determined by your job classification, and the differences between classifications are significant.*

- **Regular Class** covers most FRS members — teachers, administrators, clerks, analysts, and general state and local employees.
- **Special Risk Class** covers law enforcement officers, firefighters, paramedics, and corrections officers.
- **Senior Management** covers designated executive-level positions.
- **Elected Officials** have their own classification.

For illustration, a member with thirty years of service in the Regular Class earns a pension equal to a substantially smaller percentage of their High-5 than a member with thirty years of service in the Special Risk Class. Over a long retirement, that difference compounds into a meaningful gap in lifetime income. None of this is a value judgment on which work is harder or more important — Florida has simply built a system that recognizes the shorter career arc associated with the highest-risk public service roles.

** Current multipliers by classification are published by MyFRS. The percentages have been adjusted by legislation over the years, and the multiplier that applies to you depends on your hire date and class. Confirm yours before relying on it.*

The High-5 Salary

The third input is the average of your highest five years of salary. For most members, this is the five-year period leading directly into

retirement, because salaries generally rise over a career. The High-5 calculation typically includes regular salary along with certain categories of additional compensation — overtime, supplements, and similar items — depending on how they are reported.

Because the High-5 is one of three multiplied inputs, salary changes in the final years of a career have an outsized effect on the eventual pension. A promotion, a step increase, or an assignment that adds compensation in those last few years can materially shift the lifetime benefit. This is one of the reasons that "when to retire" is rarely a one-dimensional question.

Cost-of-Living Adjustments

The FRS Pension Plan once included a meaningful cost-of-living adjustment, or COLA, that increased the monthly benefit each year to help offset inflation. Legislation in 2011 substantially changed how the COLA applies — members hired before that date may still be eligible for a partial COLA on service earned prior to the change, while service earned after has historically not received a COLA. The practical effect is that for many current and future retirees, the pension amount they receive at the start of retirement is the pension amount they will continue to receive, in nominal dollars, decades later.*

This makes inflation planning a real consideration in FRS retirement. A pension that looks generous at age sixty may feel less generous at age eighty if it has not adjusted for thirty years of rising prices. It is one of several reasons that the Pension Plan is best thought of as a foundation rather than a complete retirement plan on its own.

* COLA rules are statutory and have changed before. Verify the current rules and the version that applies to your hire date with MyFRS.

Normal Retirement and Early Retirement

FRS uses the concept of "normal retirement" to describe the point at which a member can begin drawing the pension without a permanent reduction. Normal retirement is reached either through years of service or by reaching a specified age, depending on classification. Reaching it matters: it is the gate that opens the door to DROP, and it determines whether your benefit comes through at the full calculated amount.

Members who choose to retire before reaching normal retirement face a permanent reduction in their monthly pension. The reduction is applied for each year that retirement is taken early, and it does not go away — it lasts for the entire remainder of the retiree's life. For members in a position to keep working a little longer, the math of even one or two additional years is often striking. For members whose health, family obligations, or career circumstances make early retirement the right personal decision, the reduction is the price of that flexibility.

ILLUSTRATION ONLY — NOT BASED ON A REAL PERSON**Early Retirement Reduction**

If a member's normal retirement age is sixty-five and they choose to retire at sixty-two, three years early, the pension is reduced by the early retirement penalty applied to each of those three years. The reduction is permanent. If the calculated unreduced pension would have been \$2,000 per month, the pension actually received would be substantially less — and that lower amount continues for the rest of the retiree's life. The illustration is meant only to convey the shape of the math; the actual percentages and rules in effect should be confirmed before any retirement decision.



The Pension Plan is, in many ways, the simplest piece of the FRS to describe and the most consequential to get right. The formula does not change. The inputs are knowable. And once the decision to retire — and the related decisions about when and how — have been made, the resulting monthly check will arrive for the rest of your life. The chapters ahead will walk through the calculation in more detail and then move on to the choices about payment options, DROP, and how the pension coordinates with everything else in your retirement.

CHAPTER THREE

How Your Pension Is Calculated

A step-by-step walk through the formula with worked examples

The previous chapter introduced the formula that produces your FRS pension. This chapter works through it the way you would work through it on paper — step by step, with example numbers, and with attention to where the math behaves in ways that might not be immediately obvious. None of the examples in this chapter describe real people. They are illustrations, intended to make the structure of the calculation clear. Your own pension will depend on your specific years of service, your specific classification, and your specific salary history.

$$\text{Years of Service} \times \text{Multiplier} \times \text{High-5 Salary} = \text{Annual Pension}$$

The calculation is the same for every FRS member. What changes from person to person is the values that get plugged into it.

Example One: A Regular Class Career

ILLUSTRATION ONLY — NOT BASED ON A REAL PERSON

Thirty Years in the Regular Class

Consider a hypothetical member with thirty years of service, classified throughout her career in the Regular Class, with a High-5 salary average of \$52,000.

$$30 \text{ years} \times 1.60\% \times \$52,000 = \$24,960 \text{ per year}$$

Divided by twelve, that produces a monthly pension of \$2,080. It is paid for life. It does not depend on the stock market. The member has no obligation to manage it, monitor it, or rebalance it — the only ongoing tasks are filing tax returns and notifying FRS of address changes.

Monthly pension: approximately \$2,080

This is the most common shape of an FRS pension calculation. The numbers are modest in dollar terms, but they describe a stream of guaranteed lifetime income that, over a thirty-year retirement, can amount to several hundred thousand dollars before any cost-of-living considerations.

Example Two: A Special Risk Career

ILLUSTRATION ONLY — NOT BASED ON A REAL PERSON

Twenty-Five Years in Special Risk

Now consider a hypothetical member with twenty-five years of service in the Special Risk Class — perhaps a career in law enforcement or firefighting — with a High-5 salary average of \$68,000.

$$25 \text{ years} \times 3.00\% \times \$68,000 = \$51,000 \text{ per year}$$

Divided by twelve, that produces a monthly pension of approximately \$4,250. The combination of the higher multiplier and the typically higher pay associated with Special Risk roles produces a meaningfully larger lifetime benefit than the Regular Class example, despite the shorter career length.

Monthly pension: approximately \$4,250

The structural design here is intentional. Special Risk classifications exist because the work involved — physical, dangerous, often shorter in

career arc — is treated by the legislature as deserving a different retirement profile. The higher multiplier reflects that judgment, and the math of the formula carries it through to the monthly benefit.

Example Three: The Cost of Retiring Early

ILLUSTRATION ONLY — NOT BASED ON A REAL PERSON

Three Years Before Normal Retirement

Consider a member whose normal retirement age is sixty-five but who chooses to begin drawing the pension at sixty-two. The pension is reduced by an early retirement penalty applied to each year before normal retirement.

If the unreduced pension would have been \$2,000 per month, applying a reduction that compounds over three early years produces a meaningfully smaller monthly check — and that smaller check continues for the entire remainder of the member's life.

The reduction is permanent. It does not undo itself at age sixty-five.

This is one of the places in the FRS where the math punishes haste. For a member in good health with a reasonable expectation of a long retirement, working an additional year or two to reach normal retirement can be worth a substantial amount in lifetime income. For a member dealing with health limitations, family demands, or genuinely difficult

working conditions, the trade-off may legitimately go the other way. The right answer is personal.

What the Examples Have in Common

In every case, the same three inputs drive the result: how long you worked, what classification you worked in, and what you earned in your final years. There are no hidden adjustments, no surprise reductions outside of the early retirement provision, and no requirement that you manage anything during retirement. The check arrives, it is the amount the formula says it should be, and it continues for life.

This stability is the central virtue of the Pension Plan. It is also the reason that choices about timing — when to retire, when to enter DROP, when to draw — deserve careful attention. Once the calculation locks in, it locks in for good.

CHAPTER FOUR

Pension Payment Options

A permanent decision that shapes your household's income for life

At the point of retirement, every FRS Pension Plan member is required to select a payment option. The option you choose determines how your monthly benefit is calculated, whether anyone other than you will receive any benefit after your death, and how much of a reduction — if any — is applied to your monthly check in exchange for survivor protection. Once selected, the option cannot be changed. Not after a year. Not after a life change. Not under any circumstances. This makes it one of the most important and most permanent decisions in the FRS system, and it deserves more deliberation than it usually receives.

The Three Options

FRS organizes the choices into three named options. The names vary slightly in official documentation, but the structures are consistent.

Option One: Maximum Monthly Benefit

Option One pays the largest monthly amount the formula allows, calculated based on the member's life expectancy alone. There is no survivor benefit. When the retiree dies, the payments end — regardless of whether the death occurs ten days into retirement or thirty years in. For a member without dependents, or for a household where the spouse has independent retirement income that does not require survivorship protection, Option One can be a reasonable choice. It maximizes current cash flow and assumes no ongoing obligation after death.

The risk of Option One is straightforward: if the retiree dies sooner than expected, and a surviving spouse or other family member was relying on that income, there is no continuing benefit. For households where this risk matters, Option One requires a separate plan — typically involving life insurance, savings, or a spouse's own pension — to fill the gap.

Option Two: Ten-Year Certain

Option Two pays a slightly reduced monthly amount with one important guarantee: payments will continue for at least ten years from the date of retirement. If the retiree lives longer than ten years, payments continue for the rest of their life as well. If the retiree dies within the first ten years, the remaining payments go to the designated beneficiary until the ten-year period is complete.

This option provides partial protection. It is not a lifetime spousal benefit, and it is sometimes misunderstood that way. The protection runs for ten years from retirement — not for the spouse's lifetime. For a member who wants some certainty that a portion of the pension will continue to support family if the retiree dies early in retirement, Option Two splits the difference between maximum income and lifetime survivor coverage.

Option Three: Joint and Survivor

Option Three pays a reduced monthly amount, but the reduced amount continues for the lifetime of both the retiree and a designated joint annuitant — typically a spouse. After the retiree's death, the same amount continues to the survivor for the rest of the survivor's life. After the survivor's death, the payments end.

For most married members whose spouses do not have a comparable pension of their own, Option Three is the option that most directly addresses the financial impact of one spouse's death. It accepts a smaller current monthly check in exchange for the guarantee that the income does not disappear if the retiree dies first. For couples who have built their retirement plan around the assumption that the pension will be there for both of them, Option Three is often the right answer.

There is also a variant sometimes referred to as Option Four, in which the survivor receives a reduced percentage of the original benefit after the retiree's death rather than the full amount. The mechanics vary, and not every retiree finds it preferable to a clean Option Three.

Comparing the Three Options at a Glance

Op- tion	Monthly Amount	Survivor Benefit	Typical Fit
One	Highest	None	Single retirees, or households with strong independent survivor income
Two	Slightly re- duced	Through year ten only	Members seeking partial protection without a lifetime spousal commitment
Three	Reduced	Lifetime for joint annuit- ant	Most married retirees whose households rely on the pension

How to Think About the Choice

The right option depends on a combination of factors that are personal to each member. A few of the most important questions to work through are these. What is the household income picture without the pension if the retiree dies first? Does the spouse have their own pension, a meaningful retirement account balance, or independent income? What is the age difference between spouses, and what does that imply about expected survivorship? Are there dependents — adult children with disabilities, for example — whose needs continue beyond either spouse's lifetime?

These questions are not abstract. They are the substance of the decision. Two retirees with identical pensions can rationally choose different options based on how their answers come out.

A Decision Worth Slowing Down For

Because the option choice is permanent, and because it interacts so directly with household survival income, it is worth taking the time to run the numbers carefully — including the alternatives that involve buying life insurance to compensate for the lack of a survivor benefit on Option One, or layering DROP timing decisions into the picture. There is no single right answer for everyone, and the right answer for any specific household tends to emerge only after the relevant trade-offs have been considered explicitly.

It is also a decision that has, historically, been made under sales pressure — sometimes by people whose business model involves selling insurance products to fill survivor gaps. There is nothing inherently wrong with using insurance as part of a retirement income plan, but the analysis behind the decision should be independent, transparent, and clearly in the retiree's interest. A separate, fee-only review before locking in the option is one of the highest-value services a fiduciary advisor can provide at this stage.



The pension payment option is not a number you can negotiate. It is a structural choice between three differently shaped streams of lifetime income. Picking the one that fits your household is a matter of understanding what each one actually does — and of being honest about what would happen, financially, if the retiree died unexpectedly. The check that arrives every month for the rest of your life is shaped, more than by anything else, by the choice you make on this single form.

CHAPTER FIVE

The Investment Plan

A defined contribution account that travels with you

The FRS Investment Plan is the other half of the Florida Retirement System. Where the Pension Plan promises a defined benefit calculated by formula, the Investment Plan provides a defined contribution to an individual account that the member controls. The eventual value of that account depends on how much was contributed, how it was invested, and what the markets did over time. There is no formula that produces a guaranteed monthly check at retirement. There is, instead, an account balance — and the responsibility for managing it.

For some members, this trade-off feels exactly right. The Investment Plan vests quickly. It travels with the member if they leave Florida public

employment. The balance is visible, growing or shrinking in plain sight, and at retirement it can be rolled into an IRA where the member retains full control. For other members, the absence of a guaranteed lifetime check feels like a significant loss compared to the Pension Plan. Neither reaction is wrong. The Investment Plan is a different shape of retirement benefit, suited to different careers and different temperaments.

How Contributions Work

Contributions to the Investment Plan come from your employer, not from a deduction taken out of your paycheck. The contribution rate is set by statute and varies by job classification — Regular Class members receive one percentage of salary, Special Risk members receive a substantially higher percentage, and Senior Management has its own rate. The contribution is made automatically with each pay period and deposited into your individual account, where it begins earning whatever the investments you have selected return.*

ILLUSTRATION ONLY — NOT BASED ON A REAL PERSON**Annual Contribution Examples**

A Regular Class employee earning \$50,000 would receive an annual employer contribution to their Investment Plan account in the range of a few thousand dollars, based on the Regular Class contribution rate.

A Special Risk employee earning \$60,000 would receive a substantially larger annual contribution — multiple times the Regular Class amount — reflecting the higher statutory contribution rate for the classification.

The contribution rate matters as much as the salary level when projecting long-term account growth.

** Current contribution rates by classification are published by MyFRS. Statutory rates have been adjusted by legislation in the past. Confirm the rate that applies to your classification before relying on a specific number.*

Who Is in the Investment Plan

Members typically end up in the Investment Plan through one of three paths: they actively elected it when first hired, they were defaulted into it under more recent enrollment rules, or they exercised a one-time switch out of the Pension Plan at some point in their career. Regardless of the path, the mechanics of the plan are the same once a member is in it.

One of the most distinctive features of the Investment Plan is how quickly it vests. The vesting threshold is much shorter than the Pension

Plan's. For members who anticipate changing careers, moving out of state, or otherwise leaving FRS-covered employment before reaching the Pension Plan's vesting requirement, the Investment Plan can be significantly more accommodating.

The Member's Responsibility

The flip side of having control over the account is having responsibility for managing it. Members in the Investment Plan select their own investment allocations from a menu of professionally managed funds. They decide how much risk to take, how to balance growth-oriented investments against more conservative ones, and how to adjust the mix as they get closer to retirement. The plan does not adjust itself for you unless you select a fund specifically designed to do so.

This is not necessarily a burden. The fund menu is reasonably well constructed, and target-date funds — which automatically shift toward more conservative allocations as the target retirement year approaches — offer a low-effort option for members who do not want to make active investment decisions. But it does mean that an Investment Plan balance left untouched for years, in an allocation that no longer matches the member's stage of life, can drift into a risk profile that is poorly suited to the years just before retirement.

What Happens at Retirement

When a member retires or otherwise leaves FRS-covered employment, several paths open up for the Investment Plan balance. The balance can stay in the FRS Investment Plan, where it continues to be invested under the plan's rules. It can be rolled over into an Individual Retirement

Account, which expands the investment menu, often reduces expenses, and gives the member full control over withdrawals and tax planning. A portion can be taken as cash, although this generates a tax bill in the year received and is rarely the most efficient choice. Or — for members who are eligible — funds can be coordinated with DROP, though the rules around this are particular and worth careful attention.

The right approach depends on the member's overall retirement picture: other accounts, expected expenses, tax considerations, and the income strategy that will support the household for the next several decades. There is no single right answer, but there are some clearly inefficient ones — and the choice deserves a deliberate decision rather than a default.

Strengths and Trade-Offs

The Investment Plan's strengths are real. Member control is substantial. Vesting is fast. Portability is excellent — the balance moves with you regardless of where life takes you next. For members who change careers, who relocate, or who simply want a more visible relationship with their retirement savings, these features matter.

The trade-offs are also real. There is no formula-guaranteed monthly income for life. The balance is subject to investment risk, including the risk that a poorly timed market downturn arrives in the years just before retirement. The responsibility for managing the money rests with the member, which means the quality of the retirement outcome depends in part on the quality of decisions made along the way. None of this is unique to FRS — it describes every defined contribution plan in the country — but it is worth naming clearly.



For members in the Investment Plan, the years leading up to retirement are when the planning matters most. Allocation decisions, contribution histories, and rollover strategy all converge into an account balance that, at retirement, will need to support whatever portion of your income the pension and Social Security do not cover. Understanding what is in the account, why it is invested the way it is, and what it will become at retirement is the substance of Investment Plan planning. The next chapter walks through the fund choices in detail.

CHAPTER SIX

Understanding Your Fund Options

What the menu actually contains and how to think about it

Members in the FRS Investment Plan select their investments from a curated menu of funds. The menu is not enormous, which is generally a good thing — research has consistently shown that too many choices tend to lead to worse decisions, not better ones — but the funds on offer cover the full range of risk and return profiles that a long-term retirement account is likely to need. Understanding the categories, and what each one is designed to do, is the foundation of making sensible allocation decisions.

Target-Date Funds

Target-date funds are the closest thing the Investment Plan menu has to an all-in-one solution. Each target-date fund is built around a projected retirement year — 2030, 2035, 2040, and so on. The fund's allocation shifts automatically over time, starting out more growth-oriented when the target date is far away and becoming progressively more conservative as the target date approaches. By the time the target year arrives, the fund is positioned to support a retiree who is beginning to draw on the balance rather than continuing to accumulate.

For members who do not want to make active allocation decisions, a target-date fund chosen to match the year they expect to retire is a reasonable default. The fund's internal mechanics will handle most of the work. The trade-offs are that the allocation glide path is set by the fund manager, not by you, and that target-date funds vary in how aggressive or conservative they remain at the target date. Two funds labeled with the same year can have meaningfully different allocations in their final years before that date. It is worth knowing which approach your fund takes.

U.S. Stock Funds

U.S. stock funds invest in shares of American companies. Within the category, there are typically funds focused on large companies (think of household names in the S&P 500), mid-sized companies, and smaller companies — sometimes called large-cap, mid-cap, and small-cap funds. The general pattern across these is that smaller companies offer higher growth potential at the cost of higher volatility, while larger companies are steadier but tend to grow more slowly over long periods.

For long-term retirement accounts, U.S. stocks have historically been a primary driver of growth. They have also been the primary source of short-term volatility. For members many years from retirement, the volatility is a feature, not a bug — the long time horizon allows the account to recover from inevitable downturns. For members closer to retirement, U.S. stock exposure deserves more careful sizing.

International Stock Funds

International stock funds invest in companies based outside the United States — in Europe, Asia, Latin America, and emerging markets. They add geographic diversification, which has historically reduced overall portfolio volatility over long periods because international markets do not always move in the same direction as the U.S. market at the same time.

The trade-off is that international investing introduces some risks that do not apply to U.S.-only portfolios: currency fluctuations, political and regulatory differences, and varying levels of transparency in some markets. A modest international allocation is widely considered prudent for a diversified retirement portfolio. A large international allocation requires more conviction about specific scenarios where international stocks will outperform U.S. stocks — a conviction that history suggests is hard to act on reliably.

Bond Funds

Bond funds invest in debt securities issued by governments and corporations. Where stocks represent ownership in a business and rise or fall with the business's prospects, bonds represent loans — fixed obligations

to repay principal with interest. As a result, bond funds tend to be substantially less volatile than stock funds, and they generate income that arrives as interest payments rather than as growth in market value.

The menu typically includes funds focused on U.S. Treasury bonds (the safest category), corporate bonds (which carry more credit risk but pay higher interest), inflation-protected bonds (which adjust for inflation), and broad aggregate bond funds (which mix categories). Bond exposure becomes more important as a member approaches retirement, because it dampens the impact of stock market downturns on the overall account.

It is worth noting that bond funds are not without risk. When interest rates rise, the market value of existing bonds tends to fall. This is mechanical, not a sign of mismanagement. Over long periods, the income from bonds tends to compensate for the volatility, but in any given year, a bond fund can lose value.

Balanced Funds

Balanced funds hold a mix of stocks and bonds in a single fund. A typical balanced fund might be sixty percent stocks and forty percent bonds, or fifty-fifty, with the specific mix set by the fund manager. They offer a middle-of-the-road risk profile and require no active management on the member's part.

Balanced funds are useful for members who want a single-fund solution but do not want the automatic glide path of a target-date fund. The allocation stays where it is — it does not become more conservative over time on its own — so the member is responsible for shifting to a different fund if the allocation becomes inappropriate as retirement approaches.

Index Funds

Index funds aim to match the performance of a specific market index rather than to outperform it. An S&P 500 index fund, for example, holds the same stocks as the S&P 500 in roughly the same proportions, with the result that the fund's return closely tracks the index. Because there is no active selection of investments, index funds typically have very low expense ratios, which leaves more of the return in the member's account.

The long-term track record of low-cost index funds in U.S. stock investing has been remarkable — over long periods, most actively managed funds have failed to outperform the index after fees. This is one of the reasons that index funds form the core of many serious retirement portfolios. They are not flashy and they are not designed to be. They are designed to capture the market's return at the lowest cost.

Money Market Funds

Money market funds are the most conservative category on the menu. They invest in very short-term debt instruments and aim to maintain a stable principal value while earning a small amount of interest. They will not grow your retirement account in any meaningful way, and over long periods they tend to underperform inflation. But they are stable, accessible, and suitable for short-term parking of funds — for example, in the period just before a planned withdrawal.

How to Think About Allocation by Career Stage

The right mix of these categories depends heavily on how far a member is from retirement. Broadly speaking, the principles are these.

In the early career years, when retirement is decades away, the account has time to recover from downturns. A growth-oriented allocation, weighted toward U.S. and international stocks, is generally appropriate. Bond exposure can be minimal.

In the middle of a career, balancing growth with stability becomes more important. A meaningful bond allocation begins to make sense, alongside continued exposure to stocks. The exact mix depends on personal risk tolerance and on other retirement resources, but the days of being entirely in stocks should generally be behind you by this stage.

In the years immediately before retirement — typically the last five to ten years of a career — preserving the balance becomes more important than growing it further. A market downturn that arrives at this stage has less time to recover, and a poor sequence of returns in the early years of retirement can permanently damage the account. Shifting toward more bond exposure, and considering money market or stable-value holdings for amounts that may be needed early in retirement, deserves serious attention.

The Mistake That Costs the Most

The most expensive mistake in Investment Plan management is not picking the wrong fund. It is picking an allocation at one age and never revisiting it. Life changes. Markets change. The right allocation at thirty-five is rarely the right allocation at fifty-five. An account left on autopilot

for twenty years tends to drift into a profile that no longer matches the member's stage of life — sometimes too aggressive, sometimes too conservative, and sometimes simply mismatched in ways that produce avoidable risk.

A periodic review — at least annually, and certainly around major life events — is not optional in a self-directed retirement account. It is the substance of managing the plan well.



The fund menu in the FRS Investment Plan is a reasonable set of tools for building a long-term retirement portfolio. None of the categories is good or bad in isolation. The right portfolio for any given member is the one that fits the member's age, risk tolerance, time horizon, and overall retirement picture — and that gets revisited regularly enough to stay aligned with those things as they change.

CHAPTER SEVEN

What Is DROP?

A program that lets eligible members keep working while pension payments accumulate

DROP stands for the Deferred Retirement Option Program. It is one of the more distinctive features of the Florida Retirement System and, for members who use it well, one of the most consequential. The program allows eligible members to elect retirement on paper while continuing to work in their FRS-covered position. During the DROP period, the member continues to earn a regular salary. The monthly pension payments that the member would otherwise receive are deposited instead into a separate account, where they accumulate at an interest rate set by Florida statute. When the DROP period ends, the member separates from FRS employment and gains access to both the accumulated DROP balance and the monthly pension going forward.

It is, structurally, a clever piece of policy design. It allows the state to retain experienced employees for a defined additional period rather than

losing them to retirement, while giving the employee a substantial lump sum at the end of that period that can support a wide range of retirement strategies. The mechanics, however, are particular, and the decisions involved in entering and exiting DROP have real long-term consequences.

Who Is Eligible

DROP eligibility is tied to "normal retirement" — the point at which the member can retire without a permanent reduction in benefits. Reaching normal retirement is the gate that opens the door to DROP. The specific path to normal retirement depends on the member's classification.

For Regular Class members, normal retirement is typically reached either through a specified number of years of service or by reaching a specified age, whichever comes first. The thresholds have been adjusted by legislation over the years and depend on the member's hire date. For Special Risk Class members, the thresholds are different — generally lower in both years and age, reflecting the structure of Special Risk careers.*

The important point is that DROP is not available before normal retirement. A member who would like to enter DROP earlier than their normal retirement date cannot do so. The eligibility rules are administered by FRS and verified through the member's MyFRS account.

* Current normal retirement thresholds and DROP eligibility rules are published by MyFRS. They depend on hire date, classification, and current statute. Verify your specific eligibility before planning around it.

How Long DROP Lasts

The maximum DROP period is set by statute. For most FRS members, the maximum has historically been five years (sixty months), and for Special Risk Class members the maximum has been longer. Legislation has adjusted these maximums in recent years, including extensions for certain classifications. Members do not have to use the maximum — DROP can be elected for any length up to the allowed limit — but once the period ends, the member must separate from FRS-covered employment.*

** Current DROP duration limits, including any recent extensions, are set by Florida statute and published by MyFRS. Confirm the limits in effect for your classification before planning DROP entry and exit dates.*

How the Money Accumulates

The mechanics of DROP accumulation are straightforward. When a member enters DROP, the pension calculation is locked in based on years of service, salary average, and multiplier as of the entry date. From that point on, instead of receiving the monthly pension as income, those monthly amounts are deposited into the DROP account, where they accumulate at an interest rate set by Florida statute.* The interest rate has changed by legislation over time and may change again.

ILLUSTRATION ONLY — NOT BASED ON A REAL PERSON**DROP Accumulation Over Five Years**

Consider a hypothetical member who enters DROP with a calculated monthly pension of \$2,500 and remains in DROP for the full five-year period.

$$\$2,500 \times 60 \text{ months} = \$150,000 \text{ in monthly deposits}$$

Statutory interest accrues over the period and is added to the balance. The final DROP balance at the end of the five years would be the sum of the monthly deposits plus the accumulated interest.

The illustration is meant only to show the shape of the math. Actual balances depend on the member's specific pension amount, the length of the DROP period, and the interest rate in effect.

** The DROP interest rate is set by Florida statute and is subject to change by future legislation. Confirm the current rate with the Florida Division of Retirement before relying on a specific number.*

Why DROP Can Be Valuable

For members who reach normal retirement but are not yet ready to stop working — financially, professionally, or personally — DROP offers a structured way to extract additional value from continuing employment. The salary continues. The pension calculation is locked in at the point of

entry, which insulates the eventual monthly check from any policy changes that might occur during the DROP period. And the accumulating DROP balance becomes a substantial source of additional retirement resources at the end.

This combination — continued salary, locked-in pension, and a growing lump sum — is meaningful for many members. For some, it provides the runway to plan a deliberate transition out of work rather than an abrupt one. For others, it adds a major piece of retirement savings that would have been difficult to assemble any other way.

DROP Is Not Free, and It Is Not Simple

What DROP offers in lump-sum accumulation, it asks for in committed planning. Entry timing affects the pension calculation. Exit timing creates a hard separation date from employment. The lump sum, when received, triggers tax and distribution decisions that have lasting consequences. None of these are insurmountable, but none of them resolve themselves automatically.

The most common mistake associated with DROP is not the decision to participate. It is the absence of a coherent plan for what happens at the end. A member who enters DROP without having thought through how the eventual lump sum will be received, taxed, invested, and integrated into the rest of their retirement income is likely to make choices in the weeks before exit that they would not have made with more time.

What Happens at the End

At the end of the DROP period, three things happen in close succession. The member separates from FRS-covered employment. The monthly pension, calculated at entry and held in suspension during the DROP period, begins paying out as regular income. And the accumulated DROP balance becomes payable.

The DROP balance can be handled in several ways. The most common approach for members who do not need the money immediately is a direct rollover to an Individual Retirement Account, which preserves the tax-deferred status of the balance and gives the member full flexibility over how the money is invested and withdrawn from that point on. Alternatively, a portion or all of the balance can be taken as a cash distribution — though this produces immediate tax consequences and is rarely the most efficient choice for the full amount. A combination, with part rolled over and part taken in cash, is also possible and is sometimes useful for specific purposes like paying off a mortgage or building an emergency reserve.

THE CORE DECISION AT EXIT

The choice between rollover, cash distribution, or a combination is not just a tax decision. It is a decision about how the next twenty or thirty years of retirement income will be structured. Made in the days before separation, it tends to default to whatever requires the least effort. Made months in advance, with the full retirement picture in view, it tends to look very different.

DROP in the Context of a Complete Plan

DROP is not a standalone strategy. It is one piece of a retirement plan that also includes the pension, the Health Insurance Subsidy, Social Security, Medicare, personal savings, and tax considerations. The decisions that surround DROP — when to enter, how long to stay, how to handle the exit — have implications for each of these other pieces. Coordinating them is the substance of retirement planning for an FRS member who has DROP available.

The next chapter focuses specifically on the mistakes that recur around DROP, because they are common enough and costly enough to deserve a chapter of their own.

CHAPTER EIGHT

DROP Mistakes to Avoid

Common errors that quietly reduce retirement outcomes

DROP is one of the most valuable features of the FRS system. It is also one of the most commonly mishandled. The mistakes are rarely dramatic — there is no single catastrophic moment when a DROP plan unravels. Instead, the costs accumulate quietly: a pension locked in a year too early, a lump sum taken as cash without considering the tax impact, a rollover invested in something poorly suited to a retiree's needs. Any one of these can permanently reduce retirement income. Together, they can substantially change what retirement looks like.

This chapter walks through the most common mistakes, not to alarm but to make them easier to recognize. None of them are inevitable. All of them can be avoided with reasonable planning.

Mistake One: Entering DROP Before the Right Time

The moment a member enters DROP, the pension calculation locks. Years of service, salary average, and multiplier are all fixed at the entry date. From that point forward, additional working years and additional salary do not increase the pension.

This means that entering DROP a year early — perhaps because eligibility was reached and the option became available — can result in a permanently smaller monthly pension. If salary was about to rise meaningfully, if a promotion was on the horizon, or if a step increase was due, those changes will not flow into the pension calculation once DROP has begun. The locked-in number is the number that pays for the rest of the member's life.

There are cases where entering DROP at the earliest possible date is the right move. There are also cases where waiting six months, or twelve, materially changes the eventual benefit. The analysis is not difficult, but it is worth doing before the entry decision is made.

Mistake Two: Treating the DROP Exit as a Date on a Calendar

The DROP exit date is a hard deadline. On that date, the member must separate from FRS-covered employment. The accumulated DROP bal-

ance becomes payable. The monthly pension begins paying out as income. Medicare coordination, if the member is at or near sixty-five, comes into view. Tax brackets shift. Healthcare coverage may change.

Approached as a calendar date and nothing more, the DROP exit produces a lot of simultaneous decisions in a compressed window. Approached as a planned transition — beginning twelve to eighteen months before the exit — it becomes a series of manageable, deliberate choices made with full information. The difference between these two approaches is one of the largest single drivers of retirement outcomes for DROP participants.

Mistake Three: Taking the DROP Balance as Cash

The DROP balance, when taken as a cash distribution, is treated as ordinary income for tax purposes in the year it is received. For a balance large enough to be meaningful — and most are — this can push the member into a substantially higher tax bracket for that year. A portion is typically withheld at the time of distribution to cover federal income tax, and the full balance owed becomes due at the next tax filing.

The downstream effects can extend further than the immediate tax bill. A large income year can increase Medicare premiums two years later through the IRMAA system. It can affect eligibility for certain credits and deductions. It can permanently reduce the principal available for ongoing retirement income, because the dollars that went to taxes are dollars that will not compound for the rest of the member's life.

For most DROP participants, a direct rollover to an Individual Retirement Account preserves the full balance tax-deferred and allows for measured, planned withdrawals over time. The rollover does not

eliminate taxes — withdrawals from the IRA are taxable as they occur — but it spreads them over many years rather than concentrating them in a single year. The cash-out option is occasionally the right choice for a portion of the balance, particularly when a specific need (paying off a mortgage, for example) makes it worth the tax cost. As a default for the entire balance, it is almost never the most efficient choice.

Mistake Four: Choosing Products Without Understanding How They Are Compensated

At and around DROP exit, members are sometimes presented with financial products — particularly annuities — as a way to handle the rollover. Annuities are not inherently bad. They can be a legitimate part of a retirement income strategy in the right circumstances. But annuities also carry distinct fee structures, surrender periods, and commission arrangements that vary widely from product to product. Some annuities pay substantial commissions to the agent who sells them; some do not. Some carry surrender charges that lock the principal in place for many years; some do not.

None of this is information that a retiree should have to discover on their own. It is reasonable, and worth doing, to ask any advisor recommending a product how that advisor is compensated for the recommendation, and what the all-in cost of the product is over its lifetime. Phrases like "you can't lose" or "guaranteed income forever" deserve close examination, because the underlying products often have features and costs that aren't apparent from the marketing language. A clear, written explanation of fees and compensation should be available before any rollover decision involving a product is made.

Mistake Five: Investing the Rollover As Though Nothing Has Changed

The investment strategy that was appropriate during a career is rarely the same strategy that is appropriate in retirement. During the career, the member has a paycheck. Market downturns are a buying opportunity, time is on the side of the account, and the only required action is to keep contributing.

In retirement, the picture is different. There is no incoming paycheck. The account must support living expenses. Time is shorter, and the impact of a poorly timed market downturn — particularly in the first few years of retirement — can permanently reduce the income the account can support. The technical name for this is sequence-of-returns risk, and it is one of the most underappreciated risks in retirement planning.

A DROP rollover invested seventy or eighty percent in stocks, the way it might have been during the working years, is taking on a level of risk that does not match the new role the money is being asked to play. Recalibrating the allocation at the point of rollover — typically toward a more measured mix of growth and stability — is not optional. It is the substance of repositioning the account for what it now has to do.

Mistake Six: Failing to Coordinate with Social Security

The DROP exit creates an income gap that some members fill by claiming Social Security earlier than they otherwise would. This is not always wrong, but it is rarely automatically right. Social Security claimed before full retirement age produces a permanently reduced

benefit. Social Security claimed later, up to age seventy, produces a permanently increased benefit. For members in good health with a reasonable life expectancy, the math of delaying is often compelling.

The DROP rollover, if structured to provide income in the years between DROP exit and a delayed Social Security claim, can make the delay financially feasible. The coordination of these two pieces is a specific planning task that deserves attention well before the DROP exit date.

Mistake Seven: Underestimating What a Plan Is Worth

The collective effect of these mistakes is rarely visible in a single moment. It shows up over years — in the form of a larger lifetime tax bill, a smaller monthly Social Security check, a more volatile rollover account, and a retirement income that does not stretch as far as it should have. Members who arrive at DROP exit with a coherent plan tend to make better decisions in the weeks immediately around the exit, because the decisions have already been thought through.



None of the mistakes in this chapter are unusual, and none of them require extraordinary judgment to avoid. They require time, attention, and the willingness to think carefully before making choices that will affect the next several decades of life. For most members, this is a place where professional, fiduciary guidance — focused specifically on the FRS context — pays for itself many times over. The next chapter looks at

one of the most important tools in that coordination: the Individual Retirement Account.

CHAPTER NINE

Understanding IRAs

The account that ties everything together in retirement

For many FRS retirees, the Individual Retirement Account is where the various pieces of a working life eventually come together. The DROP balance lands here. The Investment Plan balance, if it is rolled over, lands here. Old 401(k), 403(b), and 457 accounts from prior employers often consolidate here. By the time retirement is in full swing, the IRA tends to be one of the most important accounts in the household — not because it is necessarily the largest, but because it is the most flexible, and flexibility is what makes good retirement planning possible.

What an IRA Actually Is

An Individual Retirement Account is a tax-advantaged personal account, owned by the individual rather than by any employer. Unlike employer-sponsored plans, IRAs are not tied to a particular job or employer's plan administrator. The account owner selects the custodian, the investments, and the strategy. The custodian — typically a brokerage firm or a financial institution — provides the administrative infrastructure, but the account is the owner's, and the decisions are the owner's to make.

IRAs come in several varieties, but the three most relevant to FRS retirees are Traditional IRAs, Roth IRAs, and Rollover IRAs (which are functionally a Traditional IRA used specifically for receiving rollovers from employer plans).

Why IRAs Matter for FRS Retirees

The Pension Plan does what it does well: it pays a steady monthly check for life. The Investment Plan does what it does well: it accumulates a balance over a career. The DROP balance, if used, adds a lump sum at the end of a defined period. What none of these do, on their own, is provide ongoing control over how the money is invested in retirement, when it is withdrawn, how the withdrawals are taxed, and how income is coordinated with Social Security and Medicare in ways that minimize lifetime tax cost.

The IRA is the structure where that ongoing planning happens. It is not a different kind of investment; it is a different kind of container, one that gives the retiree the levers needed to manage retirement actively over many decades.

Traditional, Roth, and Rollover

Traditional IRA

Contributions to a Traditional IRA, when deductible, reduce current taxable income. The account grows tax-deferred — no taxes on interest, dividends, or capital gains as they accrue — and withdrawals in retirement are taxed as ordinary income. For most FRS retirees, the Traditional IRA is the natural home for rolled-over balances from DROP, the Investment Plan, and old employer accounts, because those balances are already in tax-deferred form.

Roth IRA

The Roth IRA reverses the tax treatment. Contributions go in after tax, but qualified withdrawals — including all growth — are entirely tax-free. The Roth also has no Required Minimum Distributions during the original owner's lifetime, which makes it particularly useful in legacy planning and in managing taxable income in later years.

Roth conversions, in which assets are moved from a Traditional IRA to a Roth IRA in exchange for paying taxes in the year of the conversion, can be a meaningful planning tool for retirees in specific situations — particularly in the years between retirement and the start of Social Security and Required Minimum Distributions, when taxable income is often at its lowest. Whether a conversion makes sense depends on a careful analysis of current and projected tax brackets, and on the retiree's broader goals.

Rollover IRA

A Rollover IRA is, in most respects, a Traditional IRA used to receive funds from an employer-sponsored plan — a 401(k), 403(b), 457, or in the FRS context, the Investment Plan and DROP balance. The rollover preserves the tax-deferred status of the funds, and the resulting IRA can then be invested, managed, and drawn from according to the retiree's plan. For most DROP exits, a direct rollover to a Rollover IRA is the default starting point for the balance.

What an IRA Lets You Do

The flexibility of an IRA shows up in several practical ways during retirement.

First, the investment menu is broader than what any single employer plan offers. The IRA can hold individual stocks and bonds, exchange-traded funds, mutual funds, certificates of deposit, and a wide range of other instruments. This makes it possible to build a portfolio tailored to the specific retirement income strategy, rather than fitting the strategy into the constraints of an employer plan menu.

Second, withdrawals are under the retiree's control. The retiree decides how much to withdraw and when, subject to the Required Minimum Distribution rules that begin at age seventy-three under current law (and which are scheduled to shift to seventy-five in 2033). This control allows for tax planning — withdrawing in years when other income is low, deferring in years when income is high — that simply is not possible with a pension or an annuity, where the payments are set.

Third, the IRA supports coordinated income strategies. A retiree can hold cash reserves for short-term needs, bonds for medium-term stability,

and stocks for long-term growth — all in the same account, all managed together. The retiree can draw from different parts of the portfolio at different times depending on market conditions, which is one of the practical defenses against sequence-of-returns risk.

Fourth, the IRA is a planning tool for managing Medicare premiums. Because Medicare's IRMAA system uses income from two years prior to determine premiums, large IRA withdrawals in any given year can affect Medicare costs two years later. The flexibility to spread withdrawals over multiple years — or to use Roth conversions strategically — can meaningfully reduce lifetime Medicare premiums for higher-income retirees.

Fifth, the IRA is the cleanest vehicle for legacy planning. Beneficiaries can be named directly, the assets pass outside of probate, and the SECURE Act rules around inherited IRAs — though more restrictive than they once were — still allow for meaningful planning around how and when heirs receive the funds.

The IRA as the Hub

In practice, the IRA tends to become the hub of the retirement income plan. The pension flows in as monthly income. Social Security flows in as monthly income. The Health Insurance Subsidy flows in as part of the pension. And the IRA — funded by the DROP rollover, the Investment Plan rollover, and any other accumulated savings — provides the flexible piece that absorbs whatever the pension and Social Security do not cover.

This structure is not the only way to organize a retirement, but it is one of the most common and one of the most workable. It separates the predictable, guaranteed income (pension and Social Security) from the

flexible, managed income (IRA withdrawals), which allows each piece to do what it does best.



For FRS retirees who do not yet have an IRA in place, setting one up — or having one set up as part of the DROP rollover — is one of the most useful early steps in retirement planning. For retirees who have an IRA but have not actively managed it, the years immediately before and after retirement are when the management becomes most important. The IRA is where most of the substantive decisions of retirement income planning actually happen.

CHAPTER TEN

The Health Insurance Subsidy

A modest but lasting benefit that many retirees overlook

Among the various components of an FRS retirement, the Health Insurance Subsidy — usually referred to as HIS — is one of the most modest in monthly dollar terms and one of the most consistently underused. It is not a health insurance plan. It is not a reimbursement program. It is a small monthly cash subsidy added to the retiree's pension check, designed to help offset the cost of health insurance premiums in retirement. The dollar amount per month is not large. Over the course of a long retirement, however, it accumulates into a meaningful benefit, and for retirees with substantial years of service, it can become a useful supplement to other income.

How the Benefit Is Calculated

The HIS is calculated on a per-year-of-service basis. Each year of FRS service credit produces a fixed monthly subsidy amount, up to a statutory maximum cap. A member with shorter service will receive a smaller monthly subsidy; a member with thirty or more years of service will receive the maximum allowed under the current statute.*

** Current HIS dollar amounts per year of service and the maximum monthly cap are set by Florida statute. They have been adjusted by legislation in the past. Confirm the current figures with MyFRS before relying on them.*

The benefit does not depend on the retiree's salary, age at retirement, or pension class. It rewards length of service. For long-tenured FRS employees, this is one of the few benefits whose value scales steadily with years worked, without complicated formulas or qualifying conditions.

The Most Important Detail: You Have to Apply

The HIS is not automatic. A retiree does not begin receiving it simply by retiring. The benefit requires an application, and the application requires proof of health insurance coverage. The coverage does not have to be from any particular source — Medicare, a spouse's plan, an individual marketplace plan, or a former employer's retiree plan all qualify — but the existence of coverage must be documented.

This is the single most common reason retirees miss out on the HIS. They retire, they begin receiving the pension, and they assume that if there were an additional benefit attached, it would arrive without further action. It does not. The application is not difficult, but it must be filed.

How the Subsidy Is Paid

Once approved, the HIS is added to the regular monthly pension deposit. There is no separate check, no separate account, and no separate paperwork once the application has been processed. The amount simply increases by the calculated subsidy each month, and continues for as long as the retiree maintains qualifying health insurance coverage and meets the program's basic requirements.

Tax Treatment

The HIS is treated as taxable income, the same as the pension itself. For most retirees, the additional amount is small enough that it does not change the household's tax bracket. But it is part of the income picture and should be included when projecting taxes, Medicare premium tiers, and other income-sensitive calculations.

How HIS Fits Into Healthcare Costs

For retirees who have transitioned to Medicare, the HIS effectively offsets a portion of Medicare-related costs. Medicare Part B premiums are deducted from Social Security benefits for most retirees. Medicare Part D plans, Medigap policies, and Medicare Advantage plans all carry their own premium structures. The HIS does not pay these premiums directly, but the additional monthly income it provides can be applied to those costs.

For retirees not yet eligible for Medicare — typically those who retire before age sixty-five — the HIS can offset premiums on the individual

marketplace, a spouse's employer plan, or other pre-Medicare coverage. The flexibility is one of the program's quiet strengths: as long as qualifying coverage exists, the source of that coverage does not determine eligibility for the subsidy.

Common Misunderstandings

Three persistent misunderstandings tend to come up around HIS. The first is the assumption that it is an insurance plan. It is not — it is a cash subsidy. The second is the assumption that it begins automatically with retirement. It does not — it requires an application. The third is the assumption that it ends at Medicare eligibility. It does not — it continues for as long as the retiree has qualifying health coverage, regardless of whether that coverage is Medicare or something else.

Clearing up these misunderstandings tends to result in a few retirees discovering, sometimes years into retirement, that they have been eligible for a benefit they were not receiving. Filing the application late does not necessarily recover the missed months, but it does begin the subsidy going forward.



The HIS is not the largest piece of an FRS retirement, and it is rarely the deciding factor in any major planning decision. But it is a real benefit, earned through years of service, and worth claiming. For members nearing retirement, putting the HIS application on the pre-retirement checklist alongside the pension option election and the DROP exit planning is a small task with a long-lasting payoff.

CHAPTER ELEVEN

Social Security for FRS Members

When to claim, how it interacts with your pension, and why timing matters

Social Security is one of the foundational pieces of retirement income in the United States, and for FRS members, it works alongside the pension and any IRA or DROP balances to form the household's overall income picture. Unlike many state and local government workers in other states — some of whom have historically been excluded from Social Security coverage entirely — Florida public employees generally pay into Social Security throughout their working years and are eligible for Social Security benefits in retirement. This makes the FRS retirement picture more straightforward than it is in many other public retirement systems.

The recent policy environment around Social Security and public pensions has also become simpler. The Social Security Fairness Act, signed into law in January 2025, repealed the Windfall Elimination Provision and the Government Pension Offset. These two provisions had, for decades, reduced Social Security benefits for certain workers with public pensions in states that did not participate in Social Security. Florida's participation in Social Security meant that most FRS members were never subject to these provisions in any meaningful way. The 2025 repeal removed any remaining ambiguity for the small subset of public employees who had been affected.*

** Verify current Social Security rules and any subsequent legislative changes with the Social Security Administration at ssa.gov.*

How Your Benefit Is Calculated

The Social Security benefit is based on the highest thirty-five years of earnings over a worker's career, adjusted for inflation. The Social Security Administration calculates a primary insurance amount, which is the benefit payable at full retirement age, and then adjusts that amount up or down depending on when the worker actually begins claiming.

If a worker has fewer than thirty-five years of qualifying earnings, the missing years are filled in with zeros — which lowers the benefit. For workers who have spent some portion of their career in jobs that did not participate in Social Security, this can matter. For most FRS members who have been in the system for their full career, it generally does not.

When to Claim

Social Security allows claiming as early as age sixty-two and as late as age seventy. The age at which a worker claims permanently affects the monthly benefit. Claiming before full retirement age — which is sixty-six or sixty-seven depending on year of birth — produces a permanently reduced benefit. Claiming at full retirement age produces the calculated primary insurance amount. Claiming after full retirement age, up to age seventy, produces a permanently increased benefit through what are called delayed retirement credits.

The difference between claiming at sixty-two and claiming at seventy is substantial — often a difference of seventy percent or more in monthly benefit. Over a long retirement, this difference compounds into a meaningfully different lifetime total.

Why FRS Members Have More Flexibility

For many American workers, Social Security is the primary source of retirement income, and the decision of when to claim is constrained by financial necessity. Retirees who do not have other income simply cannot afford to wait until seventy.

FRS members are often in a different position. The pension provides a foundation of guaranteed monthly income beginning at retirement. If a member retires at sixty and the pension covers core living expenses, the decision about when to claim Social Security becomes a planning decision rather than a survival decision. The member can choose to delay — perhaps to seventy, perhaps to somewhere between full retirement age

and seventy — and receive a permanently larger benefit for the rest of life.

This is one of the meaningful advantages of an FRS retirement, and it is often underused. Delaying Social Security is one of the few sources of guaranteed, inflation-adjusted income increases available to retirees, and it is funded simply by waiting.

Spousal and Survivor Considerations

For married couples, the Social Security claiming decision affects both spouses, not just the higher earner. A spouse's benefit can be based either on the spouse's own earnings record or on a portion of the higher-earning spouse's record, whichever is greater. After one spouse dies, the surviving spouse generally steps into the higher of the two benefits, with the lower benefit ending.

This survivor mechanism is important. When the higher-earning spouse delays claiming, the eventual survivor benefit also increases. For a long-lived surviving spouse, this can amount to many years of additional income at the higher amount. For couples who are planning for the very real possibility that one of them will outlive the other by ten or twenty years, the claiming decision for the higher earner deserves careful attention.

How Social Security Interacts with Other Income

Social Security is partially taxable for many retirees. Depending on the household's total income, up to eighty-five percent of the Social Security benefit can be included in federal taxable income. The threshold income amounts at which taxation begins have not been indexed for inflation, so over time, more retirees end up paying tax on a larger share of their benefits.

This interaction matters for FRS retirees because the pension, IRA withdrawals, and DROP rollover distributions all count toward the income that determines how much Social Security is taxed. A retiree who takes large IRA withdrawals in the same year that Social Security begins may find that a larger share of the Social Security benefit becomes taxable. Spreading withdrawals across multiple years, or using Roth conversions to reduce future Required Minimum Distributions, can reduce the lifetime tax cost.

A Decision That Deserves Coordination

The Social Security claiming decision is not a standalone choice. It interacts with the pension start date, with DROP timing, with IRA withdrawal strategy, with Medicare enrollment, and with taxes. A claiming date that looks optimal in isolation may look quite different once the full retirement income picture is laid out.

For FRS members, the most useful approach tends to involve running several scenarios — early, full retirement age, delayed to seventy — and looking at how each scenario shapes total lifetime income, taxes, and

household resilience over a thirty-year retirement. The right answer is rarely obvious, and it tends to depend on factors that are personal to the household.



Social Security is one of the most powerful tools available in retirement planning, and for FRS members with a strong pension foundation, the flexibility to optimize the claiming decision is one of the meaningful benefits of the system. The decision deserves the same care as the pension option election: not because the math is difficult, but because the consequences are permanent.

CHAPTER TWELVE

Medicare for FRS Retirees

A plain-English walk through Parts A, B, C, and D

Medicare is the federal health insurance program for people aged sixty-five and older, along with certain younger individuals who qualify due to disability. For most FRS retirees, the transition to Medicare at sixty-five is one of the most significant changes in their retirement healthcare picture. The program is not a single plan — it is a structured set of components, each covering different services, each with different rules and costs. Understanding how the pieces fit together is essential to making good enrollment decisions and avoiding penalties that can follow the retiree for life.

Medicare Part A: Hospital Coverage

Part A covers inpatient hospital stays, skilled nursing facility care following a qualifying hospital stay, hospice care, and limited home health services. For most retirees, Part A carries no monthly premium, because the cost is funded by the Medicare taxes paid during the working years. Most retirees are automatically enrolled in Part A when they become eligible, particularly if they are already receiving Social Security.

Because Part A has no premium for most retirees and provides meaningful hospital coverage, enrollment is usually straightforward. There is little downside to having Part A in place, and it works smoothly alongside other coverage during the years before full retirement.

Medicare Part B: Outpatient and Medical Coverage

Part B covers doctor visits, outpatient services, preventive care, diagnostic tests, durable medical equipment, and other medically necessary services that fall outside of hospital admissions. Part B carries a monthly premium that is set annually by Medicare.*

* Current Medicare Part B premium amounts are published annually at [medicare.gov](https://www.medicare.gov).

Two features of Part B deserve particular attention. First, the premium is income-related: retirees with higher incomes pay higher premiums through the Income-Related Monthly Adjustment Amount system, known as IRMAA. The IRMAA calculation uses the retiree's modified adjusted gross income from two years prior, which means that a large income year — for example, a year in which a sizeable DROP

distribution is taken as cash — can produce higher Medicare premiums two years later.

Second, Part B carries a late enrollment penalty. A retiree who does not enroll in Part B during their initial enrollment window, and who does not have qualifying employer-based coverage that allows for delayed enrollment, pays a higher premium for as long as they remain enrolled in Medicare. This penalty is permanent. Getting the enrollment timing right is one of the most important administrative tasks of the Medicare transition.

Medicare Part C: Medicare Advantage Plans

Medicare Advantage plans, sometimes called Part C, are an alternative to Original Medicare. They are offered by private insurance companies that contract with Medicare to provide Parts A and B coverage, and most include Part D prescription drug coverage as well. Many Medicare Advantage plans also include additional benefits such as dental, vision, hearing, or wellness programs.

The appeal of Medicare Advantage is often the low or zero-dollar monthly premium and the bundled coverage. The trade-offs are typically narrower provider networks, varying copayment structures, and rules around referrals and prior authorizations that differ from plan to plan. A Medicare Advantage plan that works well for one retiree may be a poor fit for another, depending on healthcare needs, preferred providers, and travel patterns.

Medicare Part D: Prescription Drug Coverage

Part D plans, offered by private insurers, cover prescription medications. Each plan has its own formulary — the list of covered drugs — and its own cost-sharing structure. Like Part B, Part D carries a late enrollment penalty for retirees who fail to enroll when first eligible and who do not have other creditable drug coverage in place.

Because medications change throughout retirement, and because plan formularies and pricing change each year, reviewing Part D coverage during the annual open enrollment period is an important task. A plan that was the right fit two years ago may not be the right fit today.

Medigap (Medicare Supplement) Plans

For retirees who choose Original Medicare rather than a Medicare Advantage plan, Medigap policies — sold by private insurance companies — fill in some of the cost-sharing gaps left by Parts A and B. Medigap plans pay deductibles, copayments, and coinsurance that would otherwise come out of the retiree's pocket. They are standardized by letter (Plan G, Plan N, and so on), which makes comparing plans across insurance carriers more straightforward than it might otherwise be.

Medigap plans generally offer broad provider access — any provider that accepts Medicare will work — but they carry their own monthly premiums on top of the Part B premium. Whether Original Medicare with a Medigap plan or a Medicare Advantage plan is the better fit is one of the central choices in Medicare planning, and the right answer varies by retiree.

When to Enroll

The initial enrollment period for Medicare runs for seven months — beginning three months before the month of the sixty-fifth birthday, including the birthday month itself, and continuing for three months afterward. A retiree who is already receiving Social Security benefits is generally enrolled automatically in Parts A and B. A retiree who is not yet receiving Social Security needs to enroll proactively.

Retirees who are still working past sixty-five and who have qualifying employer-based health coverage may be able to delay Part B enrollment without penalty. The specific rules around what counts as qualifying coverage, and how to document the delay, are particular — and getting them wrong can produce permanent late enrollment penalties. This is one of the places where Medicare planning benefits from careful attention to detail well before the sixty-fifth birthday arrives.

How Medicare Coordinates with the Pension and HIS

The pension continues uninterrupted through the Medicare transition — it is unaffected by Medicare enrollment. The Health Insurance Subsidy similarly continues, and for retirees on Medicare, the HIS provides a small but useful offset against Medicare-related costs.

The interaction worth attention is income-based: IRMAA, the income-related Medicare premium surcharge, uses tax return data from two years prior. This means that planning around large income events — DROP distributions taken as cash, large IRA withdrawals, Roth conversions — should factor in their effect on Medicare premiums two years out.

Common Misunderstandings

A few misconceptions about Medicare recur frequently. Medicare does not cover long-term custodial care — the kind of care provided in nursing homes for residents who cannot live independently — except for limited skilled nursing following a hospital stay. Medicare does not cover all health expenses; deductibles, copayments, and uncovered services still exist. Medicare is not free, even for retirees who paid into the system throughout their working years; premiums, particularly for Part B, are a real ongoing cost. And Medicare coverage choices are not set in stone — they can be reviewed and changed during the annual open enrollment period.



Medicare is a substantial program, and the choices around it have lasting consequences. For FRS retirees, the combination of the pension, the Health Insurance Subsidy, and Medicare typically forms the healthcare and income foundation of retirement. Coordinating these pieces with Social Security timing and overall tax planning is the substance of mature retirement planning. The next chapter looks at how to find a professional advisor who can help with that coordination.

CHAPTER THIRTEEN

How to Choose a Fiduciary Financial Advisor

Questions worth asking before you engage anyone with your retirement

Choosing a financial advisor is one of the more consequential decisions a retiree will make, and it is also one of the most opaque. The titles people use to describe themselves in the financial industry are not consistent. "Financial advisor," "wealth manager," "retirement specialist," and similar terms are not regulated descriptions — anyone in the business can use them. What matters is not the title on the business card but the legal and practical framework under which the person operates, the way they are compensated, and the kind

of relationship they offer. This chapter walks through what to look for and what to ask.

The Fiduciary Standard

A fiduciary is a person who is legally and ethically required to act in the best interest of their client. In the financial advisory context, this means that recommendations must be made with the client's interests as the primary consideration — not the advisor's interests, not the firm's interests, and not the interests of any product manufacturer.

Not every financial professional operates under this standard at all times. Some are required to act as fiduciaries only when giving certain kinds of advice and may operate under a different, less stringent standard — the suitability standard — when selling certain products. Under the suitability standard, recommendations must be "suitable" for the client, which is a lower bar than "in the client's best interest." A product can be suitable without being optimal, and the difference can matter substantially over a long retirement.

Asking whether the advisor is a fiduciary, in all aspects of the relationship and at all times, is a reasonable starting point. The answer should be unambiguous and should be available in writing.

How the Advisor Is Compensated

Compensation structures in the financial industry vary widely, and they create different incentives.

A fee-only advisor is paid directly by the client — typically as a percentage of assets under management, a flat fee for a financial plan, or

an hourly rate for specific work. The advisor does not receive commissions, referral fees, or other compensation from product sales. This compensation structure is designed to align the advisor's incentives with the client's: the advisor's revenue grows when the client's assets grow, and there is no financial incentive to recommend any particular product.

A commission-based advisor is paid through commissions on the products they sell — annuities, insurance policies, certain mutual funds, and similar items. The compensation comes from the product manufacturer, often paid up front when the product is sold. This structure is not inherently wrong, but it does create an incentive to recommend products that pay commissions over alternatives that do not. The implications are worth understanding.

A fee-based (note: not fee-only) advisor may charge fees for some services and receive commissions for others. The hybrid model is common in the industry. It is not automatically problematic, but it does mean that different parts of the relationship may operate under different incentive structures, and the client should know which is which.

It is reasonable to ask any advisor how they are compensated, and to ask for the answer in writing. A clear, written explanation of fees and any other forms of compensation should be available before any significant decision is made.

Transparency

Beyond compensation, a fiduciary relationship should be transparent in several other respects. The advisor should be willing to explain recommendations in plain language, including the reasoning behind them. The custodian of the assets — the firm that actually holds the accounts — should be a recognizable, independent institution rather than something

opaque. Performance, fees, and account activity should be reported clearly and consistently. Questions should be answered directly rather than deflected.

None of this is exotic. It is the baseline of a professional relationship. An advisor who cannot explain their fee structure, who hesitates to put their fiduciary status in writing, or who relies on confusion as a sales tool is signaling something useful about how they intend to operate going forward.

Specialization in the FRS Context

For Florida public employees specifically, working with an advisor who understands the FRS in depth is meaningfully more useful than working with a generalist. The pension option election, the DROP entry and exit decisions, the coordination of the Investment Plan with Social Security and Medicare — these are not abstract financial topics. They are specific, statutory features of a particular retirement system, and the right answers in any given case depend on details that are unique to FRS.

An advisor who works with FRS members regularly will know the rules, will have seen the recurring decision points, and will be able to model the choices accurately. An advisor who is encountering FRS for the first time will need to learn the system as part of the engagement — which is not impossible, but does add time and increases the risk of missing something. Specialization is worth asking about.

Questions Worth Asking

The following are reasonable questions to bring to any introductory meeting with a prospective advisor.

- Are you a fiduciary at all times, in every aspect of the work you would do with me?
- How are you compensated, and can you provide a written explanation of all fees and any other forms of compensation you receive?
- What is your experience working with members of the Florida Retirement System?
- How do you handle the coordination of pension decisions, DROP timing, Social Security claiming, and Medicare enrollment?
- Who is the custodian of the accounts you manage, and how do I see my own statements and activity?
- What does an ongoing relationship with you look like — how often do we meet, what do those meetings cover, and how do you communicate between meetings?
- If we work together and I am not satisfied, what is the process for ending the relationship?

The answers should be direct, clear, and consistent. Vagueness on any of these is itself a useful data point.

What to Watch For

Certain patterns are worth noticing in early conversations with any advisor. Strong recommendations for specific products — particularly annuities — before the advisor has spent meaningful time understanding

the retiree's full financial picture suggest a product-driven approach rather than a planning-driven one. Pressure to make decisions quickly, or warnings that an opportunity will disappear if not acted on immediately, are not consistent with how most legitimate retirement planning operates. Guarantees that sound absolute, or claims that a particular product or strategy will solve every retirement concern, generally do not survive close examination of the fine print.

None of these patterns are conclusive on their own. But they are worth noticing, and they are worth weighing against the alternative: an advisor who takes the time to understand the full situation before recommending anything, who explains the reasoning behind recommendations, and who is comfortable answering hard questions about how they are paid.



The right advisor for any given retiree is the one who is competent, transparent, aligned in incentives, and a good personal fit for the working relationship. The right advisor is rarely the first one approached, and is almost never the one whose pitch arrives unsolicited. The time spent finding a good fit pays back many times over the years that follow.

CHAPTER FOURTEEN

Working with Benowitz Wealth Management

What our work looks like, and who it is for

Benowitz Wealth Management is an independent, fee-only fiduciary firm registered in the State of Florida. The firm was founded with a particular focus on the Florida Retirement System and the members it serves: teachers, first responders, corrections officers, school administrators, public health workers, state and county employees, and the wider community of public servants who have spent their careers under FRS coverage. The work we do is built around the specific decisions and trade-offs that this population faces.

How We Are Structured

The firm operates under a fee-only model. We are compensated directly by our clients, through clearly disclosed fees, for the planning and advisory work we provide. We do not sell annuities. We do not earn commissions on insurance products. We do not receive referral fees from product manufacturers. Our revenue comes from one place — our clients — and we believe this is the cleanest way to align our interests with theirs.

As fiduciaries, we are obligated to act in our clients' best interests at all times. This is not a sometimes-thing or a only-when-providing-certain-services thing. It is the baseline standard for every recommendation we make and every conversation we have. We are happy to put that commitment in writing, and we do.

What We Focus On

Our work centers on the planning decisions that FRS retirees and pre-retirees face. This includes pension option analysis, DROP entry and exit timing, coordination of the Investment Plan with other retirement assets, Social Security claiming strategy, Medicare enrollment and IRMAA planning, tax-efficient withdrawal sequencing, and the longer-term work of structuring retirement income to support a long, stable retirement.

We also handle ongoing investment management for clients whose retirement plans include managed portfolios. Our approach to investment management emphasizes broad diversification, low costs, and alignment with the client's overall retirement income needs. We are not in the business of trying to outguess short-term market movements. We are in

the business of building portfolios that do their part of the job over decades.

What Working With Us Looks Like

The first conversation with a prospective client is typically a complimentary introductory meeting. We use it to understand the client's situation — their FRS status, their other accounts, their timeline, and what they are trying to accomplish. We answer questions. We explain our approach. We do not make recommendations at this stage, and we do not ask the client to make any decisions about working with us.

For clients who decide to move forward, the next stage is a more thorough analysis of the full retirement picture, followed by the development of a written plan that addresses the major decisions and how they fit together. From there, the relationship becomes ongoing — periodic reviews, adjustments as circumstances change, and access to us when questions come up between meetings.

We try to make this process feel manageable rather than overwhelming. Retirement planning involves a lot of moving pieces, and our role is to organize them clearly enough that the client can make confident decisions about each one.

Who We Work With

Our typical client is a current or near-retirement FRS member who is starting to take retirement planning seriously and wants thoughtful, unbiased guidance through the major decisions. This includes members several years out who are beginning to think about DROP timing,

members about to retire who are working through option elections and rollover strategy, and recent retirees who want help building a coordinated income plan for the years ahead.

We work with members across the full range of FRS classifications — Regular Class, Special Risk, Senior Management — and with members of every job category. The specifics of the work vary by classification and career stage, but the underlying approach is the same.

A Note on Independence

Benowitz Wealth Management is not affiliated with the Florida Retirement System, the State of Florida, or any government agency. We are an independent advisory firm, and our work is offered on its own merits. References in this book and in our other materials to FRS plans, rules, and features are educational only — they are not endorsed by FRS, and our firm is not endorsed by FRS.

This independence is itself a feature of how we work. We do not have a sales relationship with the system we help our clients navigate. Our recommendations are based on the client's situation and the rules as they exist, not on any institutional relationship we are trying to maintain.



If the approach described in this chapter sounds like the kind of help that would be useful, the final chapter explains how to start a conversation. The first meeting carries no obligation and no pressure. It is, simply, a chance to ask questions, hear our perspective, and decide for yourself whether what we offer fits what you are looking for.

CHAPTER FIFTEEN

Ready to Plan?

A simple next step, if and when you are ready

If the chapters in this book have been useful, the next step — if you would like one — is a conversation. Not a sales pitch, not a presentation, not a pressured decision. A conversation. We use the first meeting to understand what you are working with, what you are working toward, and where, if anywhere, the work we do might fit into the picture.

The introductory meeting is complimentary. There is no obligation to continue afterward, and no expectation that you will. We meet with a lot of people who decide we are not the right fit for them, and we are honest about it when we are not the right fit for them, either. The purpose of the first conversation is information — for both sides — not commitment.

What to Bring

You do not need to bring anything to the first meeting. It is fine to come with general questions and nothing else. For clients who would like to make the conversation more substantive, having recent FRS statements, an idea of any other retirement accounts, and a rough sense of your timeline can be useful. None of this is required.

How to Reach Us

Visit: BenowitzWealth.com

Call or text: 407-637-4972

We respond to inquiries personally. The person you speak with on the phone or via the website will be someone at the firm, not a call center. Scheduling tends to be straightforward, and we work to accommodate the schedules of people who are still in their working years and dealing with the rest of life alongside this.



Thank you for reading. The decisions ahead of you in retirement are significant, and the time you have already invested in understanding them — by working through this book — is the kind of preparation that tends to lead to better outcomes. Whether or not we work together, we hope what you have read here has been useful.

— *Derrick Johnson*
Founder & Lead Advisor
Benowitz Wealth Management

About the Author

Derrick Johnson is the founder and lead advisor of Benowitz Wealth Management, a fee-only fiduciary advisory firm based in Florida and focused on the planning needs of Florida Retirement System members. The firm's work centers on the specific decisions that shape an FRS retirement — pension option elections, DROP timing, Investment Plan management, Social Security and Medicare coordination, and the longer-term work of building income strategies that hold up over decades.

Derrick founded Benowitz Wealth Management to bring independent, unbiased guidance to public employees who deserve advice grounded in their actual interests rather than in product sales. The firm is structured as a fee-only fiduciary, with no commissions, no proprietary products, and no incentive arrangements that conflict with client outcomes.

Outside of the firm, Derrick is active in the Central Florida community and works regularly with public employee groups, associations, and individuals across the state. He believes that the people who keep Florida's schools, public safety agencies, and government offices running deserve the same quality of retirement planning that has historically been reserved for executives — and he has built his firm around that belief.

About Benowitz Wealth Management

Benowitz Wealth Management is an independent, fee-only fiduciary advisory firm registered as an investment adviser in the State of Florida. The firm works exclusively with individuals and families — primarily current and retired Florida public employees — providing retirement planning, investment management, and the coordination work that pulls together the various pieces of an FRS retirement into a single, workable plan.

The firm operates under a strict fiduciary standard. There are no commissions, no product sales, no referral fees from outside firms, and no compensation arrangements that conflict with our recommendations. We are compensated directly by our clients, through clearly disclosed fees, for the planning and advisory work we provide.

Our focus on FRS is intentional. The Florida Retirement System has rules, options, and trade-offs that do not exist in the same way in any other retirement system, and we believe the members of that system are best served by advisors who have built genuine depth in it. Our clients are teachers, first responders, corrections officers, healthcare workers, administrators, and the full range of Florida's public servants. We are honored to do this work alongside them.

Benowitz Wealth Management is not affiliated with, endorsed by, or sponsored by the Florida Retirement System, the State of Florida, the Division of Retirement, or any other government entity.

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The Ultimate FRS Retirement Blueprint

A clear, plain-English guide to one of the largest public retirement systems in the country — written for the teachers, first responders, administrators, and public servants who have spent their careers earning these benefits, and who deserve to understand them.

Inside, you will find a thorough walk through the FRS Pension Plan and Investment Plan, the mechanics of DROP and the mistakes that follow it, the Health Insurance Subsidy, Social Security and Medicare as they apply to FRS members, and what to look for in a fiduciary financial advisor.

The book is educational, not promotional. The goal is to help you make informed decisions about the choices that will shape your retirement income for the rest of your life.

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FOUNDER & LEAD ADVISOR

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