

JANUARY 2021

# RETIREE NEWSLETTER

## Message from the Director



Happy New Year! The Florida Retirement System (FRS) turned 50 on Dec. 1, 2020. All of us at the Division of Retirement are proud of this accomplishment and excited to be part of a legacy that spans decades.

Saying you have a legacy of service and dedication is one thing, but proving it is another.

This year forced many to adapt to constantly evolving circumstances. I am grateful for all at the division who banded together to keep our operations going. Due to their efforts, we have not missed a single monthly payroll, we paid out more than \$10 billion in benefits during Fiscal Year 2019-2020, and we continue providing customer service and support to all of our members while looking out for the safety of both members and employees. Our mission is clear: We serve those who serve Florida. We serve you.

-David DiSalvo, Director



## FRS Turns 50!

The FRS was created 50 years ago effective Dec. 1, 1970, with the consolidation of the Teachers'

Retirement System, the State and County Officers and Employees' Retirement System, and the Highway Patrol Pension Fund. In 1972, the Judicial Retirement System was consolidated with the FRS. The system was created to provide a program offering retirement, disability, and survivor benefits for participating public employees.



## FRS Online Enhancements

In 2021, FRS Online will be upgraded with additional security features to provide increased protection to retirees from fraudulent online activity. Retirees will be required to enter a one-time passcode received from the retiree's phone or email address when creating a new FRS Online account, resetting the account password, and when making certain changes to include direct deposit changes, mailing address changes, and beneficiary changes. The additional security features will provide for 24/7 self-service convenience, which includes eliminating the current process of 10-day PIN mailing. We look forward to having these streamlined processes and system enhancements in place in the near future.

# YOUR 2021 SCHEDULE OF BENEFIT PAYMENTS

Retirement benefits are payable on the last state business day of each month. If you use direct deposit, you will have your benefit payments available to you on the scheduled dates shown below for 2021. If you receive benefit payments through the mail, your check will be mailed two business days before the scheduled dates; however, we cannot guarantee that the check will arrive by the scheduled date listed below.

## 2021 Schedule of Benefit Payments

Friday, Jan. 29	Friday, Feb. 26	Wednesday, March 31
Friday, April 30	Friday, May 28	Wednesday, June 30
Friday, July 30	Tuesday, Aug. 31	Thursday, Sept. 30
Friday, Oct. 29	Tuesday, Nov. 30	Friday, Dec. 31

If you receive your benefit payment by mail, you should receive your benefit by the fifth business day of the next month. For example, Jan. 29, 2021 is the last state business day in January and you should receive your benefit payment by Friday, Feb. 5, 2021. If you do not receive the payment by the fifth business day of the next month, notify the division at 850-907-6500 or by email at [Retirement@dms.fl.gov](mailto:Retirement@dms.fl.gov). If you request a replacement check, the division will immediately place a stop payment order on the original check, and that check will become null and void.

Do not attempt to cash the original check if you receive it after you have requested a replacement check. Your replacement check can be easily identified because the word “DUPLICATE” will be printed on the face of it. On average, it takes two weeks to complete the processing of a replacement check.

Complete your direct deposit request through your FRS Online account. Go to FRS Online at [frs.fl.gov](http://frs.fl.gov) and enter your user name and password, and select Direct Deposit Authorization to create or update your direct deposit information. If you have any questions regarding direct deposit or your retirement account, contact the Division of Retirement at [Retirement@frs.fl.gov](mailto:Retirement@frs.fl.gov).

## Phone Self-Service and Call Back Options:

The Division of Retirement’s contact center implemented a self-service Interactive Voice Response (IVR) to better meet your needs! After authentication, you will be offered the ability to request a copy of your IRS Form 1099-R or Pension Income Verification Letter – all without speaking to a customer service representative. These items and more can be delivered by mail or electronically through your FRS Online inbox depending on your communication preference so make sure you keep your preference current. The IVR also includes virtual hold, which will give you the option to remain on hold or receive a call back at a time that is convenient for you.

## Out-of-Date Beneficiary Designations Could Be a Costly Mistake

Life events like a marriage, divorce, birth of a child, and the passing of a loved one could have an impact on your benefits upon your death. The following four examples are common scenarios:

1. Beneficiary forms supersede last wills and testaments in court. Those with assets to pass on to heirs should regularly update beneficiary forms.
2. Update your designations after any change in your family status. To name a new beneficiary, all you need is the person’s birth date, Social Security number, and contact information.
3. Create a reminder to update your beneficiaries on a schedule. You can set a reminder on your calendar or your phone to notify you that you should check your beneficiary designation bi-annually or annually.
4. When you pass away, your benefit may be returned to the division. If you have a beneficiary designated, they would easily be able to receive these funds by filling out the appropriate form.

## Adjusting Your Federal Tax Withholding

You may change your tax withholding amount as needed by logging in to your FRS Online account, selecting 1099-R/Account Information, and then selecting Change Tax Withholding. You can calculate and submit changes to your federal income tax withholding up to three times a day. After you submit a change, a message will be displayed on the screen showing the effective date for your adjustment.

You can also download the Form W-4P at frs.fl.gov on the Retiree Forms section of the Forms page, or you can request a new form by contacting the division at 850-907-6500 or email Retirement@dms.fl.gov.

The withholding status for new retirees defaults to 'Married with Three Allowances' until they change their withholding through their FRS Online account or until they complete and return a Withholding Certificate for Pension Payments, Form W-4P.

# HOW TO READ YOUR 1099-R

**Box 1: Gross distribution** – The total of the retirement benefits paid to you for the calendar year before deductions. If you were eligible for the Health Insurance Subsidy (HIS) tax exclusion, your gross distribution is already reduced by that amount. Refer to your Retiree Annual Statement included with your Form 1099-R for additional information on how this amount was calculated.

**Box 2a: Taxable amount** – The taxable amount the division reported to the Internal Revenue Service (IRS). If you retired effective August 1, 1986 or later, and you made personal after-tax contributions to the FRS, this box

shows your taxable amount (Box 2a equals Box 1 minus Box 5). This amount was determined using the simplified method established by the IRS to determine the tax-exempt portion of your retirement benefits each year. Refer to Publication 575 from the IRS' website, www.irs.gov, for more information, or call toll free 800-829-1040.

**Box 4: Federal income tax withheld** – The total amount of federal income tax withheld from your benefits during 2020.

**Box 5: Employee contributions** – If you retired August 1, 1986 or later, and made personal after-tax contributions to the FRS, this box includes the portion of the contributions you made and are allowed to claim for this tax year under the simplified method. Please note: This box does not include any employee pre-tax contributions you may have paid.

**Box 7: Distribution code(s)** – The type of benefit you received. Code descriptions are on the back of Form 1099-R.

**Box 9b: Total after-tax employee contributions** – If you began receiving benefit payments during 2020, this is the total amount of personal after-tax contributions you made to the FRS.

Copies of your current and the past six years' IRS Form 1099-R are available to you at frs.fl.gov.

CORRECTED (if checked)

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.			<b>1</b> Gross distribution \$ _____	OMB No. 1545-0119 <b>2020</b> Form 1099-R		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
			<b>2a</b> Taxable amount \$ _____	<b>2b</b> Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		
PAYER'S TIN	RECIPIENT'S TIN		<b>3</b> Capital gain (included in box 2a) \$ _____	<b>4</b> Federal income tax withheld \$ _____		
RECIPIENT'S name			<b>5</b> Employee contributions/ Designated Roth contributions or insurance premiums \$ _____	<b>6</b> Net unrealized appreciation in employer's securities \$ _____		
Street address (including apt. no.)			<b>7</b> Distribution code(s) _____	<b>8</b> Other \$ _____ %		
City or town, state or province, country, and ZIP or foreign postal code			<b>9a</b> Your percentage of total distribution _____ %	<b>9b</b> Total employee contributions \$ _____		
<b>10</b> Amount allocable to IRR within 5 years \$ _____	<b>11</b> 1st year of desig. Roth contrib.	<b>12</b> FATCA filing requirement <input type="checkbox"/>	<b>14</b> State tax withheld \$ _____	<b>15</b> State/Payer's state no.	<b>16</b> State distribution \$ _____	
Account number (see instructions)		<b>13</b> Date of payment _____	<b>17</b> Local tax withheld \$ _____	<b>18</b> Name of locality _____		<b>19</b> Local distribution \$ _____

**Copy B**  
Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return.

This information is being furnished to the IRS.



# IS YOUR HEALTH INSURANCE SUBSIDY (HIS) TAXABLE?

**FRS retirees and surviving beneficiaries receiving HIS benefits may exclude all or part of their HIS benefits from their annual taxable income.**

**To qualify, you must meet one of the following requirements:**

You have health insurance premiums deducted from your monthly FRS pension plan benefit; or

You paid health insurance premiums to your former FRS employer who, in turn, reported the total of your health insurance premium payments to the division.

The tax exclusion is limited to the amount of your subsidy payments for the 2020 calendar year or the health insurance premiums deducted from your benefit or certified to the division by your former employer, whichever is less. Box 1 of your Form 1099-R is already adjusted if you had excludable subsidy benefits.

## **NOTE:**

Although Medicare coverage qualifies you to receive HIS payments, the IRS does not allow your Medicare premium payments to be used for the tax exclusion.

## **NOTE:**

The Division of Retirement does not and cannot provide tax advice. Please contact a tax professional if you have questions regarding your taxes.

## **COMMON TAX FILING QUESTIONS YOU MAY HAVE**

**Q.** What type of plan is my FRS Pension Plan benefit?

**A.** Your FRS Pension Plan benefit is a multiple-employer governmental defined benefit retirement plan qualified under section 401(a) of the Internal Revenue Code (IRC).

**Q.** What is a qualified plan and why is that important?

**A.** A qualified plan meets the requirements of the IRC that allow benefits to accrue on a tax-deferred basis during your working career. After you retire, the benefits received from a qualified plan become taxable income in the year they are received instead of being taxed while working in addition to your wages. FRS Pension Plan benefits are funded by employer and employee contributions and the investment earnings of the assets retained in the FRS Trust Fund.

**Q.** What is the difference between pre-tax and after-tax contributions?

**A.** Pre-tax contributions are reduced from taxable income before federal taxes are determined. After-tax contributions are deducted from your taxable income after federal taxes are determined. Since July 1, 2011, the Pension Plan requires pre-tax employee contributions.

**Q.** Why did I receive more than one 1099-R?

**A.** You may receive more than one 1099-R if you: receive a retirement benefit and a payment resulting from a divorce, received a retirement benefit and a refund of contributions within the same tax year, received your own retirement benefit and a survivor benefit from someone else, retired from more than one retirement system.