



## What is LAGERS?

The Missouri Local Government Employees Retirement System is a non-profit, defined benefit, public pension system created by the Missouri General Assembly in 1967.

This brochure provides an abbreviated explanation of the statutes governing the LAGERS system and does not amend or overrule RSMo 70.600 – 70.755 or Administrative Rules, Title 16, Division 20.

## Who are LAGERS Members?

Any entity in Missouri that can be defined as a “political subdivision” may join LAGERS.

Political subdivisions include:

- Cities
- Counties
- Libraries
- 911 Districts
- Road Districts
- Public Health Agencies
- Fire Protection Districts
- Ambulance Districts
- Public Water Districts

Others may also meet the definition of “political subdivision.” Please contact LAGERS to ask if your entity is eligible to join the system.



Missouri’s political subdivisions are permitted to join LAGERS through an election by the subdivision’s governing body. LAGERS currently has over 600 member employers.

## What are some Advantages of LAGERS?

There are many advantages of LAGERS membership, some include:

- Retirement benefits are permanent and protected for as long as the retiree lives.
- Benefits received in retirement are a direct reflection of the member’s salary and length of service.
- LAGERS benefits reward employees for longer working careers.
- Retirement benefits are not affected by the economy, changes in markets or a member’s individual investment decisions.
- LAGERS also provides long-term disability and survivor benefits.

## Retirement Eligibility

A LAGERS member is vested (guaranteed a benefit) after 5 years of service credit within the LAGERS system.

- General Employees may retire with an unreduced retirement benefit at age 60.
- Police Officers and Fire Fighters may retire with an unreduced benefit at age 55.

### Early Retirement

Every vested employee may elect to begin to draw a benefit up to 5 years earlier than their normal retirement age. By doing so, the employee’s retirement benefit would be permanently reduced by one half of one percent for each month he or she is younger than the normal retirement age.



### Rule of 80

This is an optional early retirement provision that is available for local election. The Rule of 80, or 80 and Out, allows members with age + service = 80 to retire without a reduction on his or her benefit.

## How is a Retirement Benefit Calculated?

All LAGERS benefits are calculated using a simple formula:

$$\begin{aligned}
 &\text{Benefit Factor} \\
 &\times \\
 &\text{Employee's Final Average Salary} \\
 &\times \\
 &\text{Employee's Years of Service Credit} \\
 &= \\
 &\text{Employee's Monthly Benefit}
 \end{aligned}$$

The **Benefit Factor** is elected by the governing body of the member subdivision. It is a percent that ranges from 1% - 2%. **Years of Service Credit** are the years and months that an employee works in a covered position, and may include at least a portion of employment prior to the subdivision joining LAGERS.

**Final Average Salary** is also elected by the local governing body and is based on either the highest consecutive 60 or 36 months of the employee’s gross salary out of the last 120 months of employment.

## Benefit Factor Options

The Benefit Factor or Benefit Program is the percent an employer elects that is used in the retirement benefit calculation. As the benefit factor is increased, so are the benefits to the employees, as well as the cost to the employer. These programs may be changed once every two years through an election by the subdivision’s governing body.

### Life Programs

L-1	1.00%	L-9	1.60%*
L-3	1.25%	L-12	1.75%
L-7	1.50%	L-6	2.00%
L-11	2.50%	Non-Social Security members only.	

### Life and Temporary Programs

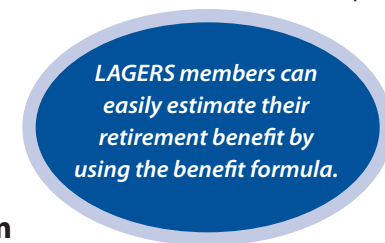
These Benefit Programs provide a life benefit plus an additional benefit that extends until the retiree reaches age 65.

LT-4(65)	1.00% for Life + 1.00% until age 65
LT-5(65)	1.25% for Life + 0.75% until age 65
LT-8(65)	1.50% for Life + 0.50% until age 65
LT-10(65)	1.60% for Life + 0.40% until age 65*
LT-14(65)	1.75% for Life + 0.25% until age 65

\*No longer available for new elections.

## Benefit Calculation Examples

\$2500 Final Average Salary & 25 Years of Service used as example.



### L-7 Benefit Program

0.015% x \$2500 x 25 years = \$937.50 per month for Life

### LT-8 (65) Benefit Program

0.015% x \$2500 x 25 years = \$937.50 per Month for Life PLUS a temporary benefit of:  
0.005% x \$2500 x 25 years = \$312.50 per Month to age 65

Estimate Your Benefit

\_\_\_\_ % x \$ \_\_\_\_\_ x \_\_\_\_ Years = \$ \_\_\_\_\_

## What is the Cost for LAGERS Benefits?

The LAGERS system is funded by three sources: employer contributions, employee contributions and the investment return of the system.

### Employee Contributions

Political subdivisions may participate in LAGERS under the contributory or non-contributory plan. If the subdivision’s governing body elects the contributory plan, each full time employee must contribute 4% of his or her gross monthly salary to LAGERS after they have completed 6 full months of employment. Employee contributions to LAGERS are made on an after-tax basis.

Employee contributions are deposited into a personal account that is credited with interest each year. Employee contributions must remain in the account until the employee terminates from LAGERS employment or retires.

Every employee who contributes to the system is guaranteed to receive at least his or her accumulated contributions plus interest upon termination or retirement from LAGERS employment.

Employee contributions do not increase the amount of the retirement benefit. All benefits will be calculated using the benefit formula.

If the employer elects the non-contributory provision, the employer is responsible for all contributions made to LAGERS. The employees would then contribute nothing to the system.

### Employer Contributions

LAGERS member employers are required to contribute the remaining amounts above that contributed by the employees to finance the benefits that have been promised to the employees.

Employer contributions are determined each year by LAGERS’ actuary and are based on level-percent-of-payroll funding principles so the employer contribution rate may remain level for decades.

### Investment Return

LAGERS collects the employee and employer contributions and invests these contributions in a diversified portfolio. The return that is generated from investments accounts for about 65% of LAGERS’ funding. Return above the expected rate is credited back to employers to help rates remain level or even decrease over time.

**LAGERS also Provides Disability and Survivor Benefits to its Members**

**Disability Benefits**

If a LAGERS member becomes permanently and totally disabled so that he or she can no longer perform their current job, LAGERS also provides disability benefits.

**Non-Duty Disability**

A member with 5 or more years of service who becomes totally and permanently disabled as a result of non-occupational injury or illness is eligible for a non-duty disability benefit. The benefit would be calculated using the member's final average salary and service at the time of the disability.

**Duty Disability**

If the disability arises out of the member's job related duties, he or she would be eligible for a duty disability benefit. The member does not need 5 years of service to be eligible. The benefit would be calculated using the member's current final average salary and service would be extended to the member's 60th birthday.

**Survivor Benefits**

Should a member with 5 or more years of service pass away before retirement, eligible surviving dependents would receive the following benefits:

**Surviving Spouse**

The surviving spouse receives an allowance equal to the Option A retirement payment option (joint and 75% survivor benefit). The benefit would be calculated using the member's current final average salary and service to the date of the member's death.

**Dependent Children**

If no surviving spouse is payable, each dependent child would receive an equal share of 60% of the member's benefit.

If the death is duty related, the member does not have to be vested and service credit is extended to the member's 60th birthday. An eligible spouse is one that is married to the member for at least 2 years before the member's death, unless the death is accidental or duty related.

**Retirement Benefit Payment Options**

*At retirement, the member must choose a payment option for his or her monthly benefit. No matter which option is chosen, the member will receive a payment each month for his or her lifetime. If employee contributions remain in the system after all monthly benefits have been paid, the remaining balance will be refunded to the member's beneficiary. The election of a payment option is irrevocable.*

**Life Option:** This option provides the member with 100% of the monthly benefit until death. Upon the death of the member, payments cease.

**Option A:** This is a continuing spouse option which allows the member to receive less of a monthly benefit so that upon the member's death, the spouse will receive a monthly benefit for his or her lifetime. The member receives 85% (adjusted for age) of the Life Option amount until death. The spouse then receives 75% of the member's benefit for his or her lifetime.

**Option B:** Similar to Option A, this payment option provides a lifetime benefit for the member and for the member's spouse. The member will receive 90% (adjusted for age) of the Life Option amount until death. The spouse then would receive 50% of the member's amount for his or her lifetime.

**Option C:** This option provides for a reduced monthly benefit (95% of the Life Option amount) payable for the member's lifetime. Should the member die within 10 years after his or her retirement date, the beneficiary of record will receive the same amount until a total of 120 payments (between member and beneficiary) have been made. If the member lives longer than 10 years in retirement, the member will continue to receive a payment, but the member's beneficiary would not be eligible for a monthly benefit.

**Partial Lump Sum (PLUS):** A retiree may choose any of the options listed above with or without a partial lump sum distribution. The lump sum will be equal to 24 monthly payments of the Life Option benefit. The retiree's benefit will be reduced by 16% (adjusted for age) and the member would receive a monthly payment for life.

**Option D:** If a member's reserve value of his or her benefit is less than \$10,000, he or she may choose a one-time lump sum payment and forfeit the monthly benefit.

Contact Us

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Web site www.molagers.org

My Employer Elected Benefits

Prior Service Coverage

100% 75% 50% 25%

Annual Hours of Employment Required

1500 1250 1000

Benefit Program

L-1	1.00%	L-12	1.75%
L-3	1.25%	L-6	2.00%
L-7	1.50%	L-11	2.50%
L-9	1.60%	non-ssa members only	

LT-4(65)	1.00% + 1.00% to age 65
LT-5(65)	1.25% + 0.75% to age 65
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LT-10(65)	1.60% + 0.40% to age 65
LT-14(65)	1.75% + 0.25% to age 65

Employee Contributions

Required 4% Not Required

Final Average Salary

5 Year (60 Months) 3 Year (36 Months)

Retirement Eligibility

Regular Eligibility Rule of 80



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MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM



**A BRIEF SUMMARY OF LAGERS BENEFITS**

**Providing Retirement, Disability and Survivor Benefits to Missouri's local government Employees since 1968.**