

Planning
Your
LAGERS
Retirement

2012

Missouri Local Government
Employees Retirement System



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Every effort has been made to ensure that the information within this booklet is accurate. If the information should conflict with laws, rules or plan language, then the laws, rules or plan language must take precedence.

What is a Defined Benefit Plan?

- Pays a Defined Amount at Retirement Based on Salary and Length of Service
- Not based on an account balance
- 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

LAGERS is a Defined Benefit Plan

Your LAGERS retirement benefit is not based on an account balance and is not affected by changes in the markets or economic conditions.

Benefits are calculated using a formula that produces a benefit that is a direct reflection of your actual career. Key components of the formula are your salary and your years of service.

Once you are eligible to begin receiving your LAGERS benefit, that benefit is permanent and protected. You will receive a payment each month for as long as you live.

Your benefit has been paid for through three sources:

- Your Employer's Contributions
- Your Contributions (if required)
- Investment Return of LAGERS' System

The investment return of LAGERS portfolio has paid for approximately 60% of your retirement benefit.

Membership Options

AMOUNT OF PRIOR SERVICE COVERED

Employer elects to cover either 100%, 75%, 50% or 25%
This election CANNNOT be changed

BENEFIT PROGRAM

Can be changed, but not more often than once every 2 years.

L-1	1.00% for life	L-9	1.60% for life	Closed to new elections after 9/1/05
L-3	1.25% for life	L-12	1.75% for life	
L-7	1.50% for life	L-6	2.00% for life	
		L-11	2.50% for life	available to non-SSA participants only

LT-4(65)	1.00% for life; plus 1.00% to age 65		
LT-5(65)	1.25% for life; plus 0.75% to age 65		
LT-8(65)	1.50% for life; plus 0.50% to age 65		
LT-10(65)	1.60% for life; plus 0.40% to age 65	Closed to new elections after 9/1/05	
LT-14(65)	1.75% for life; plus 0.25% to age 65		

All other LT programs extend temporary benefit to age 62.

Your Employer Chooses Your Level of Benefits

LAGERS is a unique public pension system because not all members are covered under the same benefit levels. Each of LAGERS 615+ employers choose the benefits they wish to promise to their employees from LAGERS benefit options.

Prior Service

This is time that you may have worked before your employer joined LAGERS. Your employer may choose to buy back at least a portion of this service to be used in your benefit calculation. Your employer has chosen to buy back either: 100%, 75%, 50%, or 25% of your prior service.

Other prior service options and restrictions may exist because of retirement plans your employer had in place before they joined LAGERS.

If you began working for your employer after they had already joined LAGERS, all of your full time service will be credited toward your LAGERS benefit.

Benefit Programs

LAGERS provides benefit programs with multipliers ranging from 1.0% - 2.5%. The higher the multiplier, the greater the retirement benefit for you. Your employer must contribute more funds to LAGERS to pay for higher benefit programs.

After you have left employment with an employer, any changes made to their LAGERS benefit structure will not affect your benefit.

Membership Options

FINAL AVERAGE SALARY PERIOD

Can be changed, but not more than every 2 years.

5 Year - Highest 60 consecutive months of last 120 months

3 Year - Highest 36 consecutive months of last 120 months

MEMBER CONTRIBUTIONS

Can be changed, but not more than every 2 years.

Contributory

- Each covered employee must contribute 4% of gross salary

Non-Contributory

- All contributions paid by employer

Non-Contributory Refund

- Governing body may elect to refund member contributions after 2 years of non-contributory status.

OPTIONAL RULE OF 80

- Unreduced Early Retirement Provision

Final Average Salary

Your pre-retirement salary is a key component of your benefit calculation. Your employer has chosen for your final average salary to be calculated using either the highest consecutive 60 or highest consecutive 36 months of salary from your final 120 months of service.

Your employer may change the final average salary provision once every two years.

Employee Contributions

Though employee contributions do not affect your retirement benefit, they do help pay for the benefit. Your employer may choose to require all covered employees to contribute to LAGERS to pay for a portion of your own retirement benefit.

If you have made contributions to LAGERS and they have not been refunded to you, you are guaranteed to receive back every cent you

contributed plus the interest that has been earned on your account. You have already paid taxes on your contributions, however, the interest earned on your account will be taxable when your account is distributed to you.

If you have not made contributions to LAGERS, your employer has chosen to pay all necessary expenses for your retirement benefit.

Your employer may change the employee contribution election once every two years.

Retirement Eligibility

Vesting = 5 years of Service Credit

Normal Retirement Age

General Employees	Age 60
Police Officers & Fire Fighters	Age 55

Early Retirement Age

General Employees	Age 55
Police Officers & Fire Fighters	Age 50

LAGERS Provides Different Retirement Eligibility Options

Every LAGERS member is said to be “vested” and eligible for a retirement benefit after the member has earned 60 months (5 years) of service credit with LAGERS. These 60 months may be earned with one LAGERS employer or multiple employers.

Normal Retirement Age is age 60 for general employees and age 55 for police officers and fire fighters. This represents the age a vested member is eligible to retire with a full, unreduced benefit.

Early Retirement Age is any age between age 55-60 for general employees and 50-55 for police officers and fire fighters. Your monthly benefit will be reduced by 1/2 of one percent for each month you are younger than your normal retirement age. This equals a 6% reduction for each year you are younger than your normal retirement age.

For example, if you are a general employee and choose to begin drawing your monthly benefit at age 55, your benefit would be reduced by 30% (60 months early x 0.5% = 30%).

The early retirement reduction is a permanent reduction in the monthly retirement benefit.

Example: General employee retiring at 55, \$3000 Final Average Salary, 25 years of service, and the 1.50% benefit program.

1. $1.5\% \times \$3,000 \times 25 = \1125 per month
5 Years Early = \$787.50 per month
2. Work 5 more Years, No Salary Increase
 $1.5\% \times \$3,000 \times 30 = \1350 per month
3. Work 5 more Years, Slight Salary Increase
 $1.5\% \times \$3,300 \times 30 = \1485 per month

Retirement Eligibility

80

Optional Rule of 80

Allows members to draw an unreduced benefit when:

$$\text{Years of Age} + \text{Years of Service} = 80$$

Some Members May Retire Early with No Reductions

A LAGERS employer may elect to cover its employees under the Rule of 80 (or 80 and Out) optional early retirement provision. Employers must contribute more funds to LAGERS to pay for this option.

Employees are eligible to draw an unreduced benefit when their years of service credit plus their years of age equal 80 or more.

If you permanently leave LAGERS covered employment prior to reaching your Rule of 80 eligibility, you will not be able to draw a benefit at your Rule of 80 age.

If you have worked for more than one LAGERS employer and one has the Rule of 80 and one does not, you may use all of your LAGERS service credit towards eligibility for the Rule of 80. However, the benefit earned at the non-Rule of 80 employer could not begin until you have reached early or normal retirement age.

Rule of 80

80

Who Qualifies?

<u>Age Hired</u>	<u>Years of Service</u>	<u>Retirement Age</u>
18	31	49
20	30	50
25	27.5	52.5
30	25	55
35	22.5	57.5
40	20	60



Exceptions to the Rule of 80

If your employer has elected the Rule of 80, you do not have to retire when your age + service credit = 80. You may work past your Rule of 80 age and continue to earn service credit to increase your benefit.

If you are a general employee that begins LAGERS covered employment at age 40 or older, you will reach normal retirement age before your Rule of 80 age. The same is true if you are a police officer or fire fighter that begins covered employment at age 30 or older. You would be eligible to draw a benefit at normal retirement age and do not have to work until your service credit plus age add up to 80.

Benefit Calculation

$$\begin{array}{c} \text{Benefit Factor} \\ \times \\ \text{Final Average Monthly Salary} \\ \times \\ \text{Years of Service Credit} \\ = \\ \text{Monthly Benefit for Life} \end{array}$$

All retirement, disability & survivors benefits are calculated using this one formula.

LAGERS Uses One Formula to Calculate all Monthly Benefits

All monthly benefits are calculated using one defined benefit formula. The formula is designed to reward long term employees. Key components are your years of service credit and salary.

Every LAGERS member should be able to easily estimate their retirement benefit based on the above formula.

The **Benefit Factor**, or benefit program, or multiplier, is a percent elected by your employer that ranges from 1% - 2.5%.

Your **Final Average Salary** will be based on your highest consecutive 60 or 36 months of salary from the last 120 months of LAGERS covered employment. Whether your final average salary will be based on 60 or 36 months depends on the election by your employer.

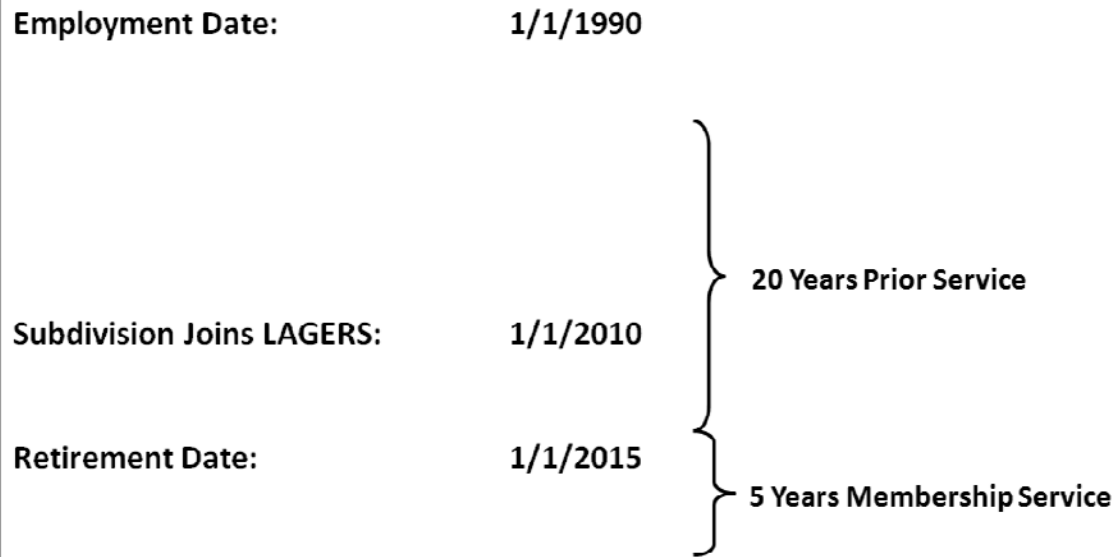
Your **Years of Service Credit** are the years and months you worked in a covered position for a LAGERS employer. This may also include service you earned before your employer joined the system.

The **Monthly Benefit** will be provided to the member for the member's lifetime. At retirement, the member may choose to take a reduction in his or her monthly benefit so that a benefit will continue to a beneficiary.

Working for more than one LAGERS employer

Because each LAGERS employer elects their own benefit levels, LAGERS must calculate benefits separately for each of the employers for which you work. The benefit program and your service will be separated by employer. The final average salary period will be the same for all calculations, based on the last 10 years of LAGERS employment.

Credited Service



- Employer elects to cover either 100%, 75%, 50%, or 25% prior service.
- One year membership requirement to qualify for prior service.

Your Benefit Increases with Each Month of Covered Employment

LAGERS benefit formula is designed to reward long term employees. The longer you work, the more your monthly benefit. There is no limit to the amount of service credit you can earn. Each month you work in a LAGERS covered position increases your benefit.

Credited Service for your retirement benefit will be the years and months you worked in a LAGERS covered position. This may also include at least a portion of the time you worked for your employer before your employer joined LAGERS.

Each LAGERS employer elects to cover 100%, 75%, 50%, or 25% of its employees' prior service. Prior service is the time you worked for your employer before it joined LAGERS. To receive this prior service, you must have been an active employee on the date your employer

joined and continuously for one year after the joining date. This service will be included in the calculation of your LAGERS benefit.

Other Employer Sponsored Retirement Plans

If your employer had a retirement plan in place before it joined the system that was considered "similar in purpose" to LAGERS, your prior service may not be included in calculating your LAGERS benefit. Talk to your employer or contact LAGERS if this applies to you and you would like a more detailed explanation.

Purchasing Credited Service

Active Members May Purchase:

- **Military Service Credit**
 - Up to 4 years of Active Military Service

Active Vested Members May Purchase:

- Previous Non-Federal Public Employment in Missouri if not covered by a retirement plan

- Previous Non-Federal Public Employment in Missouri if covered by a retirement plan but did not become vested in the plan

An Active Member may be able to Transfer Service Credit from another MO Public Pension System if:

- LAGERS has an agreement with other system
- Member is vested in LAGERS and
- Member is vested with the other system

Active LAGERS Members May be Eligible to Add Service to their Benefit

Before you terminate your covered employment with a LAGERS employer, you may be eligible to add LAGERS service credit in order to increase your retirement benefit.

Military Service

Active LAGERS members that had previous active duty in the United States military may purchase up to four years of that service toward their LAGERS benefit.

A member purchasing military service must submit their honorary discharge papers (DD 214) to LAGERS. The member purchasing this service cannot be eligible to receive a benefit from any other retirement plan except benefits from the US military.

Non-Federal Public Employment in Missouri

An active vested member may purchase service toward their LAGERS benefit for time he or she was employed in a non-Federal public position within the state of Missouri.

To be eligible, the member cannot be eligible for a retirement benefit from the other employer. If the member is not vested in a retirement plan for the other employer, he or she would be eligible for the purchase.

Transferring from Another MO Public Pension

An active member may be eligible to transfer service credit from a different Missouri public pension plan if the member is vested in LAGERS, vested in the other retirement system, and LAGERS has an agreement with the other system.

Final Average Salary

2008	\$	36,720	3 Year Final Average Salary	
2007		36,000	<u>\$108,000</u>	= \$3,000
2006		35,280	36 Months	
2005		34,602	5 Year Final Average Salary	
2004		33,923	<u>\$176,525</u>	= \$2,942
2003		33,260	60 Months	
2002		32,606		
2001		31,700		
2000		31,100		
1999		30,600		

LAGERS will Consider Your Final 120 Months of Wages

When you apply for your retirement benefit, you will select a retirement effective date. From that date, LAGERS will count backward 120 consecutive months (10 years). From this time period, LAGERS will select either your highest consecutive 60 or 36 months of salary from all LAGERS covered employment.

Your employer determines whether your final average salary will be calculated using the 60 or 36 month average.

Once the highest consecutive 60 or 36 months from your last 120 months of LAGERS service have been identified, LAGERS will calculate the average of this salary to be used in your retirement benefit calculation. The higher your final average salary, the more your benefit will be in retirement.

Working for more than one LAGERS Employer

LAGERS only uses one final average salary period to calculate your benefit – the last 120 months of LAGERS service. This may be with one LAGERS employer or several.

Benefit Program Examples

Assume \$3,000 FAS & 25 years service credit.

L-1	1.00% x \$3,000 x 25	= \$750.00 per month
L-3	1.25% x \$3,000 x 25	= \$937.50 per month
L-7	1.50% x \$3,000 x 25	= \$1,125.00 per month
L-9*	1.60% x \$3,000 x 25	= \$1,200.00 per month
L-12	1.75% x \$3,000 x 25	= \$1,312.50 per month
L-6	2.00% x \$3,000 x 25	= \$1,500.00 per month
L-11**	2.50% x \$3,000 x 25	= \$1,875.00 per month

*As of Sept. 1, 2005 the L-9 is closed to new elections.

**Only Available to Employees not participating in Social Security

Examples of the benefit formula assuming a \$3,000 final average monthly salary and 25 years of service credit. LAGERS will use your actual salary and service credit to calculate your retirement benefit.

Benefit Program Examples

Assume \$3,000 FAS & 25 years service credit.

LT-4(65)	1.00% x \$3,000 x 25 = \$ 750.00	Per month for Life
PLUS	1.00% x \$3,000 x 25 = \$ 750.00	Per month to Age 65
LT-5(65)	1.25% x \$3,000 x 25 = \$ 937.50	Per month for Life
PLUS	0.75% x \$3,000 x 25 = \$ 562.50	Per Month to Age 65
LT-8 (65)	1.50% x \$3,000 x 25 = \$1,125.00	Per month for Life
PLUS	0.50% x \$3,000 x 25 = \$ 375.00	Per month to Age 65
LT-10 (65)*	1.60% x \$3,000 x 25 = \$1,200.00	Per month for Life
PLUS	0.40% x \$3,000 x 25 = \$ 300.00	Per month to Age 65
LT-14 (65)	1.75% x \$3,000 x 25 = \$1,312.50	Per month for Life
PLUS	0.25% x \$3,000 x 25 = \$ 187.50	Per month to Age 65

*As of Sept. 1, 2005 the LT-10(65) is closed to new elections.

All other LT programs extend temporary benefits to age 62.

Issues to Remember if You Have an LT Program

There are several important distinctions to keep in mind if you are covered under a life and temporary program.

1. The temporary benefit will be paid until age 65 for an LT-65 program and 62 for an LT-62 program, regardless of when you begin to receive benefits from Social Security.
2. The temporary benefit is only payable to the member and will not extend to any beneficiary.
3. Deferred retirees will not receive the temporary benefit.
4. The temporary benefit is not payable on disability or survivor benefits.

Changes in Benefit Levels

Upgrades

- Applies to all current active employees on Effective Date of Upgrade
 - Eligible if member receives service credit for the month immediately preceding the effective date
- Retroactive
 - All eligible members' service upgraded to higher program

Downgrades

- Applies to all current active employees on Effective Date of Downgrade
- Not Retroactive
 - Only service accrued after the Effective Date of Downgrade will be calculated at the lower program

Your Employer May Change Benefits

The governing body of your employer determines the LAGERS benefit levels that apply to active full time employees. Employers have the ability to change the benefit levels once every two years.

Upgrades

An upgrade in the benefit levels increases the retirement benefits for the employees as well as increases the cost for the employer.

You must be an active, covered employee on the effective date of the upgrade to be eligible for the increased benefit. This means you must receive a month of service credit during the month immediately preceding the effective date. For example: If the effective date of the upgrade is July 1st, you must receive a month of service credit for June in order for the benefit change to affect you.

Upgrades to the benefit program, final average salary, and Rule of 80 are retroactive. All of

your service is upgraded to the higher program when an upgrade goes into effect.

Downgrades

Your employer also has the ability to downgrade benefits. Downgrades also apply to all covered employees who are active members on the effective date of the change.

Downgrades are not retroactive and will only apply to any service credit you earn after the effective date of the benefit downgrade.

Benefit changes only apply to active employees. After you have retired and begun to draw a monthly LAGERS benefit, any changes your former employer makes will not affect you.

Pre-Retirement Death Benefits

Non-Duty Related Death

- Member must be vested at the time of death
- Surviving spouse must have been married to the deceased at least 2 years prior to the time of death, unless death was accidental
- Benefit calculated based on current service

Duty Related Death

- Member need not be vested
- Surviving spouse must have been married to deceased at time of injury or illness
- Benefit calculated including service credit to age 60

Member's Death Before Reaching Retirement

If a member or former vested member passes away before reaching retirement, benefits may be payable to the member's spouse or dependent children.

Non-Duty Related Death

A death is considered non-duty related if the member's death is not caused by his or her job. The deceased member's spouse will be eligible to receive a monthly lifetime benefit if:

1. The member was vested at the time of his or her death
2. The member was married for at least two years immediately preceding his or her death (unless the death was accidental)

If the member was actively working in a covered LAGERS position at the time of death, payments to the spouse would begin immediately and continue for the spouse's lifetime. If the member was vested, but no longer working for a LAGERS employer, payments to the spouse would begin when the member would have reached his or her normal retirement age.

Duty Related Death

A death is considered duty related if the member's death is caused by his or her job. The member does not need to be vested at the time of death for the spouse to be eligible for a benefit if the death was duty related. The member's service credit would be extended to the member's 60th birthday for calculation of the benefit.

Since the member died before retirement and did not choose a payment option, LAGERS assumes the member would have chosen the option that pays the spouse the highest monthly amount, Option A. Option is described in detail later.

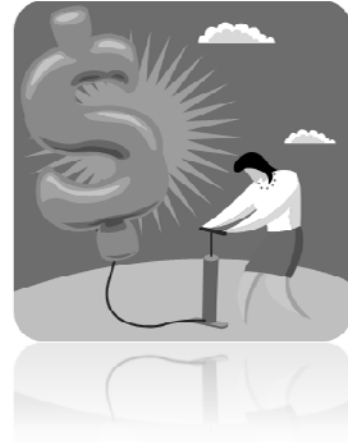
If there is no surviving spouse payable, each dependent child of the deceased member will receive an equal share of 60% of the member's benefit until they are no longer considered dependents.

If no surviving spouse and no dependent children are payable, the member's own contributions (if any) would be refunded to the member's beneficiary.

Post Retirement Adjustment

Retirees are eligible for an annual Post Retirement Adjustment

- **Payable October 1st**
- **Based on Consumer Price Index**
- **Given at the discretion of the Board of Trustees**
- **Cannot exceed 4% in one year**
- **Must be retired for 12 full months including an October 1st to be eligible**



LAGERS Retirees are Eligible for an Annual Post Retirement Adjustment

The LAGERS Board of Trustees may give a post retirement adjustment to retirees to keep pace with inflation. The amount of the adjustment is based on the Consumer Price Index (CPI) and cannot exceed 4% in a year.

The adjustment is payable each October 1st and will be applied to the retiree's current monthly benefit amount.

In order to be eligible for your first adjustment, you must be retired for 12 consecutive months including an October 1st. For example, if you retire October 1, 2012, you would receive your first adjustment on October 1, 2013. If you retired on November 1, 2012, you would receive your first adjustment on October 1, 2014.

If you are not eligible for an adjustment during your first year of retirement because of your retirement date, LAGERS will ensure you are caught up with future adjustments.

During times of deflation when the CPI is negative, retirees' benefits will remain level for the year.

The LAGERS Board is not required by law to give a post retirement increase, but first must take into account the financial stability of the system.

Full-Time Employment after Retirement

Retiree will Continue to receive Full LAGERS Benefit if:

- Employ with a non-LAGERS employer
- Re-Employ part time with any LAGERS employer
- Re-Employ full time with different LAGERS employer
 - Must have a One Month break in Service
 - Would begin to accrue additional, separate LAGERS benefit
 - Vested after 12 consecutive months of Second Employment

Retiree's Benefit will be suspended if:

- Re-Employ full time with same LAGERS employer
 - Must have a one month break in service
 - Would begin to accrue additional, separate LAGERS benefit
 - Vested after 12 consecutive months of Second Employment
 - On second retirement, suspended benefit would resume along with second benefit

You Have Options for Work After Retirement

You should be aware of your options if you choose to work in some capacity after beginning to draw a LAGERS benefit.

You are allowed to work full time or part time for any non-LAGERS employer and continue to receive your monthly benefit.

You may re-employ part time with any LAGERS employer. Each employer elects to define part time as either less than 1500, 1250 or 1000 hours per year. Check with LAGERS or the employer to ensure you will be working less than the full time definition.

You may re-employ full time with any LAGERS employer other than one from which you are receiving a benefit. In order to avoid disruption of your benefit, you must have a one month break in LAGERS service credit between employers. For example, if you retire from City

A on October 1st, you cannot re-employ full time with City B until November 1st.

If you re-employ full time with a different employer from which you are receiving a benefit and have a one month break in service, you will continue to receive your full original benefit and accrue service toward an additional benefit from your new employer. You will be vested at your new employer after 12 consecutive months of service.

If you re-employ full time with the same employer from which you are receiving a benefit, your original benefit will be suspended for each month you are employed. You begin to accrue service toward an additional benefit and would be vested after 12 consecutive months of employment

Taxation of Your LAGERS Benefit

- **Monthly Benefit subject to Income Taxes**
 - **Exception: Employee Contributions – already taxed**
 - **Must pay taxes on interest**

- **LAGERS will withhold Federal and Missouri ONLY**
 - **If you move out of Missouri, stop MO withholding**

- **LAGERS will send a 1099 each Year**
 - **You may adjust your withholdings at any time**



Your Monthly Benefit is Subject to Income Taxes

Your monthly LAGERS benefit is considered taxable income. LAGERS will withhold for Missouri and Federal income taxes at your request.

The only portion of your monthly benefit that is not taxable is your actual employee contributions that were withheld from your pay during your career. You have already paid taxes on those funds, however, the interest on those contributions is subject to tax. If you never contributed to LAGERS or have had your employee contributions refunded to you, your entire benefit is subject to income taxes.

Just like when you are working and receiving a paycheck, you are responsible for having the appropriate amounts withheld from your benefit.

LAGERS will send you a 1099-R form each year that details the amount of retirement income you received and the amount of taxes paid. You may adjust your withholdings as desired by filing the appropriate forms with the LAGERS office.

You may be eligible for a Missouri Public Pension tax exemption because you are receiving income from a public pension. Please ask your tax advisor or visit the Missouri Department of Revenue web site at: <http://dor.mo.gov/> for more information.

LAGERS staff is not authorized or qualified to provide advice on taxation issues. Please contact the Missouri Department of Revenue or a trusted tax advisor for advice on your withholdings.

Partial Lump Sum (PLUS)

You will have the option to choose a Partial Lump Sum distribution of your monthly benefit. The monthly benefit would still be payable for your lifetime, but would be reduced for receiving a payment up front.

PLUS paid 90-150 days after Retirement

The earliest LAGERS is allowed to pay the PLUS to you is 90 days after your first payment date, but you may choose to delay payment up to 150 days after retirement. If the member passes away after monthly payments begin but before receiving the PLUS, the PLUS would be paid to the member's primary beneficiary.

Partial Lump Sum reduces your Monthly Benefit

Choosing to receive the partial lump sum along with any of the monthly payment options will reduce your monthly benefit by 16% if you are age 60 at retirement. That 16% is adjusted by 0.4% for each year you are younger or older than 60. For example, you would subtract 0.4% from 16% for each year you are younger than age 60 at retirement. You would add 0.4% to the 16% for each year you are older than age 60 when you retire.

The PLUS is equal to 24 Monthly Payments

The partial lump sum equals two years worth of payments of the Life Payment Option. The temporary benefit payable under an LT program is not factored into the amount of the PLUS.

PLUS is subject to Taxes, Unless Direct Rollover

The PLUS is subject to income taxes and may be subject to early distribution penalties. If you receive the partial lump sum directly instead of rolling it into another eligible retirement account, LAGERS must withhold 20% and forward to the IRS. A 10% early distribution penalty for general employees younger than 55 and public safety employees younger than 50 will be due when you file your annual income taxes.

The PLUS cannot be divided into smaller amounts. The entire lump sum must either be distributed or rolled over.

To delay paying taxes and avoid the early distribution penalties, you may choose to roll your PLUS into an eligible retirement account. Eligible retirement accounts include:

- 408(a) Individual Retirement Account (IRA)
- 408(a) Roth IRA (may have taxes withheld)
- 408(b) Individual Retirement Annuity
- 401(a) Qualified Retirement Plan
- 401(k) Defined Contribution Plan
- 457(b) Deferred Compensation Account
- 403(b) Annuity Contract

Monthly Retirement Benefit Payment Options

IMPORTANT: *The member will receive a payment per month for life no matter which of the below options is chosen. Once a monthly benefit begins, the payment option cannot be changed by the member or beneficiary.*

Payment Option	Retiree Benefit	Beneficiary Monthly Benefit	Eligible Beneficiary
Life	100%	None	Any person(s) or legal entity can be named as a beneficiary but would only receive a refund of remaining retiree contribution account balance, if any, upon the death of the retiree.
Option A	85%*	75% of member's benefit	Spouse that was married to the member no less than two years immediately preceding retirement OR a person 40 years of age or older that has been receiving more than half support from the member for at least the two years immediately preceding retirement.
Option B	90%*	50% of member's benefit	Spouse that was married to the member for no less than two years immediately preceding retirement OR a person 40 years of age or older that has been receiving more than half support from the member for at least the two years immediately preceding retirement.
Option C	95%	100% of the member's benefit (excluding the temporary portion)	Any person(s) or legal entity can be named as a beneficiary for Option C.

*The benefit amount is adjusted for the age difference between the member and member's beneficiary for Option A and B. For Option A, 0.75% is subtracted from the member's 85% benefit for each year the beneficiary is younger than the member. For each year the beneficiary is older than the member, 0.75% is added to the member's 85% benefit. The same is true for Option B, except the adjustment is 0.50% for each year of age difference.

Monthly Payment Options Important Issues

Option A & Option B

1. Beneficiary will receive a payment each month for his or her lifetime after the death of the member.
2. The beneficiary cannot be changed after retirement.
3. If the beneficiary passes away before the member, the member's benefit would be adjusted to the full 100% monthly amount upon written notification to LAGERS.
4. The maximum adjustment upward for the age difference between the member and spouse is 5%.
5. The beneficiary must be a person.

Option C

1. The member's benefit will continue for his or her lifetime.
2. The member's beneficiary will only receive a monthly benefit if the member passes away within 10 years of his or her retirement date.
3. The beneficiary's benefit will not continue for his or her lifetime, but will stop after LAGERS has paid 120 payments to the member and beneficiary combined.
4. The member may change beneficiaries after retirement and may designate multiple beneficiaries.
5. The beneficiary can be a legal entity such as a trust, church, or charity.

Applying for Your LAGERS Benefit

The LAGERS normal retirement application process is not difficult, just follow these required steps.

Step 1: Apply for your Benefits

- ✓ Complete the Application for Retirement (LRS-8). LAGERS must have this form 30-90 days before your retirement effective date. You can find this application in your packet from today's seminar or at www.molagers.org.
- ✓ Send a copy of your birth certificate with the application.
 - If you do not have a birth certificate, you may submit a baptismal record, school or college record, military discharge paper, or passport.

Step 2: Elect your Payment Options

Upon receipt of your application, LAGERS will verify your wages and employment history with your employer and calculate benefit amounts for each of the payment options. Approximately 2-3 weeks before your retirement effective date, you will receive your retirement options packet. Once you receive this packet, please submit the following to our office:

- ✓ Election of Allowance Option Form (LRS-9)
- ✓ Missouri & Federal Tax Withholding Forms (MO-W-4P & W-4P)
- ✓ Direct Deposit Form (LRS-6, optional)
- ✓ If you elect Option A or B, please also submit:
 - Copy of your spouse's Birth Certificate
 - Copy of your Marriage Certificate

Step 3: ONLY if you elect the PLUS

If you choose the Partial Lump Sum on the Election of Allowance Option Form (LRS-9), LAGERS will send you a Lump Sum / Distribution form. By submitting this form you are instructing LAGERS to either roll the PLUS into an eligible retirement account or pay the PLUS to you and incur the tax liability.

When Benefits are Paid

LAGERS pays benefits on the first of the month for that month. You will receive your first benefit on your chosen effective date as long as the application process has been completed before your effective date.

Direct deposit electronic payments are made on the first banking day of each month. Paper checks are mailed the last working day of the prior month. Although direct deposit is highly encouraged, it is not mandatory.



Still have questions? Please do not hesitate to contact us:

P: 1-800-447-4334

F: 573-636-9671

info@molagers.org

www.molagers.org

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Jefferson City, MO 65102



Coming in 2012!

Member Web Portal

- Apply for Retirement
- Set up Tax Withholdings for Retirement
- Generate Benefit Estimates
- And More!

Retiree Web Portal

- View/Print Form 1099-R
- View/Change Tax Withholding Information
- View/Update Beneficiary Information (Life & Option C)
- And More!

Getting It Right!
Getting It Right!

Please visit www.molagers.org to learn how Missouri LAGERS is Getting it Right for Taxpayers, Employers, Employees, and Retirees!