



# RETIREE NEWSLETTER

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## Spring 2010

Inside this issue:

Working Part Time

Working Full Time

Defined Benefit Pensions  
Help Reduce Elder  
Hardships

Federal Income Tax and  
Your LAGERS Benefit

State Income Tax and  
Your LAGERS benefit

## Thinking About Returning to Work? Know Your Options

A recent survey by AARP of over 2,000 Americans ages 50 to 70 found that the majority's definition of "retirement" included some form of work.

While mental stimulation and social reasons are major factors for returning to work, the primary reason confirmed in the AARP survey was financial concerns.

Whatever your motivation for returning to work, you should know your options related to your LAGERS benefit.

### **Working Part Time**

Many people enjoy what they do, they just don't want to do it as much. So a part time job may be the perfect solution.

As a LAGERS retiree, you may work part time for any employer that you wish, even the same LAGERS employer from which you retired, and continue to receive your full LAGERS benefit.

To be considered a part time employee with your former employer, you must work less than the hours required for LAGERS coverage. For most LAGERS employers, that's 1500 hours per year (about 28 hours a week). But it could be 1250 or 1000 hours per year. Please check with your employer or contact LAGERS to find out the amount of hours you are allowed to work.

### **Working Full Time**

You may work full time for any employer you wish, except an employer from which you are drawing a LAGERS benefit.

If you choose to begin working for a different LAGERS employer, you will continue to receive your full benefit from your first employer, and begin to accrue an additional LAGERS benefit from your new employment. If you work 12 consecutive months with the new employer, you would be eligible for an additional benefit.

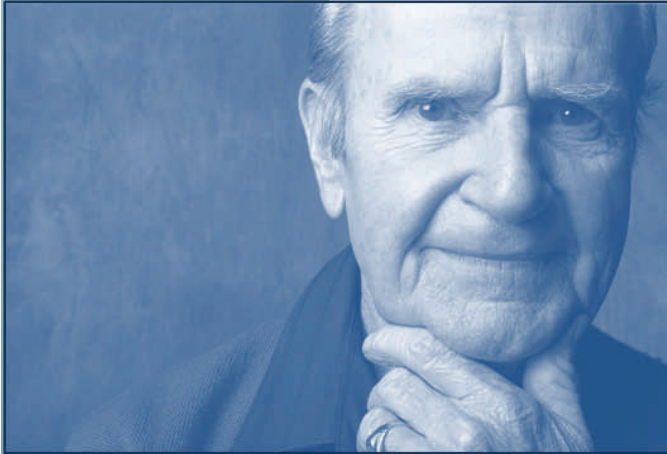
In order to work full time for a different LAGERS employer and continue to receive your benefit, you must have a one month break in service between full time LAGERS employment.

*For Example:*

*You retired from City A on October 1, 2009, you could not start working full time for City B until November 1, 2009 and continue to draw your benefit from City A.*



## Defined Benefit Pensions Help Reduce Elder Hardships



A 2009 study by the National Institute on Retirement Security (NIRS) proved that income from a defined benefit pension plays a critical role in reducing the risk of poverty among older Americans. Rates of poverty among households without pension income are about six times higher than those households receiving a defined benefit pension.

The study also found that pensions can reduce Americans' reliance on public assistance programs. In 2006, pensions were attributed to a savings of about \$7.3 billion in public assistance expenditures.

## Federal and State Income Tax

### Federal Income Tax

You have the right to start, stop or change federal deductions from your monthly benefit payments. Remember, it is your responsibility to make sure that enough money is withheld or paid as estimated tax to meet your federal tax obligations. We would remind you, though, that you may be subject to tax penalties if you incur tax liability because of the retirement payments and fail to estimate, pay or have



withheld, sufficient federal tax to meet that liability. If you want to have federal tax withheld, or to change your present withholding, please contact our office.

### State Income Tax

LAGERS benefits are subject to Missouri state income tax, with certain amounts exempted based on tax filing status and adjusted gross income. If you want to have state tax withheld or to change your present withholding, please contact our office. Important: If you have moved out of the

state of Missouri, your benefits may no longer be taxable in Missouri; and you may not need Missouri taxes withheld. Please contact the Missouri Department of Revenue (573-751-7191) if you have questions regarding this.

*Please remember that LAGERS staff is not authorized or trained to provide advice with income tax, excise tax or estate planning issues. LAGERS staff will make tax withholdings only as you direct.*