



## LAGERS Funding Level Remains Strong

LAGERS funding level is at 80% as of the fiscal year end on June 30, a strong figure considering the market declines of 2008.

LAGERS has a long history of being one of the most financially stable public pension systems in the nation and we expect nothing but the same in the future.

The funded percentage is the ultimate measure of the stability of a defined benefit pension fund. It represents the difference between LAGERS assets and LAGERS liabilities, or how much the system has versus how much the system owes. For example, if LAGERS were buying a house, it would currently be 80% funded.

Even though 80% may not sound like a strong number because of the sharp decline from last year's 97.5% mark, consider this: The *average funded level for America's public pension plans in 2008 was 86%, when LAGERS was at 97.5%*. LAGERS was able to finish the year with a funding level close

to the state's 2008 average despite the market declines of the past year.

### Your benefits are Secure

As a LAGERS member, your retirement benefits are protected. Unlike investment programs, such as deferred compensation plans, defined benefit retirement plans like LAGERS provide a protected benefit that cannot be taken away once it is earned. The decline in the markets has had no effect on your earned LAGERS benefits.

Your LAGERS benefit is not based on an account balance, investment returns, or employer contributions. But rather a formula based on your length of service, salary, and your employer elected benefit program.

### LAGERS Investment Income

Over the last 10 years, LAGERS investment income has provided 65% of the system's funding. When LAGERS investments perform

well, excess returns are credited to LAGERS employers. This helps employer costs remain level or even decrease. In each of the last three years (2007-2009) the majority of LAGERS employer rates have decreased because of strong investment return. When LAGERS investments do not perform as expected, as was the case in 2008, upward pressure is applied to employer contribution rates. Most LAGERS employers are looking at rate increases for 2010. All employers have been notified of their 2010 rates in their annual valuation that was sent in July.

### Outlook to the Future

The markets have shown signs of life during the past few months and this is good news for LAGERS members.

A strong investment return for the 2009-2010 fiscal year would help to alleviate future employer rate increases and give a boost to LAGERS funded level.

# The most Expensive item You will Ever Buy

Most of us know it is smart to save over time for big ticket items like a home, vehicle, or a new television. What most of us don't realize is that the most expensive purchase you will ever make is none of the above. It's your retirement.

Most don't think of retirement as a purchase. Yet when we save for a vacation, we are putting money aside to be used later. The same is true for the money we are putting toward our retirement nest egg.

As a LAGERS member, you are fortunate to have the fabled Three-Legged Stool of a secure retirement still available to you. The three legs being a protected lifetime pension (LAGERS), Social Security, and your own personal savings.

Each leg is important to support the stool and to keep your retirement funds stable. Take away one leg, and your retirement plans may topple. Many people mistakenly believe Social Security or their LAGERS benefit will cover all of their retirement needs. While it's true that your LAGERS benefit combined with Social Security benefits can be a significant portion of your retirement income, personal savings are a vital component to a stable life after work.

Maybe you are finding it hard to save for something years down the road when you have needs and wants now that seem more important. Ultimately, your retirement is your responsibility and everyone, no matter what age or financial



status can take steps toward a more secure retirement.

LAGERS conducted a study of member employers a few years ago and found that over 80% provide some type of savings or investment program for employees in addition to LAGERS. These are excellent vehicles for the third leg of the retirement stool, your personal savings. If your employer does not have a deferred compensation option available, consider opening an Individual Retirement Account (IRA) or a Roth IRA. Talk to your bank or visit a respected investment firm's web site for information about IRAs and other retirement investment options.

If you are concerned about investing at this time because of the recent instability in the markets, remember that you can decide the level of risk that you are comfortable with and plan your investments accordingly.

It's never too early or too late to begin saving for your retirement. Teddy Roosevelt once said, "The best thing you can do is the right thing, the second best thing you can do is the wrong thing, and the worst thing you can do is nothing."

## How Your LAGERS Benefit helps Purchase Your Retirement

While your LAGERS benefit won't cover all of your needs in retirement, it can be a significant portion of your income after work.

Your LAGERS retirement benefit is easy to estimate based on your employer elected benefit program, your gross monthly salary, and your years of LAGERS service credit. For example, if your employer has elected the L-7 (1.50%) benefit program, you make \$30,000 per year (\$2500 per month), and you have 25 years of LAGERS service, you could perform the following calculation to estimate your benefit:

$$0.015 \times \$2500 \times 25 \text{ years} = \$937.50 \text{ per Month for your Lifetime}$$

Or, if you are years from retirement and not sure what your salary will be at that time, here is another calculation to estimate your LAGERS benefit:

$$\begin{aligned} &\text{L-7 Benefit Program} \\ &0.015 \times 25 \text{ years} = 37.5\% \end{aligned}$$

The result represents the 37.5% of your final average salary you are guaranteed to receive from LAGERS in retirement. Many experts agree that most people should plan to replace at least 80% of their salary in retirement. So, if your goal is 80% and 37.5% is guaranteed from LAGERS, where will the rest come from? Social Security and your personal savings - the Three-Legged Stool of retirement security.

**Estimate your LAGERS benefit easily using the Benefit Calculator on [www.molagers.org](http://www.molagers.org)**

## New Study Finds 28,000 Jobs and \$3.7 Billion Economic Impact from Missouri's Public Pension Systems

An economic impact analysis released in February has found that the benefits provided by Missouri's public pension plans have a sizable impact that ripples across the state and touches every industry. The new report, "*Pensionomics: Measuring the Economic Impact of State and Local Pension Plans*," by the National Institute on Retirement Security (NIRS) finds that expenditures made from Missouri's public pension benefits for fiscal year 2005-2006:

- Had a total economic impact of more than \$3.7 billion.
- Supported more than 28,054 jobs that paid more than \$1.5 billion in total compensation to Missouri's workers.
- Supported more than \$540.1 million in annual federal, state, local tax revenue.
- Paid \$2.5 billion in pension benefits to 131,505 retirees and beneficiaries.
- Had large multiplier effects. Each taxpayer dollar invested in Missouri's public pensions supported \$6.92 in total economic activity, while each dollar paid out in benefits supported \$1.46 in economic activity.

"This study measures the magnitude of the 'multiplier effect' of Missouri's public pensions across the state's economy," said Ilana Boivie, NIRS policy analyst and report co-author. "The multiplier effect occurs because one retiree's spending in Missouri becomes another person's income," she said.

"Economists have long known that the steady monthly income provided by pensions can act as an 'automatic stabilizer,'" said Beth Almeida, NIRS executive director and report co-author. "Retirees with stable monthly pension income can continue to spend on basic needs, even during an economic downturn."

# LAGERS Annual Meeting

Annual Meeting Banquet Entertainment . . .



University Plaza Hotel  
Springfield  
October 29 – 30

## What is the LAGERS Annual Meeting?

The main purpose of the meeting is for LAGERS members to elect Trustees to the LAGERS Board, but it is also a great opportunity for members to learn more about LAGERS and meet other local government officials, LAGERS staff, and LAGERS Board members.

## Who attends the Annual Meeting?

About 250 LAGERS members attend the meeting every year. Each LAGERS employer may send as many representatives as they wish to the meeting, but only two may vote for Trustees to LAGERS board.

## Who votes for the Trustees for LAGERS Board?

Each member employer has two votes for the LAGERS Board. One vote is for the Member Trustee and one vote is for the Employer Trustee. The employee voting for the Member Trustee at the Annual Meeting is elected by his or her co-workers to represent them at the meeting. The official voting for the Employer Trustee is appointed by the governing body of the employer to represent them at the Annual Meeting.

## Is attendance required?

Member employers are not required to send a representative to the Annual Meeting.

## Why Springfield – Again?

The answer is simple, it's the best deal for our members. LAGERS solicits bids from every available hotel in the state that could host the meeting and we evaluate the costs and benefits of each location. For the last several consecutive years, the University Plaza has easily been the best bang for our members' buck.

## Where can I get more information?

Information about the Annual Meeting will be sent to all LAGERS employers in September. Information will also be posted on LAGERS web site at that time.

# Taylor Mason



The 42<sup>nd</sup> LAGERS Annual Meeting Banquet will feature comedian, ventriloquist, musician, and actor, Taylor Mason.

Taylor has been making audiences laugh for 24 years as a professional comedian. He has headlined every major comedy club in the USA, played Las Vegas, Tahoe, and Atlantic City. He has appeared at Carnegie Hall, The Sydney Opera House in Australia, and in 1991 Taylor won Star Search.

Taylor's self-contained act has entertained countless corporate clients including McDonald's, The Disney Corporation, and The Critical Care Nurses Association.

Taylor Mason currently has four DVDs that can be found online and in stores. Two are part of the television series, "Bananas," and two are part of the "Thou Shalt Laugh" comedy DVD series. Taylor also has had a hit children's television show called "Taylor's Attic."

[www.taylormason.com](http://www.taylormason.com)

