

FRS Retirement Guide

When someone is hired into an FRS-covered position, they must choose between the **FRS Pension Plan** and the **FRS Investment Plan**. Here's how the election process works from start to finish.

1. Receive Your FRS Enrollment Packet

Shortly after hire, FRS sends a welcome packet (paper or electronic) that includes:

- Your FRS Member ID
- Instructions for enrolling
- Plan comparison information
- Deadlines for making your choice

This packet is important because it contains the information you'll need to make your election.

2. Review Your Two Plan Options

New hires choose between:

- **FRS Pension Plan** (defined benefit, lifetime monthly benefit)
- **FRS Investment Plan** (defined contribution, portable account)

FRS provides comparison tools, videos, and calculators on **MyFRS.com** to help you decide.

3. Make Your Election Within the Required Deadline

New hires have a **choice window** (typically the first 8 months of employment) to select their plan. You can elect your plan in one of three ways:

Option A — Online (Most Common)

Log in to **MyFRS.com** → Select "**Choose My FRS Plan**" → Submit your election.

Option B — By Phone

Call the MyFRS Choice Service Center and make your election verbally.

Option C — Paper Form

Complete the **Form ELE-1** (Enrollment Form) and submit it as instructed.

Once FRS processes the election, you'll receive confirmation.

■ 4. What Happens If You Don't Make a Choice?

If no election is made by the deadline:

- You are **defaulted** into a plan based on your job class and hire date.
- For most new hires, the default is the **Investment Plan**.

It's always better to make an active choice rather than rely on the default.

■ 5. Your Plan Becomes Effective

Once your election is submitted:

- Your contributions begin going into the plan you selected
- You gain access to plan resources (investment funds, pension service credit, etc.)
- Your long-term retirement path is set unless you use your **one-time 2nd Election** later in your career

Pension Plan vs. Investment Plan

■ FRS Pension Plan (Defined Benefit Plan)

You earn a guaranteed lifetime monthly benefit based on years of service and salary.

✓ Pros

- **Lifetime guaranteed benefit** — predictable income you cannot outlive.
- **Not affected by market performance** — your benefit stays the same regardless of investment fluctuations.
- **Best for long-term employees** — the value increases significantly the longer you stay in FRS.
- **DROP eligibility** — only available to Pension Plan members.
- **Survivor benefit options** — structured payout choices for beneficiaries.

✗ Cons

- **Less portable** — leaving FRS early greatly reduces the value.
- **Vesting takes 8 years** (for employees hired after 2011).
- **No control over investments** — the benefit formula is fixed.
- **Benefit grows slowly in early years** — most value accrues later in your career.
- **COLA is limited** — cost-of-living adjustments are restricted for newer hires.

■ FRS Investment Plan (Defined Contribution Plan)

You control an investment account that grows based on contributions and market performance.

✓ Pros

- **Fully portable** — ideal if you may leave FRS before retirement.
- **Vests in 1 year** — much faster than the Pension Plan.
- **You control your investments** — choose from multiple funds.
- **Potential for higher returns** — depending on market performance.

- **Balance can be inherited** — remaining funds go directly to beneficiaries.

✗ Cons

- **No guaranteed lifetime income** — you can outlive your savings if not managed carefully.
- **Market risk** — your balance can go up or down.
- **No DROP eligibility** — only Pension Plan members can enter DROP.
- **Requires active management** — you must monitor and adjust investments over time.
- **Poor choice for long-term FRS careers** if you prefer predictable retirement income.



Quick Summary

Feature	Pension Plan	Investment Plan
Lifetime guaranteed income	✓ Yes	✗ No
Market risk	✗ None	✓ Yes
Vesting	8 years	1 year
DROP eligibility	✓ Yes	✗ No
Portability	Low	High
Best for	Long-term employees	Short-term or mobile employees

What Is FRS DROP?

DROP stands for **Deferred Retirement Option Program**, and it's a special benefit offered under the **FRS Pension Plan**.

Think of DROP as a way to **retire—without actually leaving your job yet**.

How DROP Works (In Plain English)

1 You retire “on paper.”

Once you enter DROP, FRS considers you officially retired for pension purposes. But you **keep working in your same job**, earning your regular paycheck.

2 Your pension checks start—but you don't receive them yet.

Instead of sending your monthly pension payments to you, FRS **deposits them into a special DROP account** in your name.

3 Your DROP account earns interest.

While you're in DROP, your account earns a guaranteed interest rate set by FRS. This means your money grows while you continue working.

4 You can stay in DROP for up to 8 years.

Most employees can participate for **up to 96 months**. During this time, you're collecting:

- Your **regular salary**, and
- Your **pension payments are accumulating in DROP**

5 When you leave your job, you get your DROP payout.

When you officially stop working:

- You receive your **DROP lump sum** (your accumulated pension payments + interest)
- Your **monthly pension checks** begin being paid directly to you going forward

Why People Like DROP

- You get **paid twice** in a sense: salary now + pension accumulating.
- Your DROP account grows with guaranteed interest.
- It's a way to boost retirement savings without changing your job.

Important Notes

- DROP is **only available** to members of the **FRS Pension Plan**, not the Investment Plan.
- You must be **fully eligible for retirement** before you can enter DROP.
- Once you enter DROP, your retirement date is locked in.