



FLORIDA RETIREMENT SYSTEM (FRS)

Improving Florida's FRS Investment Plan Contributions

Since its inception, the Florida Retirement System's Investment Plan—the default retirement plan for most teachers and government employees in Florida—has required employers to contribute 3.3% and employees to contribute 3% from every paycheck to fund members' retirement. The combined 6.3% rate fails to meet private industry minimum standards and places Florida at the bottom of states that offer a defined contribution retirement plan option as a primary source of retirement income.

Embracing Retirement Best Practices

- ❖ Increasing the state's contribution to the FRS Investment Plan would improve the default—and currently sub-standard—retirement option for most teachers and other public employees.
- ❖ To sufficiently fund a dignified post-employment quality of life, total contributions into a plan like the FRS Investment Plan should total at least 10 percent of pay—and preferably 12 to 15 percent, given diminishing market forecasts—for those participating in Social Security.
- ❖ Increasing the employer contribution rate would bring total contributions to Regular Class member Investment Plan accounts up to 9.3%. While still below industry standards, such an increase represents a marked improvement compared to the status quo.

State	Plan	Employee Type	No DB Option	Does Not Participate in SS	Employee Contribution	Employer Contribution	Total Contribution
OH	STRS	Teacher		X	14.00%	9.53%	23.53%
CO	PERA	General		X	10.50%	10.50%	21.00%
AZ	PSPRS	Safety			9.00%	9.00%	18.00%
OH	PERS	General		X	10.00%	7.50%	17.50%
MT	PERA	General			7.90%	8.63%	16.53%
AK	TRS	Teacher	X	X	8.00%	7.00%	15.00%
ND	PERS	General			7.00%	7.12%	14.12%
SC	SCRS	General			9.00%	5.00%	14.00%
AK	PERS	General	X	X	8.00%	5.00%	13.00%
PA	PSERS	Teacher			7.50%	3.50%	11.00%
PA	SERS	General			7.50%	3.50%	11.00%
OK	PERS	General	X		4.50%	6.00%	10.50%
MI	PSERS	Teacher			3.00%	7.00%	10.00%
MI	SERS	General			3.00%	7.00%	10.00%
UT	URS	General			0.00%	10.00%	10.00%
FL	FRS	General			3.00%	3.30%	6.30%

Note: Rates Displayed for Florida FRS are for the Regular Class, which most new workers fall under.

Creating a More Competitive Benefit

- ❖ A generation of retirees inadequately prepared for retirement creates a risk of increased reliance on the state's social safety net.
- ❖ Increasing the FRS Investment Plan rate would make the option more attractive to new workers and thereby reduce the inherent risk of cost overruns associated with the alternative FRS Pension Plan.
- ❖ A more attractive FRS Investment Plan option makes public employment in Florida more competitive to highly skilled technical employees the state expects to need in the future.

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