

VESTING

Investment Plan:

- If you have less than 1 year of FRS-covered service in the Investment Plan, you are vested only in your employee contributions (employee contributions are vested immediately) and are entitled only to a distribution of your employee contributions, plus earnings.
- If you have 1 year or more of FRS-covered service in the Investment Plan, you are fully vested and are entitled to a distribution of all employee and employer contributions, plus earnings.
- Investment Plan-Ending Employment (Please review information in the investment plan termination kit for possible tax and penalty information if taking a distribution prior to age 59 ½)

You need to have 1 year of service with an FRS employer to be vested in your Investment Plan benefit. Vesting is based on total service in both the Pension Plan and the Investment Plan. Service is the total of all whole and partial years you worked with an FRS employer in a covered position.

Any benefit amount you transfer from the Pension Plan to the Investment Plan will still be subject to the Pension Plan's 6-year or 8-year vesting requirement rather than the Investment Plan's 1-year vesting requirement.

If you leave FRS employment before you're vested in your Investment Plan benefit, you won't be entitled to any benefit (except for a distribution of employee contributions - see below). Your account balance will be placed in a suspense account, where it will accrue actual investment earnings. If you return to work for an FRS employer within 5 years of your termination date, your account balance plus any earnings will be returned to you and combined with any future service credit and applied toward vesting of your account. If you never return to work for an FRS employer or if you return to work for an FRS employer 5 years after your termination date, you will forfeit your unvested account balance.

If you leave FRS employment after vesting in your Investment Plan benefit, but before your transferred Pension Plan benefit has vested, you may only receive your vested Investment Plan benefit. However, if you take any distribution from your Investment Plan benefit, the Pension Plan benefit you transferred into the Investment Plan will be forfeited. If you do not take a distribution of your Investment Plan benefit, the Pension Plan benefit you transferred into the Investment Plan will be placed in a suspense account, where it will accrue actual investment earnings.

If you return to work for an FRS employer within 5 years of your termination date, your prior service will be combined with any future service credit and applied toward vesting of your transferred Pension Plan benefit. If you never return to work for an FRS employer or if you return to work for an FRS employer 5 years after your termination date, you will forfeit your unvested transferred Pension Plan benefit.

Employee contributions are always 100% vested. This means that if you terminate employment prior to meeting the vesting requirements of the Investment Plan, you will be entitled to a distribution of your employee contributions. However, taking such a distribution may not be a sound financial decision because you will forfeit any unvested employer contributions and service credit associated with the service and be declared a retiree.

If you return to FRS-covered employment after taking a distribution (effective for reemployed service on or after July 1, 2017), you are considered a "reemployed retiree" or "renewed member." As a reemployed Investment Plan retiree, you are required to participate in the Investment Plan, unless you are reemployed in a position eligible to participate in the State University System Optional Retirement Program (SUSORP) or State Community College System Optional Retirement Program (SCCSORP).