



Missouri Local Government Employees Retirement System

Retirement Information

Are you getting ready to retire or are you considering retirement? The job of initiating your allowance is not difficult. In many instances only an application form and proof of date of birth are required. Sometimes additional records are needed and you will then be asked to help. It is our hope that this brochure will be used by you and your family in helping to plan your retirement future. Should you or your family have any additional questions concerning LAGERS, please do not hesitate to contact us at P.O. Box 1665, 701 West Main, Jefferson City, Missouri 65102; or phone (800) 447-4334.

When may I retire?

You may retire anytime after attaining your “minimum service retirement age”, which is age 60 if you are a general employee or age 55 if you are a police officer or fire fighter. However, to be eligible for retirement, you must have 5 or more years of credited service and have worked for the political subdivision for one calendar year after the subdivision joins LAGERS.

Should you wish to retire prior to the above ages, an early retirement is available. To be eligible you must have 5 or more years of credited service and be within 5 years of your minimum service retirement age. This means you can retire as early as age 55 if you are a general employee or age 50 if you are a police officer or fire fighter. The early retirement allowance will be reduced to take into account the fact that payments are beginning at an age younger than your minimum service retirement age.

An alternate unreduced retirement provision (if elected by political subdivision) is available based on age and service totaling 80.

When do I file my retirement application?

Your retirement application must be filed with the Executive Secretary of LAGERS not less than 30 days nor more than 90 days before the date you wish the monthly retirement benefits to begin.

For example, if you wish to retire December 1, we must receive your application prior to November 1. LAGERS benefits are paid the first of each month for the month. Your effective date must be the first day of the month.

What documents do I need to initiate my benefit?

The first step in initiating your benefit is to complete and return Form LRS-8, Application for Retirement, along with a copy of your birth certificate. You may obtain this form from your employer or by contacting our office. It is very important that this form be completed in its entirety.

Upon receipt of your application, we will forward salary and service forms to your employer to be completed and returned to our office. We will then compute the amount payable under each option and forward this information on Form LRS-9, Election of Allowance Option. It will then be up to you to select the option you desire and return the form to our office about 2 weeks before your retirement date.

It will be necessary for you to submit documents verifying your date of birth. If you have a birth certificate, this is no problem. If you do not have a birth certificate, here are four other ways to prove your birth date. All are acceptable to the system. (Proof of marriage and proof of age of spouse are required if Option A or B is chosen.)

Baptismal Certificate

A copy can be obtained from the church where you were baptized. It should give birth date as well as baptismal date.

School or College Record

Such records may have originated while you were attending school.

Military Discharge Paper

This should be the official discharge document (DD Form 214).

Passport

The original passport may be submitted or a statement may be obtained from the Department of State giving the necessary information.

How can I estimate my life allowance?

LAGERS is a “defined benefit” retirement program which will provide you with a certain percentage of your final salary for each year of your service. **All LAGERS benefits are based on the following formula:**

ALLOWANCE FACTOR × FINAL AVERAGE SALARY × YEARS OF CREDITED SERVICE = MONTHLY BENEFIT FOR LIFE

Allowance Factor is a percentage chosen by your employer from eleven (11) optional benefit programs in the law. These benefit programs may be broken down into two categories, Life (L) or Life & Temporary (LT) programs, as follows:

(L) or ‘Straight Life’	(LT) or ‘Life & Temporary’
L-1 (1.00% life allowance)	LT-4 (65) (1.00% life allowance; plus an additional 1.00% allowance to age 65)
L-3 (1.25% life allowance)	LT-5 (65) (1.25% life allowance; plus an additional .75% allowance to age 65)
L-7 (1.50% life allowance)	LT-8 (65) (1.50% life allowance; plus an additional .50% allowance to age 65)
L-9 (1.60% life allowance)	LT-10 (65) (1.60% life allowance; plus an additional .40% allowance to age 65)
L-12 (1.75% life allowance)	LT-14 (65) (1.75% life allowance; plus an additional .25% allowance to age 65)
L-6 (2.00% life allowance)	

Please note: All other LT programs, unless denoted ‘LT(65)’, extend temporary benefits to age 62 rather than age 65. The ‘upgrade’ to LT(65) must be made by employer election. An optional L-11 program (2.5% life allowance) is available to subdivisions which do not participate in Social Security. The temporary allowance payable under the LT programs does not apply to deferred, disability and survivors allowances. The L-9 and the LT-10(65) were closed to new entrants August 28, 2005.

The second part of the benefit formula is your Final Average Salary. The statutes require we take your gross salary for your last 120 months (10 years) of service and select either the highest 36 (3 years) or 60 (5 years) consecutive months contained within that period, depending on the option selected by your employer. For most members, this is the last 3 or 5 years which they work.

Your Years of Credited Service is the total of your “prior service” for which your employer has granted you credit before the subdivision joined LAGERS and the “membership service” you rendered from membership to retirement.

Because LAGERS is a state-wide retirement system with hundreds of member subdivisions, your credited service can be a combination of service with several employers, each of whom would be financially responsible for the service rendered for them.

For example, let’s assume that you are a general member and elect to retire at age 60. You have 25 years of service, your final average salary is \$3,000.00 per month (\$36,000/yr.) and your employer participates in the L-7 (1.50%) benefit program. Your life allowance would be calculated as follows:

$$1.50\% \times \$3,000.00 \times 25 \text{ years} = \$1,125.00 \text{ per month}$$

LAGERS is always happy to estimate benefits for members nearing retirement. For such a confidential estimate, please contact the LAGERS office in Jefferson City and indicate when (or what age) you are considering retirement and where you want the estimate mailed. LAGERS asks that you be within two years of retirement before making such a request. Remember: You can estimate your own benefit under a variety of scenarios by visiting the LAGERS website www.molagers.org and using our “Benefits Calculator!”

What payment options are available to me at time of retirement?

There are several optional forms of payment. Whether payment will continue to a beneficiary beyond your lifetime depends on the option selected. The payment option may not be changed after the date the allowance becomes payable.

LIFE OPTION

A straight life allowance pays the greatest monthly amount to you, but continues only during your lifetime. It stops at your death. However, if, at the date of death, you have not recovered the entire amount you paid into the system, the difference between the amount you have contributed and the amount you have received as monthly benefits will be paid to your beneficiary (or estate).

OPTION A

This plan, if selected, provides a reduced monthly allowance (reduced from the Life Option amount) for your lifetime; with the added provision that should you die before your beneficiary dies, upon your death your beneficiary will begin receiving a monthly allowance payable for the remainder of her (his) lifetime.

The retiree’s allowance payable shall be reduced to 85% of the life allowance if the retiree’s age and the beneficiary’s age are the same. Should the ages differ, the 85% is adjusted $\frac{3}{4}$ of 1% for each year of age difference, either up or down. Upon the death of the retiree, 75% of his (her) reduced allowance shall be payable to the surviving spouse for the remainder of her (his) life.

For example, suppose you and your spouse are both age 60 at the time of retirement and the life allowance is \$1,125, then your benefit would be \$956.25. At the time of your death, your surviving spouse would start receiving \$717.19 per month for the remainder of her (his) lifetime.

OPTION B

This option has the same general provisions as Option A except that the percentages are different. The retirant's allowance payable under Option B is reduced to 90% of the life allowance if the retirant's and beneficiary's ages are the same. Should the ages differ, the 90% is adjusted ½ of 1% for each year of age difference, either up or down. Upon the retirant's death, the surviving spouse is entitled to 50% of the retirant's reduced allowance.

Assuming a \$1,125 per month life allowance with no age difference, the retirant's monthly benefit under Option B would be \$1012.50. Upon the death of the retirant, the surviving spouse would be entitled to a \$506.25 per month allowance for the rest of her (his) life.

OPTION C

This option provides for a reduced monthly allowance payable for your lifetime, regardless of how long you live; with the added provision that if you should die before receiving 120 monthly payments, your designated primary beneficiary will receive the same monthly allowance until a total of 120 monthly payments have been made. If you live more than ten years following your retirement, you will continue to receive monthly benefit payments until your death, but your beneficiary would receive no benefits.

The reduced allowance payable under Option C is 95% of the life allowance. For example, if your life allowance would be \$1,125 per month, the benefit payable to you under Option C would be \$1068.75 per month (95% of \$1,125). If you were to die before receiving 120 monthly benefit payments, your beneficiary would receive the same amount until the balance of 120 monthly benefit payments have been made.

Unlike Options A and B, you can change your beneficiary designation under Option C at any time, even after you are retired.

Under Option C, should you and your primary beneficiary die before 120 monthly benefit payments have been made, the remaining payments will be made to the primary beneficiary's estate, unless you have designated a contingent beneficiary. If the contingent beneficiary is living at the time of the primary beneficiary's death, the remainder of the 120 monthly benefit payments will be paid to the contingent beneficiary.

If no beneficiaries are living at the time of your death within the 120-month period, the remaining payments will be paid in a lump sum to the personal representative of your estate.

OPTION D

Option D is a lump sum cash payment to retirees when the reserve value of their allowance at the time of retirement is less than \$10,000. Retirees with a reserve value greater than \$10,000 are NOT eligible for Option D. If a retiree chooses Option D, a monthly allowance is forfeited.

(PLUS) PARTIAL LUMP SUM FEATURE

This feature provides the option to elect a partial lump sum distribution of the monthly retirement benefit, coupled with a reduced future monthly benefit. The lump sum distribution would be equal to 24 monthly payments of the life allowance amount (does

not include any temporary allowance payable under a Life and Temporary plan) at time of retirement. The lump sum payment would result in a reduction (approximately 16 percent) of the retiree's future monthly benefit, adjusted for age. For example, a retiree could elect the regular Life allowance of \$1125 per month, with no lump sum payment; or the retiree could elect the Life Plus option, and receive \$27,000 lump sum (24 x \$1125) and a monthly benefit of \$945 per month (\$1125 x 84%). Plus is paid 90-150 days after the first benefit check is paid.

All the current options (Life, Option A, Option B and Option C) still apply and may be elected with or without the partial lump sum feature. Please note: The lump sum payment will be subject to all applicable taxes, unless the retiree elects to roll over the taxable distribution to another eligible retirement account. LAGERS is required by law to withhold 20% of the taxable distribution, which is forwarded to the IRS. You may also be subject to early distribution penalties, if you receive the payment before attaining age 55. As LAGERS staff cannot provide you with tax advice, we urge you to contact a licensed tax preparer.

POP-UP PROVISION

Under Option A or Option B you cannot change your designation of primary beneficiary after the benefit becomes effective. You must designate your primary beneficiary – one person only – before the effective date of your retirement. If your primary beneficiary dies before you do after retirement, you cannot substitute another primary beneficiary. Your primary beneficiary must be either your spouse, who has been your spouse for at least the two years immediately preceding your retirement date, or another person age 40 or older at your retirement, who has been receiving at least ½ support from you for at least two years immediately preceding your retirement date. If the beneficiary predeceases the member, upon notification to the system, the member's monthly benefit will revert to the Life Option payment.

Under Option A or Option B, should you and your beneficiary die, LAGERS would make a refund of any difference between the member's contributions and the amount paid in benefits.

POST RETIREMENT ADJUSTMENT

The LAGERS law provides for a post retirement adjustment not to exceed 4% per year on the benefit of a retirant, provided the Consumer Price Index increases by at least that amount during the previous year. The adjustments will be made every October 1. In order to be eligible for an adjustment, the retirant must have received 12 monthly benefit checks prior to October 1. Anyone retiring after October in a given year will not be eligible for a redetermination of benefits until the second October 1 after retirement. This provision applies to all LAGERS retirees. The LAGERS Board will meet annually to determine the post retirement adjustment subject to the 4% maximum.

The law also provides that the monthly benefit could be reduced if the Consumer Price Index should happen to fall; but in no event would the benefit be reduced below the original dollar amount of the allowance.

Should I have my retirement check deposited directly in my account?

Yes. LAGERS is in a position to send your retirement benefit directly to your bank for deposit in your account. In order for you to initiate this service you will need to complete the form, "Electronic Funds Transfer (EFT) Authorization", and have your bank complete the "Financial Institution Information" section on this form. This form will be mailed to you along with other information. If you elect direct deposit, your benefit will be in your account on the first banking day of each month.

Working After Retirement . . .

The laws governing LAGERS retirement substantially changed August 28, 2003. A LAGERS retiree may work full time for any non-LAGERS employer while receiving his or her monthly benefit. A LAGERS retiree may become re-employed full time with a **DIFFERENT** LAGERS-covered employer and continue to receive his or her initial monthly benefit, and also accrue additional benefits with the different employer.

Please note: You must have at least a one month break in service in order to be eligible to receive your benefit and accrue additional service with the other employer! For example: Suppose I quit working for City A on December 24 and my LAGERS benefit effective date is January 1. If I begin working at City B in January and receive service credit for the month of January, I would not have a break in service and would not have stopped being a member under LAGERS. As such, I **WOULD NOT** be eligible to draw my monthly benefit and continue to work until I had at least one month break in service. However, if I retire from City A effective January 1 but did not re-employ with City B until February or later, I would have a break in service and therefore be able to continue receiving my initial benefit and accrue additional service at City B.

If the retiree becomes re-employed in a covered position with the **SAME** employer from which he or she is retired, the monthly benefit will be suspended during the time of full time re-employment. The retiree is eligible to accrue service toward an additional benefit from LAGERS. To be eligible for the additional benefit, the retiree must be employed in a full time covered position for a minimum of 12 consecutive months. Any required employee and/or employer contributions would begin immediately upon re-employment. Upon the retiree's subsequent termination of employment, he or she should make application for "re-retirement." The retiree's original benefit, as well as the additional earned benefit, would then become payable.



MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

**701 West Main • P.O. Box 1665
Jefferson City, MO 65102-1665**

Phone (800) 447-4334 • www.molagers.org

Is there anything else I need to do?

From LAGERS standpoint, no. However, you might want to contact your local Social Security office in order to determine the benefits they offer. This could include your regular Social Security benefit, Medicare and/or Medicaid. Their office will be happy to assist you. You might also determine what amounts would become payable from any insurance in the case of accident or death.

We hope this brochure has given you some insight into your retirement future. Should you have any additional questions or should you need assistance in preparing for your retirement, please do not hesitate to contact us.

Your Third Career - Life After Retirement . . .

Retirement is a major change to the entire structure of your life: financially, physically and emotionally. You have worked your entire life, hoping (if not dreaming) of the day you can retire. Don't become one of the "I wish I would have . . ." retirees.

While your actual retirement may be an 'event', retirement planning is a process that should begin long before retirement, and continue even after you retire. In retirement planning, you face a number of issues and decisions which will significantly shape your future course. Retiree healthcare, relocation/travel, estate planning and time management are just a few issues you will be re-evaluating.

How will you spend your time in retirement? Have you **REALLY** seriously thought about it? Work provides a structure to people's lives, and some retirees find themselves at a loss to fill the time previously taken up by their jobs. While it's true that many people are as busy after retirement as they were before, you should consider how you will deal with the reality of not going to work every day. Some people look forward to such a prospect, while others find a void in their lives. We urge you to plan your future in order to enjoy it the best you can. After all, isn't that what you worked for?

You Are Not Alone - Hotline Information . . .

Have an issue facing you and unsure what to do? Get help. You can find information and referrals on nearly any subject by simply picking up the phone or going to your local library. Below is a small sampling of support services available to you. As always, please be sure you are dealing with a reputable organization.

American Assoc. of Retired Persons (AARP)	
www.aarp.org	800-424-3410
Alzheimer's and Related Disorders	800-272-3900
Consumer Product Safety Commission	800-638-2772
Federal Tax Information	800-829-1040
Medicare Information	800-638-6833
Social Security Administration	
www.ssa.gov	800-772-1213
Volunteers of America	800-899-0089