

Understanding Contributory & Non-Contributory

- Employer Contributions
- Employee Contributions
- Employee Non-Contributory
- Non-Contributory Refund
- Upgrade Procedure



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How are Benefits Calculated?

Benefit Program

x

Final Average Salary

x

Years of Service Credit

=

Monthly Benefit for Life

Employer Contributions

- Determined each Year by LAGERS Actuary
- Based on the Following Factors:
 - Benefit Program Elected
 - Final Average Salary Election
 - Employee Contributory or Non-Contributory
 - Regular Retirement Age or Rule of 80 Retirement Age
 - Actuarial Assumptions concerning Future Experience
 - LAGERS Investment Return, Member Salary Increases, Mortality, etc.



Employee Contributions

- Employer elects to Require Employee Contributions
 - If required, each Full Time employee must contribute 4% of Gross Monthly Wages to LAGERS
 - Deposited in Employee's Account
 - Credited with Interest Each Year
 - Taxed on Contributions when made, Not when Withdrawn
 - Contributions remain in member's account until Retirement, Termination and Refund, or Employer Elected Refund
 - Guaranteed to Receive back Entire Account Balance



Employee Non-Contributory

- Employer may Elect to make ALL Contributions to LAGERS
 - Increases Employer Contribution Rate 3.6% - 3.9%
- Employees would Contribute Nothing
- All funds would be Deposited into the Employer's Account for all employees' Future Retirement Benefit
- Employee's Retirement Benefit is not affected by Non-Contributory Election
 - Benefits are based on the Formula, not an Account Balance



Employee Contribution FAQ

- When may my contributions be returned to me?
 - A member is guaranteed to receive back all contributions plus interest upon termination from LAGERS employment, retirement, or an employer elected refund.
 - Requesting a Refund upon termination will forfeit LAGERS service credit
- May I contribute more than 4% to my account?
 - No. Employees are required to contribute 4% or nothing, depending on your employer's election.
 - Retirement benefits are based on the formula, not an account balance.



Benefit Change Procedure

- Employer must receive a cost study from LAGERS actuary for the proposed change.
- The employer must then make the Cost Study public information for 45 calendar days.
- The employer may then pass an official resolution/ordinance to adopt the change.
- The change will take effect the first of any month the employer's governing body chooses.



Thank You

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