



# AT A GLANCE LAGERS OVERVIEW

Narrated by Robert Wilson, Manager of Member Services



# Topics to be Discussed

- What is LAGERS?
- Retirement Ages
- The Benefits Formula
- 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



# 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



# 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



# Normal Retirement Eligibility

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



# Early Retirement

## □ 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 Eligibility

- Employer may Elect as an optional Retirement Provision
- 5 Years of Service
- Employee may retire when:
  - $\text{Age} + \text{Years of Service} = 80$

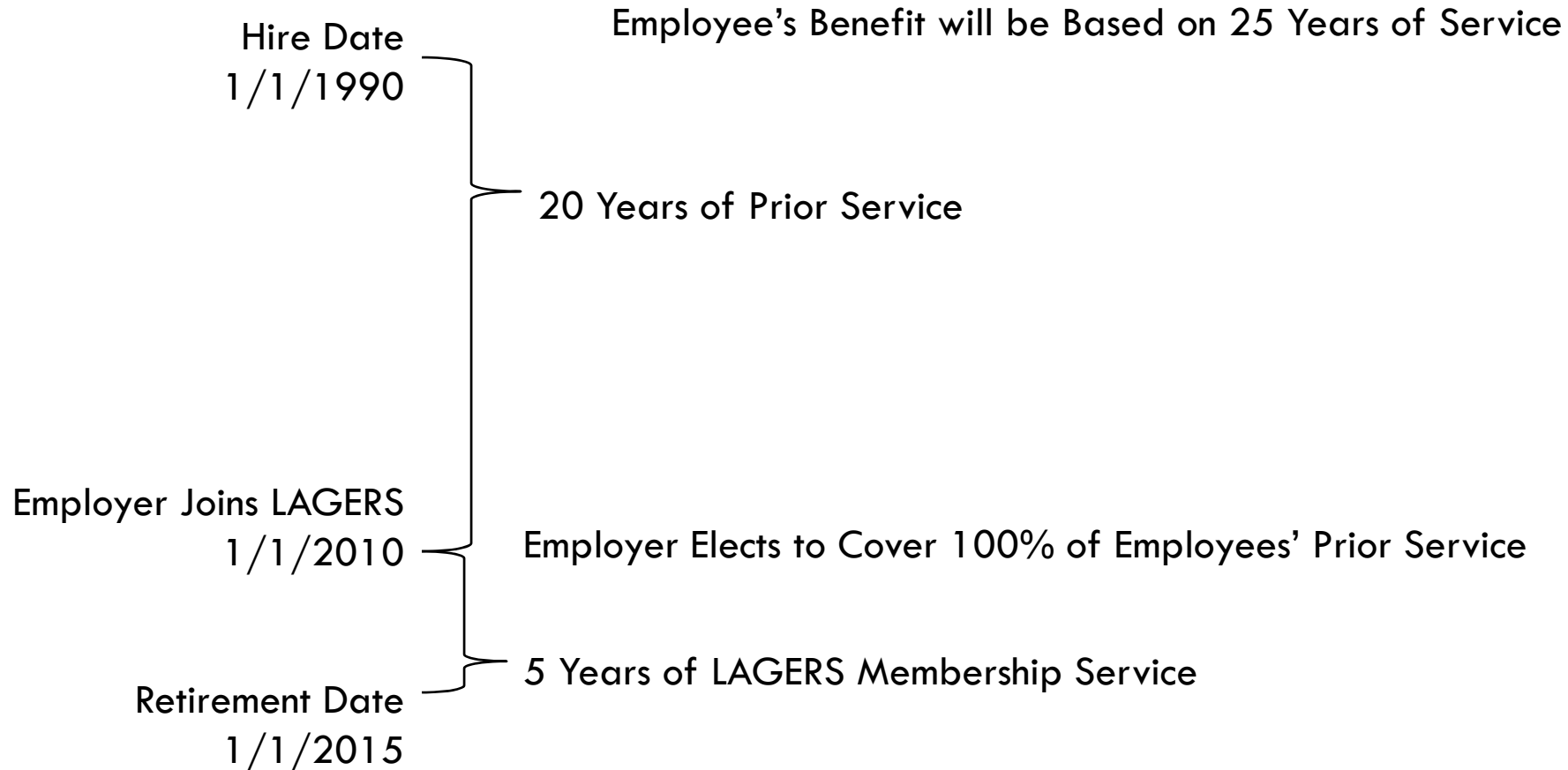


# How is a Benefit Calculated?

$$\begin{aligned} &\text{Benefit Program} \\ &\quad \times \\ &\text{Final Average Salary} \\ &\quad \times \\ &\text{Years of Service Credit} \\ &\quad = \\ &\text{Monthly Benefit for Life} \end{aligned}$$



# 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



# Final Average Salary

- Based on Employee's Total Gross Monthly Wages from last 10 Years of 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 5 Years or 3 Years of Salary from last 10 years of Employment



# Benefit Calculation Examples

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

**L-1**      1.00% x \$2,000 x 25 = \$500.00 per month for life

**L-3**      1.25% x \$2,000 x 25 = \$625.00 per month for life

**L-7**      1.50% x \$2,000 x 25 = \$750.00 per month for life

**L-9\***      1.60% x \$2,000 x 25 = \$800.00 per month for life

\*Closed to new elections 9/1/2005

**L-12**      1.75% x \$2,000 x 25 = \$875.00 per month for life

**L-6**      2.00% x \$2,000 x 25 = \$1000 per month for life



# Benefit Calculation Examples

**LT-4(65)**             $1.00\% \times \$2000 \times 25 = \$500.00$  per month for life  
**Plus**                 $1.00\% \times \$2000 \times 25 = \$500.00$  per month to age 65

**LT-5(65)**             $1.25\% \times \$2000 \times 25 = \$625.00$  per month for life  
**Plus**                 $0.75\% \times \$2000 \times 25 = \$375.00$  per month to age 65



# Benefit Calculation Examples

**LT-8(65)**       $1.50\% \times \$2000 \times 25 = \$750.00$  per month for life  
**Plus**       $0.50\% \times \$2000 \times 25 = \$250.00$  per month to age 65

**LT-14(65)**       $1.75\% \times \$2000 \times 25 = \$875.00$  per month for life  
**Plus**       $0.25\% \times \$2000 \times 25 = \$125.00$  per month to age 65



# 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



# 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
  - ▣ 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 paid
  
- 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 paid



# 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



# The Process To Join LAGERS

- Complete a Personnel Data Form to request an Initial Actuarial Valuation (Cost Study)
  - ▣ The valuation will have employer contribution rates for all of the benefit options available
  - ▣ Valuation good for two Years
  - ▣ Employer required to pay a fee for Valuation
  
- Valuation must be made Public Information for 45 calendar Days
  
- Employer's governing body may then pass an official resolution/ordinance adopting LAGERS membership



# Thank You

- Please Contact Us for Questions

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