



• April 2010 •

**How to Read Your Quarterly Investment Plan Statement** .....1

**Financial Engines' Service Enhanced**.....1

**Quarterly Fund Performance Summary** .....2

**Investment Plan Performance** ....6

**Hartford Annuity Quotes**.....6

**Free Help Available**

Before you change your investment plan funds, get professional financial guidance. Find out which funds fit your needs and risk tolerance. Past performance of a fund does not guarantee future results.

**CALL the MyFRS Financial Guidance Line at 1-866-446-9377 or Telecommunication Relay Service (TRS 711), and Visit MyFRS.com for:**

- ✓ Free guidance and in-depth information on all investment funds offered under the FRS Investment Plan, including Financial Engines' Fund Score Cards and the Fund Profiles, Fund Details, and Investment Fund Summary, which are updated regularly. These reports discuss the fees, investment strategies, and other factors that may significantly affect the fund's performance.
- ✓ A status of all the funds under the SBA's investment manager monitoring guidelines.
- ✓ Daily account transfers or withdrawals, if the fund does not have transfer restrictions.

## How to Read Your Quarterly Investment Plan Statement

Enclosed with this newsletter is your quarterly Investment Plan Statement. This quarterly statement is the first one produced by Hewitt Associates, the new FRS Investment Plan Administrator. As you will see, it looks different than the statement produced by ING, so please refer to the "How to Read Your Quarterly Investment Plan Statement Guide," available online, for help in understanding the quarterly statement. The Guide can be accessed by visiting *MyFRS.com* and clicking Resources, then Publications, then scrolling down to Miscellaneous. You can print the Guide for handy reference. If you have any questions about your statement, call Hewitt at 1-866-446-9377, Option 4.

## Financial Engines' Service Enhanced

FRS Investment Plan and Pension Plan members will notice enhancements to their online experience as a result of a redesign of most of Financial Engines' services. The redesign improves the way you track your retirement readiness, making it easier for you to get guidance, understand the guidance you're receiving, and act on that guidance appropriately. Financial Engines has not changed their core methodology; they have simply made that methodology more user-friendly. Here's how you benefit:

- New Online Advice spotlight on the Landing Page
- New interactive forecasts on the Landing Page with video explanations
- New user interface and interactive design include detailed savings and investing guidance that make it easier for you to explore changes and develop an alternative strategy.

A comprehensive tour of the new screens is available on *MyFRS.com* in the Alerts & Hot Topics box (click on "Financial Engines Online Tour"). Screenshots of a few new Financial Engines pages follow.

Note: Financial Engines' services are not available to DROP participants or FRS retirees.

Continues on page 5



# Quarterly Fund Performance Summary

## Overview

This Performance Summary is organized by asset class. Thinking about asset classes is a very effective way to simplify investing and improve the odds of meeting your retirement goals. Asset classes are groups of similar investments whose values react to changes in the economy in the same basic way. Investing in a mix of asset classes, or diversifying, helps you control your risk.\* In this Summary, we use five asset classes: money market, inflation-protected securities, bonds, U.S. stocks, and foreign stocks. We also have a special category called balanced funds that provide a diversified mixture of various asset classes.

### Members' Social Security Numbers

FRS Investment Plan member records are filed according to the member's Social Security number. The State Board of Administration of Florida (SBA) collects member Social Security numbers because it is imperative for the SBA to have the ability to identify Investment Plan members properly and definitively.

### Telecommunications Relay Services 711 Reminder

The MyFRS Financial Guidance Line's dedicated TTY line (1-888-429-2160) will be discontinued starting on June 30, 2010. Members who are deaf, hard of hearing, or speech-impaired can now communicate with the FRS using a national service called Telecommunications Relay Services (TRS) 711.

### Balanced Funds

These funds are particularly good for "one-stop shopping." They seek favorable long-term returns by keeping costs low and investing across multiple asset classes to diversify and control risk. They invest in various investment funds in different proportions to keep their overall level of risk relatively steady over time. The proportions and specific funds included in each Balanced Fund may change over time. Financial Engines, a federally registered investment advisor and fiduciary to the FRS, will periodically provide updated investment fund mixes to the FRS that they believe will provide the best balance between expected risk and return.

### Money Market Funds

These funds invest in short-term securities (financial instruments or obligations) that are high quality and can be sold quickly with little loss of value. The funds have limited risk of declining in value; however, over the long term, returns have been modest, basically keeping pace with inflation. Money market funds are not FDIC insured or guaranteed.

### Inflation-Protected Securities Funds

These funds invest in United States Treasury inflation-protected securities (TIPS). TIPS provide two types of return. First, there's a fixed interest rate that's been around 2% to 4% since TIPS were first issued in 1997. Second, there's a return of principal (the starting amount of your investment) and interest (the additional earnings you get over time) that is "protected," or indexed to inflation. As inflation rises, so does the amount of principal and interest you receive. So if the fixed rate is 3% and inflation is 3%, you receive a total interest rate of about 6%. The day-to-day value of inflation-protected securities varies with changes in inflation and interest rates, but these funds offer a promise of keeping up with inflation that is unique to this type of investment.

### Bond Funds

These funds invest primarily in bonds, which are like IOUs – a company or government agency borrows money and pays it back with interest to the bondholder (the entity making the loan). The quality of a bond is reflected in the credit rating of the company or agency that issues the bond. The short-term risk of bond funds is relatively low. However, over time, the value of a bond is affected by interest rates, inflation, and other factors. When inflation or interest rates go up, the value of bonds goes down because they pay a fixed rate of interest (the market sees other investments as being more attractive). Therefore, bonds and bond funds don't always protect the value of your retirement savings against inflation.

### U.S. Stock Funds

These funds invest primarily in equity shares or stocks issued by U.S. companies. The short-term risk of stocks has been much higher than bonds. However, over long periods of time, stocks have generally done better than bonds, one of the main reasons that stocks are typically recommended for retirement investing. Some risk is necessary to achieve long-term investment growth.

### Foreign Stock Funds

These funds invest primarily in equity shares or stocks issued by foreign companies. Foreign stocks are affected by additional risk factors such as foreign laws and regulations, differences in accounting practices, political risk (foreign governments are sometimes unstable), and currency risk (differences in the relative value of domestic and foreign money). Over the long term, foreign stocks have not done quite as well as U.S. stocks, but they have provided diversification benefits.

\* Note that there can be risk in holding a large portion of your account balance in a single fund (unless that fund is a reasonably diversified fund, such as a balanced fund). For further information on diversifying your account, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, or Telecommunication Relay Service (TRS 711), or visit [MyFRS.com](http://MyFRS.com). Additional information on investing and diversification can be found on the U.S. Department of Labor's website at [www.dol.gov/ebsa/investing.html](http://www.dol.gov/ebsa/investing.html).



## What's in the Summary?

Below you'll find a brief description of the information in the Performance Summary.

- **Core Funds** invest in a very broad portion of an asset class and can help you form the “core” of your portfolio.
- **Specialty Funds** invest in a portion of an asset class and can help you fine-tune your portfolio.
- **Long-Term Fees** are the value in today's dollars of the total fees that would be charged over 30 years, assuming a \$10,000 initial investment.
- **“PB”** stands for Performance Benchmark. It allows you to see how well the fund is doing relative to the performance of the market sector it is trying to beat. Note that index funds are designed to approximate the returns of their benchmarks. Benchmarks do not have costs.
- **Management Type** is the type of investment strategy used by a fund.
  - **P Passively Managed** (or Index) funds follow a strategy to produce the same level and pattern of investment returns generated in a market index (such as the S&P 500® index) by buying and holding the same securities as the index itself. Index funds carry a very low fee.
  - **A Actively Managed** funds try to predict securities price movements in order to beat a market index. The higher fees associated with Actively Managed funds are used to support the research needed to predict market changes.

## Performance Summary as of March 31, 2010

- P = Passively Managed Type  
A = Actively Managed Type

Refer to page 2 for a definition of these asset classes.

	Fees Per \$10,000 Account		Annual Average Investment Returns After Deducting Fees ††			
	Annual Fees †	Long-Term Fees	Previous Quarter*	Previous Year	Previous 5 Years	Previous 10 Years
<b>BALANCED FUNDS</b>						
<b>Core Balanced Funds</b>						
FRS Select Conservative Balanced Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$4	\$121	1.23%	10.72%	4.57%	3.72%
<i>PB: Conservative Balanced Aggregate Index</i>	---	---	1.16%	10.34%	3.94%	3.10%
FRS Select Moderate Balanced Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$6	\$176	3.00%	29.33%	3.99%	3.43%
<i>PB: Moderate Balanced Aggregate Index</i>	---	---	2.97%	27.60%	3.55%	2.93%
FRS Select Aggressive Balanced Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$4	\$135	3.53%	36.60%	3.50%	2.00%
<i>PB: Aggressive Balanced Aggregate Index</i>	---	---	3.51%	36.28%	3.40%	1.79%
<b>MONEY MARKET FUNDS</b>						
<b>Core Money Market Funds</b>						
FRS Select Yield Plus Money Market Active Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$6	\$190	0.06%	0.25%	3.22%	3.09%
<i>PB: Institutional Money Market Average Index</i>	---	---	0.07%	0.47%	3.39%	3.14%
<b>INFLATION-PROTECTED SECURITIES FUNDS</b>						
<b>Core Inflation-Protected Securities Funds</b>						
FRS Select U.S. Treasury Inflation-Protected Securities Index Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>	\$2	\$60	0.57%	6.15%	4.88%	---
<i>PB: Barclays Capital TIPS Index</i>	---	---	0.56%	6.18%	4.82%	---
<b>BOND FUNDS</b>						
<b>Core Bond Funds</b>						
FRS Select U.S. Bond Enhanced Index Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>	\$5	\$151	1.80%	7.99%	5.72%	6.46%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	1.78%	7.69%	5.44%	6.29%
PIMCO Total Return Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$59	\$1,943	2.97%	15.32%	7.40%	7.56%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	1.78%	7.69%	5.44%	6.29%

P = Passively Managed Type  
A = Actively Managed Type

	Fees Per \$10,000 Account		Annual Average Investment Returns After Deducting Fees ††			
	Annual Fees †	Long-Term Fees	Previous Quarter*	Previous Year	Previous 5 Years	Previous 10 Years
<b>BOND FUNDS - continued</b>						
<b>Specialty Bond Funds</b>						
Pyramis Intermediate Duration Pool Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$13	\$396	2.08%	12.48%	5.13%	6.12%
<i>PB: Barclays Capital Intermediate Aggregate Bond Index</i>	---	---	1.81%	7.40%	5.47%	6.13%
FRS Select High Yield Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$46	\$1,483	4.04%	36.83%	7.97%	8.63%
<i>PB: Barclays Capital US HYld Ba-2% Issuer Cap</i>	---	---	4.27%	39.11%	7.92%	8.60%
<b>U.S. STOCK FUNDS</b>						
<b>Core U.S. Stock Funds</b>						
FRS Select U.S. Stock Market Index Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>	\$2	\$60	6.03%	52.69%	2.49%	0.01%
<i>PB: Russell 3000 Index</i>	---	---	5.94%	52.44%	2.39%	-0.07%
Pioneer Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$74	\$2,496	5.42%	48.52%	2.84%	1.15%
<i>PB: S&amp;P 500 Index</i>	---	---	5.39%	49.77%	1.92%	-0.65%
<b>Specialty U.S. Stock Funds</b>						
FRS Select U.S. Large Value Stock Active Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$19	\$595	6.55%	54.49%	1.91%	5.92%
<i>PB: Russell 1000 Value Index</i>	---	---	6.78%	53.56%	1.05%	3.10%
Prudential Mid-Cap Quantitative Core Equity Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$35	\$1,109	10.78%	70.57%	5.23%	6.26%
<i>PB: S&amp;P Mid-Cap 400 Index</i>	---	---	9.09%	64.07%	5.17%	6.02%
FRS Select U.S. Large Growth Stock Active Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$38	\$1,217	3.38%	48.39%	4.74%	-3.54%
<i>PB: Russell 1000 Growth Index</i>	---	---	4.65%	49.75%	3.42%	-4.21%
Fidelity Growth Company Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$68	\$2,272	6.08%	53.96%	7.19%	-1.77%
<i>PB: Russell 3000 Growth Index</i>	---	---	4.87%	50.50%	3.46%	-4.01%
Fidelity Low-Priced Stock Fund** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$74	\$2,496	8.43%	63.96%	5.36%	11.66%
<i>PB: Russell 2500 Value Index</i>	---	---	9.57%	67.17%	3.14%	8.67%
American Beacon Small-Cap Value Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$82	\$2,802	10.61%	76.23%	3.45%	12.08%
<i>PB: Russell 2000 Value Index</i>	---	---	10.02%	65.07%	2.75%	8.90%
T. Rowe Price Small-Cap Stock Fund <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$93	\$3,235	9.62%	67.76%	4.71%	6.44%
<i>PB: Russell 2000 Index</i>	---	---	8.85%	62.76%	3.36%	3.68%
<b>FOREIGN STOCK FUNDS</b>						
<b>Core Foreign Stock Funds</b>						
FRS Select Foreign Stock Index Fund*** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">P</span>	\$2	\$60	1.37%	56.33%	4.62%	---
<i>PB: MSCI World ex U.S. Index</i>	---	---	1.35%	55.96%	4.33%	---
American Funds Euro-Pacific Growth Fund*** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$49	\$1,588	0.82%	52.77%	8.25%	3.48%
<i>PB: MSCI All Country World ex U.S. Index^</i>	---	---	1.66%	56.31%	4.38%	1.75%
<b>Global Stock Funds</b>						
American Funds New Perspective Fund*** <span style="border: 1px solid black; border-radius: 50%; padding: 2px;">A</span>	\$61	\$2,015	2.44%	51.87%	6.97%	3.78%
<i>PB: MSCI World Index</i>	---	---	3.24%	52.37%	2.97%	0.22%

Prior to July 2002, actual historical performance data has been adjusted for fees and/or designs for multiple manager designs specific to the FRS.

\* Not annualized.

\*\* This fund was closed to new money effective August 1, 2004.

\*\*\* These funds may have restrictions on your ability to trade. Please review the excessive fund trading policy.

† Fees and expenses are only one of several factors that you should consider when making investment decisions.

†† The performance information presented reflects past performance. Past performance is not necessarily an indication of future performance.

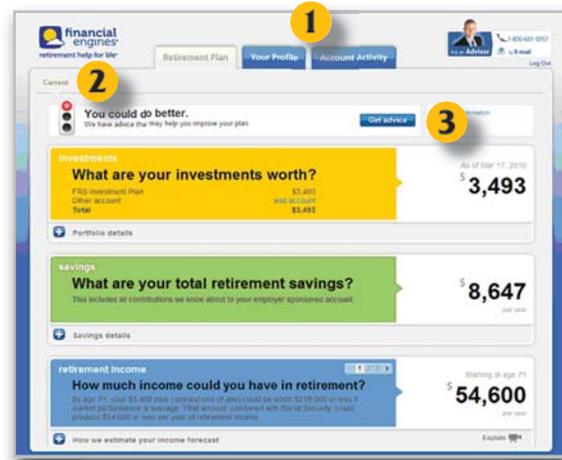
^ In January 2010, the benchmark was changed from the MSCI EAFE Index to the MSCI ACWI ex U.S. Index to reflect the revised primary benchmark listed in the Fund's prospectus. For periods ending prior to January 31, 2010, the performance benchmark reflects the MSCI EAFE Index.



Continued from page 1

1. The new Landing Page (accessible after logging in and clicking Advisor Service) is a snapshot of your current plan for retirement. It highlights your investments, savings and retirement income forecast.
2. The Advice Stoplight lets you know at a glance whether you should consider making a change to your retirement strategy.
3. From this stoplight (as well as from the income forecast) you are one click away from getting guidance.

### Landing Page



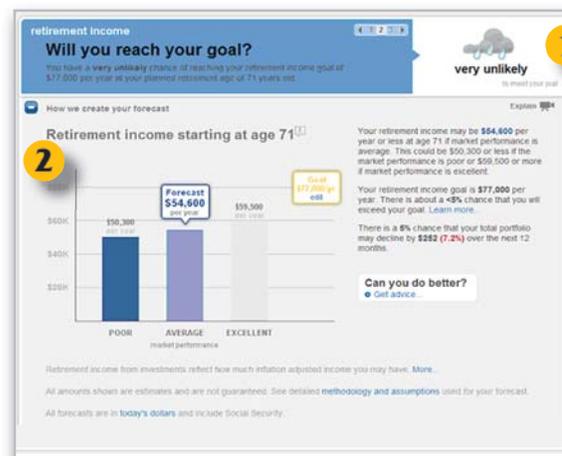
### Retirement Plan Review — Investment Strategy

1. The Investment Strategy page shows you the changes you may want to make to your investment strategy.
2. Your current and new level of investment risk if you accept the recommendations.
3. Your current and new investment style.
4. Your current and suggested allocation by investment fund.



### Retirement Income Forecast

1. The Retirement Income Forecast page tells you the likelihood of reaching your retirement income goal.
2. This graph illustrates the retirement income you could receive, depending on whether market performance is poor, average, or excellent.



## Investment Plan Performance

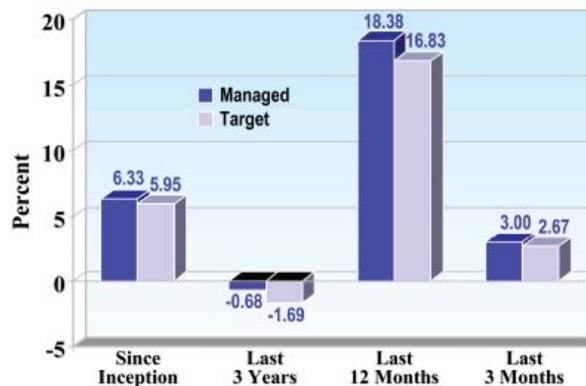
The total Investment Plan return for the fourth quarter of 2009 (ending December 31, 2009) was 3 percent, outperforming the target return (benchmark) by 33 basis points. The following table shows the Investment Plan's returns over the time periods specified:

### You Can Schedule an Appointment with a Financial Planner Online

A link is now available (see below) from the MyFRS.com home page that gives you easy access to a financial planning expert at no cost to you. By clicking the link, you can make an appointment to speak with an Ernst & Young financial planner at a time that's convenient for you. The online MyFRS Financial Guidance Line Appointment System allows you to select the date and time that best fits your schedule.



### Total Plan Net Managed and Target Returns



## Hartford Life Annuity Quotes

The FRS Investment Plan offers both fixed and variable annuity options through Hartford Life. The following chart shows the lifetime monthly income you would receive by purchasing a Single Life Annuity or a 100% Joint and Survivor Fixed Annuity.

### Lifetime Annuity Quotes – \$100,000 Premium

Annuity Type	Monthly Benefit	Annuity Type	Monthly Benefit
Single Life <sup>1</sup>	\$600.36	Joint and Survivor <sup>2</sup>	\$525.29

**Assumptions:** The monthly benefits listed in the examples above assume you used \$100,000 of your FRS Investment Plan balance to purchase a lifetime fixed annuity from Hartford Life, the FRS Investment Plan's annuity provider. The Single Life Annuity example assumes a male, age 62; the Joint and Survivor Annuity example assumes a female spouse, age 62. A 3% cost of living increase is not included in these examples. The above examples are as of 3/11/10. Your actual annuity quotes may vary based on your individual data and circumstances (e.g., age, marital status), the movement in the fixed income investment markets, and the date you purchase the annuity. A variety of fixed and variable annuities are available for you to choose. Call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2, for additional details.

<sup>1</sup> By choosing a Single Life Annuity, your monthly benefits are payable for your lifetime only. Upon your death, the annuity ends. Your survivors receive no further benefits.

<sup>2</sup> By choosing a 100% Joint and Survivor Annuity, monthly benefits are payable for your lifetime and the lifetime of your surviving joint annuitant. Upon your death, your surviving joint annuitant will receive a lifetime monthly benefit payment in the same amount (100%) as you were receiving.

This Performance Summary is intended for use in connection with the FRS Investment Plan, pursuant to Florida law, and is not intended for use by other investors. Sections 121.4501(8)(b)4 and 121.4501(15)(b), Florida Statutes, incorporate the federal law concept of participant control, established by regulations of the U.S. Department of Labor under Section 404(c) of the Employee Retirement Income Security Act of 1974. If you exercise control over the assets in your Investment Plan account, pursuant to Section 404(c) regulations and all applicable laws governing the operation of the Investment Plan, no program fiduciary shall be liable for any loss to your account which results from your exercise of control.