



# INVESTING

## Self-Directed BROKERAGE ACCOUNT



The Self-Directed Brokerage Account (SDBA) allows Investment Plan members to invest in thousands of different investments in addition to the Investment Plan's primary investment funds. It is offered through Alight Financial Solutions (AFS), a subsidiary of Alight Solutions, the Investment Plan Administrator.

**The SDBA is for *experienced* investors who want the flexibility to invest in a variety of options beyond those available in the Florida Retirement System (FRS) Investment Plan's primary investment funds.**

It is *not* suitable for all members.

Like the Investment Plan's primary investment funds, there are risks associated with the investments in the SDBA. However, if you enroll in the SDBA, you assume the full risk and responsibility for the investments you select. You will need to choose your investments prudently and monitor them carefully and frequently.

Here are some other important things to consider about the SDBA:

- **None of the investments in the SDBA have been reviewed for suitability by the FRS. You are solely responsible for determining the appropriateness of any investments in the SDBA.**
- You agree to fully indemnify and hold harmless your employer, the FRS, the State Board of Administration, EY, Alight, Alight Financial Solutions, and any and all service providers to the FRS against any claims, damages, or other possible causes of actions resulting from your use of the SDBA.
- You understand that Sections 121.4501(8)(b)2 and 121.4501(15)(b) of Florida law 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 (which includes the SDBA), 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.

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## What You Need to Know

### Participation Requirements

To participate in the SDBA, you must:

- Maintain a minimum balance of \$5,000 in the Investment Plan's primary investment funds.
- Make initial and subsequent transfers into the SDBA of at least \$1,000.
- Pay all trading fees, commissions, administrative fees, and any other expenses associated with participating in the SDBA.

### Investment Options

Available SDBA investment options include the following:

- Stocks listed on a Securities Exchange Commission (SEC) regulated national exchange
- Exchange-Traded Funds (except for leveraged Exchange-Traded Funds)
- Mutual funds (except for any of the Investment Plan's primary investment funds)
- Fixed income products

Investment options **not** permitted within the SDBA include the following:

- Illiquid investments
- Over-the-Counter (OTC) Bulletin Board securities
- Pink Sheet securities
- Leveraged Exchange-Traded Funds
- Direct Ownership of Foreign Securities
- Derivatives, including, but not limited to, futures and options contracts on securities, market indexes, and commodities
- Limited Partnerships
- Private Placements
- Buying or Trading on Margin
- Investment Plan primary investment funds
- Any investment that would jeopardize the Investment Plan's tax-qualified status

### Transaction Fees

Refer to the SDBA commissions and fees summary in this pamphlet for the most common SDBA transaction fees. For a complete list of fees, refer to the SDBA Commission and Fee Schedule in the "Investment Funds" section on *MyFRS.com*.

### Account Statements

You will continue to receive a quarterly statement from the Investment Plan, and your SDBA total balance will be reflected on this statement. You will also receive a separate brokerage statement detailing your SDBA balances, holdings, and activity. If any activity occurs in your SDBA, you will receive a monthly statement. If there is no activity in your SDBA, you will receive a quarterly statement. You will also receive a trade confirmation for any purchases or liquidations in your SDBA.

### More Information

If you need more information on the SDBA, visit *MyFRS.com* or call the Investment Plan Administrator at 1-866-446-9377, Option 4 (TRS 711).

## How To...

### Open an SDBA:

- 1 Log in to *MyFRS.com*.
- 2 Choose *Investment Plan > Open Self-Directed Brokerage Account*.
- 3 You can complete the enrollment form online OR you can print the form and submit a hard copy via mail or fax. (Hard copy forms are also available by calling the Investment Plan Administrator.)

Your SDBA will be established within one to two business days of receipt of your enrollment form. Once your account is established, you will receive a welcome email from AFS with information on accessing and using your SDBA.

# Is the SDBA RIGHT FOR YOU?

## Transfer money from your Investment Plan primary investment funds into your SDBA:

- ① Log in to *MyFRS.com*.
- ② Choose *Investment Plan > Change Investments > Interact with My Brokerage Account > Transfer Into Brokerage Account*.
- ③ Select the fund(s) you want to take money from and the amount.

The money transferred to the SDBA will first be deposited (usually within one business day) in the Federated Government Obligations Fund.<sup>1</sup>

Once the money is in the Federated Government Obligations Fund, you can invest this money in any of the available SDBA investment options by placing a trade online or by calling the Investment Plan Administrator and connecting to AFS. Funds will remain in the Federated Government Obligations Fund until you make other investment choices. Funds are not automatically invested.

## To change your investments in the SDBA:

- Place a trade online, or
- Log in to *MyFRS.com* and choose *Investment Plan > Self-Directed Brokerage Account Direct Access*, or
- Call the Investment Plan Administrator and select *Self-Directed Brokerage Account* from the menu options.

Be sure you read the fund's prospectus to determine any trading restrictions and penalties that may apply.

## Transfer money from the SDBA back to the Investment Plan primary investment funds:

- ① Log in to *MyFRS.com*.
- ② Choose *Investment Plan > Self-Directed Brokerage Account Direct Access*.
- ③ Sell the SDBA investments.
- ④ Allow for the trade to settle and for the proceeds to be invested in the Federated Government Obligations Fund. This usually takes three to five business days depending on the settlement period of the investments liquidated.

<sup>1</sup> This fund is not insured or guaranteed by the Federal Deposit Insurance Company or any other government agency. It is possible to lose money if you invest in this fund.

- ⑤ Once the money is in the Federated Government Obligations Fund, log in to *MyFRS.com* and choose *Investment Plan > Change Investments > Interact with My Brokerage Account > Transfer Out of Brokerage Account*.
- ⑥ Select the Investment Plan primary investment fund(s) you are currently invested in or select other primary investment funds.

## Close your SDBA:

- ① Liquidate all the investments in your SDBA.
- ② Wait for the proceeds to be deposited in the Federated Government Obligations Fund.
- ③ Invest this money back into any of the Investment Plan's primary investment funds by logging in to *MyFRS.com* and choosing *Investment Plan > Interact with My Brokerage Account > Close Brokerage Account*. (Two additional automatic transfers will be made to move any residual money [dividends, interest, etc.] to your Investment Plan's primary investment funds.)
- ④ Once your SDBA has a zero balance, call the Investment Plan Administrator, connect to AFS, and request that the account be closed.

## Withdraw money from your SDBA:

If you have terminated employment and have met the Investment Plan termination requirements, you may request a distribution. Distributions **cannot** be made directly from the SDBA. You must first transfer money in the SDBA back to your Investment Plan primary investment funds.

If your Investment Plan account is subject to a required distribution (e.g., a federally mandated Required Minimum Distribution) and you have insufficient money in your Investment Plan primary investment funds, the Plan Administrator will automatically transfer funds from the SDBA back to the primary investment funds in order to process this distribution.

## About Alight Financial Solutions

Securities are offered by Alight Financial Solutions LLC, member FINRA, SIPC, is a broker/dealer that primarily provides services to retirement plans. It is a subsidiary of Alight Solutions.

### Securities: Not FDIC Insured • No Bank Guarantee • May Lose Value

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## Quick Summary of Costs

### Quick Summary of SDBA Commissions and Fees

#### Quarterly Account Maintenance Fee

You will be charged a \$6.25 fee for every quarter you maintain a balance in the SDBA. This fee is deducted pro rata across your Investment Plan primary investment funds.

#### Transaction Fees

Transaction fees charged in the SDBA include:

Stock/ETF Trade	Fee
Unassisted	\$8.75 per trade
Assisted <sup>1</sup>	\$33.75 per trade
<b>Mutual Funds<sup>2</sup> (\$500 minimum investment<sup>3</sup>)</b>	
No Transaction Fee (NTF) Funds <sup>4</sup>	
• Unassisted/Assisted	No fee per trade <sup>5</sup>
Transaction Fee Funds	
• Load Funds at NAV	No fee per trade <sup>6</sup>
• No/Low-Load Funds	
• Unassisted	\$46.75 per trade <sup>7</sup>
• Assisted	\$71.75 per trade <sup>7</sup>
• Exchange Between Funds	\$10 per transaction
<b>Primary Issues</b>	
U.S. Treasury	\$24.95 per transaction
Corporate, Agency	No fee
Certificates of Deposit	No fee
<b>Secondary Market Trades</b>	
U.S. Treasury/Agency Bonds	
• Maturities 2 Years or Less	\$0.25/bond, minimum charge \$24.95
• Maturities More Than 2 Years	\$1/bond, minimum charge \$44.95
Corporate Bonds	
• Maturities 2 Years or Less	\$1/bond, minimum \$24.95
• Maturities More Than 2 Years	\$2/bond, minimum \$44.95
Certificates of Deposit	
• Maturities 2 Years or Less	\$24.95 per transaction
• Maturities More Than 2 Years	\$44.95 per transaction
<b>Commercial Paper</b>	\$44.95/transaction, minimum \$100,000
<b>Unit Investment Trusts</b>	\$34.95/no fee if AFS acts as principal
<b>Dividend Reinvestment – Mutual Funds/Stocks</b>	No fee
<b>Account Fees</b>	
Restricted Stock Clearance	\$150 per transaction
Late Payment for Trade	\$30 per transaction
Voluntary Reorganization	\$30 per transaction
Duplicate Statement	\$5 per statement
Foreign Security Transfer	\$75 per transaction
Foreign Security Custody Fee	\$5 quarterly
Foreign Security Trades	\$75 per trade, plus applicable commission

Additional fees may be charged for other transactions or purchases. For more information, see the SDBA Commission and Fee Schedule in the “Investment Funds” section on *MyFRS.com*.

- <sup>1</sup> An assisted trade is placed for you by an AFS representative.
- <sup>2</sup> AFS may receive servicing fees from money market funds and mutual fund companies in addition to the clearing and execution fees charged to you. Please refer to the AFS Plan Member Agreement for additional details. Investors should carefully consider information contained in the mutual fund prospectus, including investment objectives, risks, charges, fund minimums, and expenses. You can request a mutual fund prospectus by logging in to your account and clicking “Order Fund Prospectus” under the Mutual Fund Center. You must first agree to having read and understood a fund’s prospectus before placing an order in your SDBA.
- <sup>3</sup> \$500 minimum applies unless fund prospectus states a higher minimum.
- <sup>4</sup> NTF funds are available with no loads or waived loads and no transaction fees. Other fees and expenses charged by the funds will apply. Before investing in any mutual fund, please read its prospectus. You can research funds participating in the NTF program in the “Research” section of the brokerage website.
- <sup>5</sup> NTF funds redeemed or exchanged within three (3) calendar months of the purchase date or deposit date will incur a transaction fee of \$50.00. The no-transaction-fee eligibility applies only to the initial transaction fee associated with the purchase of the fund. It does not apply to any management fees or other expenses associated with the fund, including any redemption fees. For full details on these expenses/fees, please refer to the mutual fund prospectus.
- <sup>6</sup> Front-end loaded funds or Class “A” funds are placed at Net Asset Value (NAV). Early redemption fees may apply. Not all share classes may be purchased in Self-Directed Brokerage Accounts; all purchases are governed by the terms and conditions in the fund prospectus.
- <sup>7</sup> Due to fund procedures, orders placed with certain fund families will incur a \$10 surcharge over and above the normal transaction fee. Please contact Alight Financial Solutions (AFS) for a list of affected fund families.