



LAGERS 101

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Topics to be Discussed

- Who we Are
- What is a Defined Benefit Retirement Plan?
- The Benefits Formula
- Benefit Options
- Retirement Eligibility
- Disability/Survivor Benefits
- How LAGERS is Funded
- The Initial Valuation Process

Who we Are . . .

- Defined Benefit Public Pension Fund
- Provide Retirement, Disability, Survivor Benefits
- Available to Missouri's Local Government Employees
- Non-Profit
- Governed by 7 member Board of Trustees
 - ▣ 3 Member Trustees elected by LAGERS members
 - ▣ 3 Employer Trustees elected by LAGERS employers
 - ▣ 1 Citizen Trustee appointed by the Governor
- Legally Separate & Fiscally Independent from the State of Missouri

What is a Defined Benefit Plan?

- Pays a Defined Amount at Retirement Based on Salary and Length of Service
- Benefit is Permanent and Protected
- Funded through Employer & Employee Contributions and Investment Return of the System
 - ▣ Investment Return accounts for about 60% of system's Funding

How is a Benefit Calculated?

Benefit Program	Employer elected %, Ranges from 1% - 2%
<hr/>	
	X
Final Average Salary	Average of highest consecutive 5 or 3 Years from last 10
<hr/>	
	X
Years of Service Credit	Prior Service + Membership Service
<hr/>	
	=
Monthly Benefit for Life	

Benefit Options Available

- Annual Hours Required for Eligibility
 - 1500, 1250, 1000
 - One-Time Election, Cannot Later be Changed
- Prior Service Covered
 - 100%, 75%, 50%, 25%
 - One-Time Election, Cannot Later be Changed
- Benefit Programs Available
 - May be Changed once Every two Years by Employer Governing Body

□ L-1 (1.00%)	LT-4(65) 1% for Life + 1% to age 65
□ L-3 (1.25%)	LT-5(65) 1.25% for Life + .75 to age 65
□ L-7 (1.50%)	LT-8(65) 1.50% for Life + .50 to age 65
□ L-12(1.75%)	LT-14(65)1.75% for Life + .25 to age 65
□ L-6 (2.00%)	
□ L-11 (2.50%)	Only Available to Employers not Participating in Social Security

Benefit Options Available

- Final Average Salary
 - 5 Year
 - 3 Year

- Employee Contributions
 - Contributory – All members Contribute 4%
 - Non-Contributory – Employer makes ALL Contributions
 - Non-Contributory Refund – Employer elects to Refund all past employee Contributions

- Retirement Eligibility
 - Regular Retirement Ages
 - Rule of 80 / 80 & Out Early Retirement Provision

Benefit Calculation Examples

Benefit Program x Final Average Salary x Years of Service = Monthly Benefit

$$\text{L-1} \quad 1.00\% \times \$2500 \times 25 = \$625.00$$

$$\text{L-3} \quad 1.25\% \times \$2500 \times 25 = \$781.25$$

$$\text{L-7} \quad 1.50\% \times \$2500 \times 25 = \$937.50$$

$$\text{L-12} \quad 1.75\% \times \$2500 \times 25 = \$1093.76$$

$$\text{L-6} \quad 2.00\% \times \$2500 \times 25 = \$1250.00$$

Benefit Calculation Examples

□ LT-4 (65)

□ Benefit until age 65

■ $2.00\% \times \$2500 \times 25 = \1250.00

□ Benefit at age 65 for Life

■ $1.00\% \times \$2500 \times 25 = \625.00

□ LT-5 (65)

□ Benefit until age 65

■ $2.00\% \times \$2500 \times 25 = \1250.00

□ Benefit at age 65 for Life

■ $1.25\% \times \$2500 \times 25 = \781.25

Benefit Calculation Examples

□ LT-8 (65)

▣ Benefit until age 65

■ $2.00\% \times \$2500 \times 25 = \1250.00

▣ Benefit at age 65 for Life

■ $1.50\% \times \$2500 \times 25 = \937.50

□ LT-14(65)

▣ Benefit until age 65

■ $2.00\% \times \$2500 \times 25 = \1250.00

▣ Benefit at age 65 for Life

■ $1.75\% \times \$2500 \times 25 = \1093.75

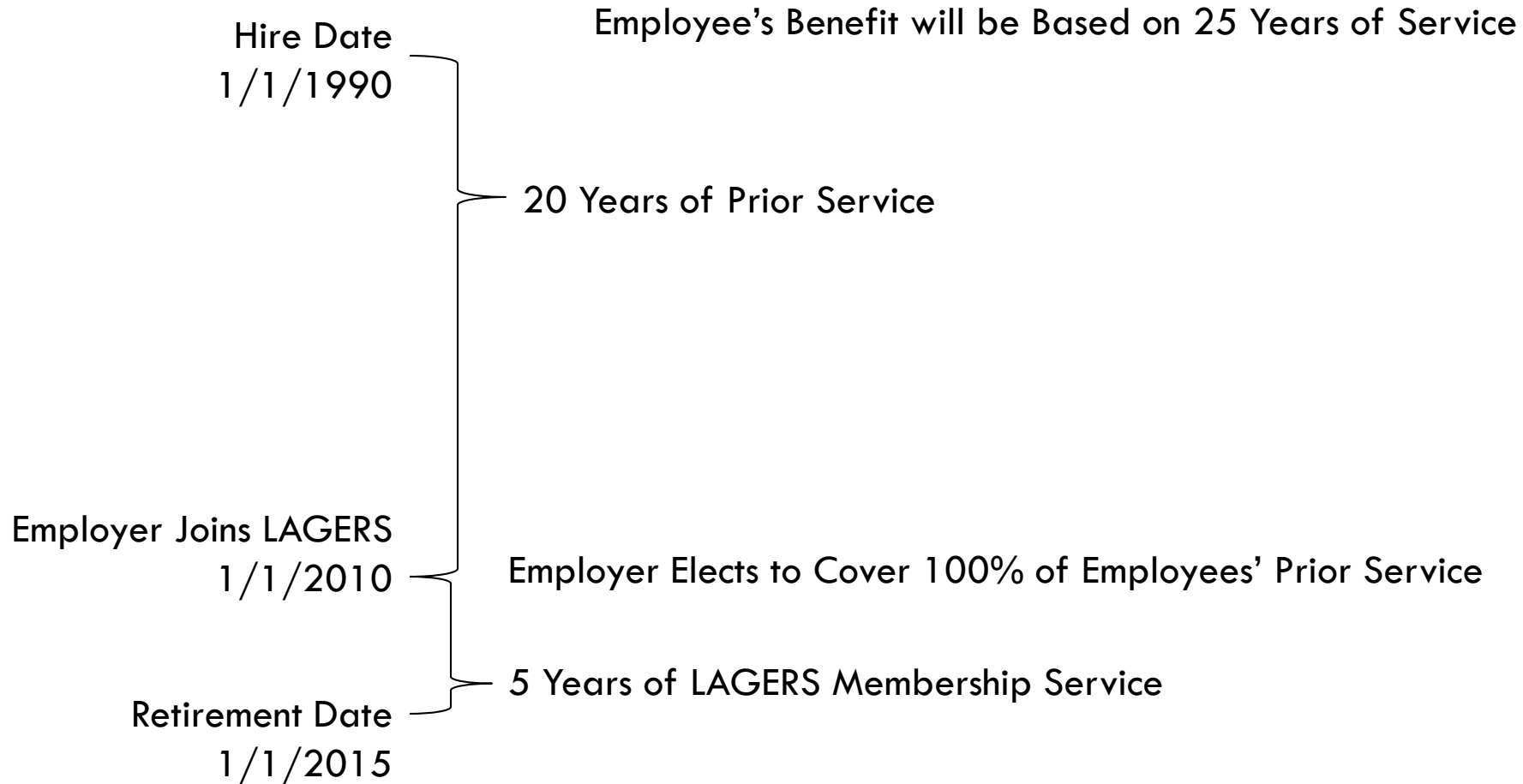
Final Average Salary

- Based on Employee's Total Gross Monthly Wages from last 10 Years of LAGERS Employment

- Employer Elects Either:
 - ▣ 5 Year Final Average Salary
 - ▣ 3 Year Final Average Salary

- Employee's Final Average Salary will be Based on
 - ▣ Highest Consecutive 60 Months or 36 Months of Salary from last 120 months of Employment

Service Credit



- Employees must be employed on the joining date and continuously for one year to get credit for prior service
- Employer may elect 100%, 75%, 50%, 25% Prior Service Coverage

Retirement Eligibility

- Normal Retirement Eligibility:
 - 5 Years of Service
 - Age 60 for General Employees
 - Age 55 for Police Officers & Fire Fighters

- Early Retirement
 - 5 Years of Service
 - As Early as age 55 for General Employees
 - As Early as age 50 for Police Officers and Fire Fighters
 - Benefit Reduced by 0.5% for each month Younger than Normal Retirement Age (6% per Year)

Rule of 80 Retirement

- Rule of 80 Retirement Eligibility
 - Employer may Elect as an optional Retirement Provision
 - 5 Years of Service
 - Employee may retire when:
 - Age + Years of Service = 80

Who is Covered under LAGERS?

- All Full Time Employees of a member employer must participate in LAGERS
 - ▣ Employer elects to cover General Employees, General and Police Employees, or General, Police, and Fire
- Employer elects either 1500, 1250, or 1000 Annual Hours as Full Time for LAGERS Eligibility
 - ▣ Seasonal, Temporary, and True Contractual not Covered
- Members of Governing Body
 - ▣ May Individually Choose to Participate if:
 - Employer has at least 10 covered employees
 - Governing Body members' wages are subject to SSA withholding
- Elected Officials working Full Time must be Covered

Disability and Survivor Benefits

- Non-Duty
 - ▣ Must be vested with at least 5 years of Service
 - ▣ Benefit will be calculated using Service Credit to Date

- Duty Related
 - ▣ Do not Have to be Vested
 - ▣ Benefit calculated as if Employee had worked to age 60

- Survivor Benefits
 - ▣ Benefit Calculated same as Disability
 - ▣ Surviving Spouse will receive a monthly benefit for Life
 - If no surviving spouse, each dependent child will receive a monthly benefit until no longer considered a dependent

Funding the System

- Investment Return
 - ▣ Provides Approximately 60% of LAGERS Funding

- Employer Contributions
 - ▣ All Employers Must Fund 100% of their Actuarially Determined Contribution

- Employee Contributions
 - ▣ If Employer Requires (4% of gross pay)

Employee Contribution Options

□ Employee Contributory

- ▣ Each Full Time employee required to contribute 4% of gross monthly wages to help Fund LAGERS retirement Benefit
- ▣ Taxes paid when contributed (after tax)
- ▣ Accounts earn interest each Year, determined by LAGERS Board
- ▣ Guaranteed to receive back all contributions
- ▣ Does not change retirement benefit amount, only the way in which that benefit is funded

□ Non-Contributory

- ▣ Employer makes all necessary contributions to LAGERS
- ▣ Employees contribute nothing
- ▣ Does not change retirement benefit amount, only the way in which that benefit is funded

Employer Contributions

- Employers are required to contribute a rate determined by LAGERS Actuary each year based on many factors:
 - ▣ Benefit Program Elected
 - ▣ Employee Contributory or Non-Contributory
 - ▣ Prior Service Coverage Election
 - ▣ Retirement Eligibility Election (Regular / Rule of 80)
 - ▣ Subdivision's Employee Group
 - Age, Salaries, Service, Turnover, Raises, etc.
 - ▣ Total Annual Investment Return of the LAGERS system

Thank You



- Please Contact Us for Questions

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