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Why You May Receive a Tax Form From the FRS

If you took a distribution from your Investment Plan account during 2010, a 1099-R form(s) will be mailed to your address of record by Monday, January 31, 2011, as required by the IRS. Please allow 2 to 3 weeks to receive your form. If you misplace the form, a replacement can be requested from Aon Hewitt starting February 15, 2011. In response to new federal regulations, the first five digits of your Social Security number will be masked to protect your personal information.

FRS Online Financial Planning Workshops a Success; More are Planned

On October 26th and 27th, the FRS conducted four financial planning workshops live via the Internet for FRS-covered employees.¹ More than 1,400 employees attended the workshops, either via the Internet or in person. Workshop evaluations were very positive.

Because of the success of the employee workshop webcasts, the FRS will be offering them online four times a year, starting in February. See the schedule for 2011 below. Call 1-866-446-9377, Option 1, to register for a workshop.

2011 Schedule of Employee Workshop Webcasts

Date	10:00 a.m. to Noon ET	1:00 to 3:00 p.m. ET
February 1	Using the FRS to Plan for Retirement	Investment Planning for Everyone - The Basics
February 2	Nearing Retirement in the FRS	Income Tax Planning: Smart Planning for Your Taxes
April 26	Using the FRS to Plan for Retirement	Cash and Debt Management: Smart Spending
April 27	Nearing Retirement in the FRS	Estate Planning: Caring for Your Loved Ones
July 26	Using the FRS to Plan for Retirement	Investment Planning for Everyone - The Details
July 27	Nearing Retirement in the FRS	Education Planning: Funding the Future
October 25	Using the FRS to Plan for Retirement	Cash and Debt Management: Smart Spending
October 26	Nearing Retirement in the FRS	Estate Planning: Caring for Your Loved Ones

¹ These workshops were recorded and are posted online (go to MyFRS.com, click on the FRS Video Library link in the left column, then scroll down the page to the Webcasts section).



Hewitt Associates Merges With Aon Consulting

Hewitt Associates, the FRS Plan Choice Administrator and FRS Investment Plan Administrator, merged with Aon Consulting on October 1, 2010. Hewitt Associates will now be referred to as Aon Hewitt. Other than the name change, the transition was seamless; Hewitt Associates' staff, current processes, contact information, and the quality of service provided to you remain the same.



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.

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.

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

Members who are deaf, hard of hearing, or speech-impaired can communicate with the FRS using a national service called Telecommunications Relay Services (TRS) 711.

* 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. 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.



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 December 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
BALANCED FUNDS						
Core Balanced Funds						
FRS Select Conservative Balanced Fund A	\$5	\$145	0.82%	5.25%	4.39%	4.03%
<i>PB: Conservative Balanced Aggregate Index</i>	---	---	0.78%	4.83%	3.79%	3.36%
FRS Select Moderate Balanced Fund A	\$5	\$142	3.69%	9.96%	3.78%	4.46%
<i>PB: Moderate Balanced Aggregate Index</i>	---	---	3.75%	9.75%	3.34%	3.91%
FRS Select Aggressive Balanced Fund A	\$4	\$132	5.75%	11.27%	3.03%	3.62%
<i>PB: Aggressive Balanced Aggregate Index</i>	---	---	5.78%	11.01%	2.98%	3.36%
MONEY MARKET FUNDS						
Core Money Market Funds						
FRS Select Yield Plus Money Market Active Fund A	\$6	\$186	0.07%	0.25%	2.68%	2.60%
<i>PB: Institutional Money Market Average Index</i>	---	---	0.02%	0.20%	2.87%	2.65%
INFLATION-PROTECTED SECURITIES FUNDS						
Core Inflation-Protected Securities Funds						
FRS Select U.S. Treasury Inflation-Protected Securities Index Fund P	\$2	\$60	-0.60%	6.43%	5.43%	---
<i>PB: Barclays Capital TIPS Index</i>	---	---	-0.65%	6.31%	5.33%	---
BOND FUNDS						
Core Bond Funds						
FRS Select U.S. Bond Enhanced Index Fund P	\$5	\$151	-1.28%	6.71%	6.10%	6.02%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	-1.30%	6.54%	5.80%	5.84%
PIMCO Total Return Fund A	\$60	\$1,979	-0.97%	8.70%	7.91%	7.16%
<i>PB: Barclays Capital Aggregate Bond Index</i>	---	---	-1.30%	6.54%	5.80%	5.84%

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
BOND FUNDS - continued						
Specialty Bond Funds						
Pyramis Intermediate Duration Pool Fund A	\$12	\$355	-1.26%	7.04%	5.52%	5.76%
<i>PB: Barclays Capital Intermediate Aggregate Bond Index</i>	---	---	-0.75%	6.15%	5.81%	5.66%
FRS Select High Yield Fund A	\$46	\$1,483	2.53%	13.59%	8.79%	8.95%
<i>PB: Barclays Capital US HYld Ba-2% Issuer Cap</i>	---	---	1.72%	13.94%	8.83%	9.06%
U.S. STOCK FUNDS						
Core U.S. Stock Funds						
FRS Select U.S. Stock Market Index Fund P	\$2	\$60	11.66%	17.13%	2.86%	2.22%
<i>PB: Russell 3000 Index</i>	---	---	11.59%	16.93%	2.74%	2.16%
Pioneer Fund A	\$71	\$2,383	12.32%	16.18%	3.28%	2.34%
<i>PB: S&P 500 Index</i>	---	---	10.76%	15.06%	2.29%	1.41%
Specialty U.S. Stock Funds						
FRS Select U.S. Large Value Stock Active Fund A	\$19	\$595	10.36%	15.16%	1.90%	5.11%
<i>PB: Russell 1000 Value Index</i>	---	---	10.54%	15.51%	1.28%	3.26%
Prudential Mid-Cap Quantitative Core Equity Fund A	\$35	\$1,109	13.60%	28.95%	6.16%	7.44%
<i>PB: S&P Mid-Cap 400 Index</i>	---	---	13.50%	26.64%	5.74%	7.16%
FRS Select U.S. Large Growth Stock Active Fund A	\$37	\$1,175	11.73%	13.61%	3.26%	-0.04%
<i>PB: Russell 1000 Growth Index</i>	---	---	11.83%	16.71%	3.75%	0.02%
Fidelity Growth Company Fund A	\$68	\$2,272	11.71%	20.83%	5.99%	1.91%
<i>PB: Russell 3000 Growth Index</i>	---	---	12.26%	17.64%	3.88%	0.30%
Fidelity Low-Priced Stock Fund** A	\$74	\$2,496	11.00%	20.99%	5.67%	11.45%
<i>PB: Russell 2500 Value Index</i>	---	---	13.84%	24.82%	3.85%	8.53%
American Beacon Small-Cap Value Fund A	\$85	\$2,919	15.61%	26.19%	4.53%	11.38%
<i>PB: Russell 2000 Value Index</i>	---	---	15.36%	24.50%	3.52%	8.42%
T. Rowe Price Small-Cap Stock Fund A	\$95	\$3,316	17.45%	32.54%	6.27%	7.79%
<i>PB: Russell 2000 Index</i>	---	---	16.25%	26.85%	4.47%	6.33%
FOREIGN STOCK FUNDS						
Core Foreign Stock Funds						
FRS Select Foreign Stock Index Fund*** P	\$2	\$60	7.23%	9.24%	3.35%	4.26%
<i>PB: MSCI World ex U.S. Index</i>	---	---	7.16%	8.95%	3.05%	3.98%
American Funds Euro-Pacific Growth Fund*** A	\$51	\$1,588	5.75%	9.77%	5.93%	6.91%
<i>PB: MSCI All Country World ex U.S. Index^</i>	---	---	7.25%	11.60%	3.58%	4.26%
Global Stock Funds						
American Funds New Perspective Fund*** A	\$61	\$2,015	9.00%	13.03%	6.28%	6.26%
<i>PB: MSCI World Index</i>	---	---	8.95%	11.76%	2.43%	2.54%

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.



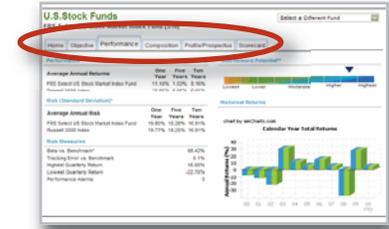
Keep Your Name and Address Current

Please be sure to report any change in your name or mailing address to your employer, in order to ensure you receive important information from your employer and the FRS. All active FRS employees must change their personal information through their FRS employer. Inactive or retired Investment Plan members can make an address change online or for name changes, send a letter to Aon Hewitt, the Investment Plan Administrator. The letter should include your old name, new name, last 4 digits of your Social Security number and a copy of the court order, marriage certificate, or driver's license reflecting your new name.

Online Investment Fund Pages Redesigned

The investment fund pages of *MyFRS.com* have been redesigned to provide additional data in a more user-friendly format (see sample screenshot below). Enhancements include:

- **Improved Usability** – The fund data is easier to locate and understand.
- **New Landing Page** – Enables you to select funds by category, name, or investment risk.
- **New Summary Profile** – Provides an all-in-one overview of each investment fund.
- **New Charts and Tables** – Graphically displays important fund information.



An interactive tour of the enhancements is available on *MyFRS.com* by clicking on “Investment Fund Pages Redesigned” in the Alerts & Hot Topics box in the left column.

New Financial Planning Workshop Offering

The FRS introduces a new financial planning workshop called “Income Tax Planning: Smart Planning for Your Taxes.” The 90-minute workshop is designed to teach you about:

- the basics of Federal Tax Form 1040
- ways to reduce taxable income
- excluding some eligible income from being taxed
- common deductions and credits available
- the amount to have withheld from your paycheck
- how to avoid IRS penalties
- developing an action plan that utilizes tax-advantaged retirement savings accounts as a means of efficiently saving for retirement.

A detailed description of available workshops can be found on *MyFRS.com* by clicking on the yellow workshop button in the top toolbar. You can also view an online Workshop Calendar to find the date, time and locations of workshops currently being offered at a location near you. To sign up for a workshop, please call the MyFRS Financial Guidance Line at 1-866-446-9377, Option 2.

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 ¹	\$548.48	Joint and Survivor ²	\$477.07

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 11/30/10. 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.

¹ 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.

² 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.

Excessive Fund Trading Policy

The SBA has an Excessive Fund Trading Policy to help protect all Investment Plan members by preventing any short-term excessive fund trading within the FRS Investment Plan. The policy is available on the "Investment Funds" page of MyFRS.com.

About Fund Transfers

The FRS Investment Plan generally permits you to change your investment options daily (some funds restrict your ability to move your money under certain circumstances under an excessive fund trading policy). Transfer requests processed before 4:00 p.m. Eastern time (or market close, if earlier) will be effective on the day the request is made. Transfer requests received after that time will be processed the next business day. You may change or cancel your request at any time before market close by logging onto MyFRS.com or calling the FRS Investment Plan Administrator at 1-866-446-9377, Option 4. If your completed request is delayed for any reason, it will be processed as soon as administratively feasible.

De Minimis Accounts

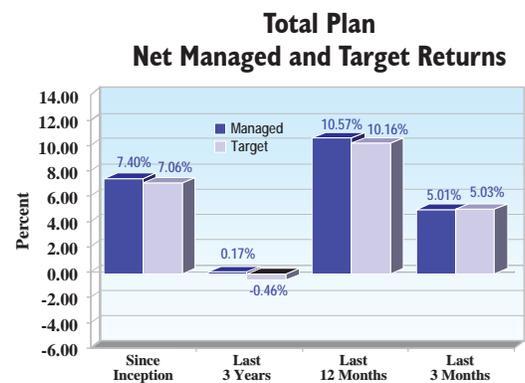
Inactive FRS Investment Plan members with account balances over \$1,000 are subject to a \$6/quarter account maintenance fee. If applicable, this fee will appear on your quarterly statement after it has been applied to your FRS Investment Plan account. Further information is available in the Investment Plan Summary Plan Description on MyFRS.com.

Start 2011 With the Right Investments

The beginning of the year is a great time to review your retirement accounts and make sure you have the mix of funds that best meets your personal financial needs. To get personalized help, call the toll-free MyFRS Financial Guidance Line at 1-866-446-9377 (TRS 711), Option 1, and speak with an experienced, unbiased financial planner. The financial planners have access to state-of-the-art planning tools, like Financial Engines' Personal Online ADVISOR SERVICE (also available by logging onto MyFRS.com).

Investment Plan Performance

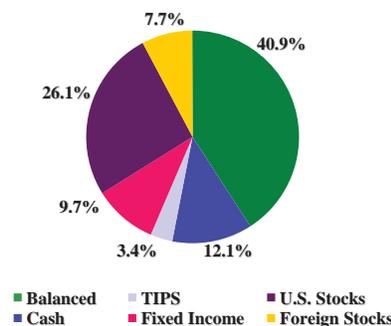
The total Investment Plan return for the fourth quarter of 2010 (ending December 31, 2010) was 5.01% percent, slightly underperforming the target return (benchmark) by 2 basis points. The table at right shows the Investment Plan's returns over the time periods specified.



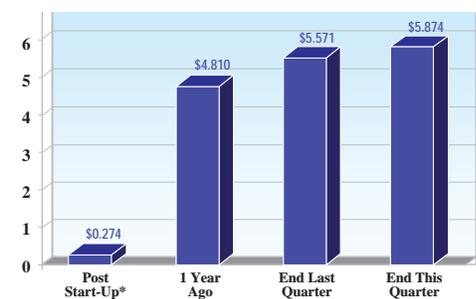
Investment Plan Participant Data

At the end of the fourth quarter of 2010 (December 31, 2010), FRS Investment Plan assets were \$5.874 billion in 129,172 member accounts. The following tables show the Investment Plan's investment fund allocations and net asset value.

Participant Selection Data
Third Quarter 2010



Total Plan
Net Asset Value (\$billion)



* The initial DC transition concluded March 31, 2003 when the initial election period for the third employee group closed.

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.