LAGERS benefit specialists are a valuable source for information or assistance regarding your benefits. They can assist you by explaining your benefit plan provisions, provide you with a benefit estimate and explain how each payout option works.

Call, email, or stop by in person. Our business hours are 8:00 a.m. - 5:00 p.m, Monday - Friday.

**Website:**
www.molagers.org

**Telephone:**
(573) 636-9455  
(800) 447-4334

**Social Media:**

**Email:**
info@molagers.org

**Office Location:**
701 W. Main St.  
Jefferson City, MO 65101

**Mailing Address:**
P.O. Box 1665  
Jefferson City, MO 65102
Welcome to LAGERS:

Your Protected Lifetime Benefit Awaits

As a LAGERS member, you join nearly 40,000 Missouri local government employees across the State of Missouri serving their local communities.

With your LAGERS Defined Benefit Plan, you have a valuable tool in helping you to plan and reach a secure retirement with protected lifetime benefits from your employer.

How it Works

Your LAGERS retirement benefit provides guaranteed monthly payments based upon your working career. The payments begin at your retirement and continue until your death. The amount of your monthly benefit is based upon three factors:

- How long you work
- How much you earn in salary
- A unique set of benefit levels elected by your employer

Your benefit is calculated using a formula based on the above three factors. Your benefit is not affected by swings in the markets. It is professionally managed so that you do not have to choose your investments or worry about fees. You also will never have to worry about outliving your LAGERS benefit because it is payable every month for as long as you live.

With your LAGERS benefit, you have the peace of mind knowing that you are working toward financial independence in retirement with every month you commit to public service in your community.
About LAGERS:

The Missouri Local Government Employees Retirement System (LAGERS) was created by the 74th Missouri General Assembly in October 1967 and officially opened its doors in April 1968. During its first year of existence, the young system was administered through a contractual agreement with the Missouri Municipal League and added its first full time staff member in 1969.

By June 1969, 70 Missouri local government entities had joined LAGERS with a total of 4,600 member employees and $2.1 million in assets. LAGERS is now the largest pension system for local government employees in the state of Missouri, covering nearly 700 employers, over 33,000 active members, 20,000 retirees, with around $6 billion in assets and an overall aggregate funding level in excess of the national average. It’s safe to say the growth of the system has been anything but sluggish and LAGERS continues to provide a strong, secure platform within local government communities throughout the state of Missouri.

Not only has the growth of LAGERS membership been rapid, but also the expansion of benefit options available to members. LAGERS was created with one benefit structure that applied to all members. Today, the system offers close to 100 different combinations of benefit options that employers elect at the local level.

LAGERS continues steady membership growth each year while maintaining a fiscally sound system and expects nothing but continued stability in providing a protected, defined retirement benefit for all of its members and beneficiaries.
When Can I Retire?

To be eligible to begin receiving a monthly retirement benefit, you must be vested and have reached retirement age.

Vesting

To become vested, you must earn 60 months (5 years) of service with the LAGERS system. These 60 months may be earned with one LAGERS employer or multiple employers. Once vested, you are guaranteed a benefit regardless of whether you continue to work in the LAGERS system or leave LAGERS covered employment prior to reaching your retirement age.

Normal Retirement

General Employees .......................................................... Age 60
Police Officers ............................................................... Age 55
Fire Fighters ................................................................. Age 55

This represents the age a vested member is eligible to retire with a full, unreduced benefit. *If you are no longer working for a LAGERS employer, delaying your retirement date beyond your normal retirement age will not increase the amount of the benefit.*

Early Retirement

General Employees: .................................... Any age between 55-60
Police Officers: .................................................. Any age between 50-55
Fire Fighters: ....................................................... Any age between 50-55

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.
Rule of 80

Some employers have elected to provide an additional early retirement option called the Rule of 80. The Rule of 80 allows eligible members to retire earlier than normal retirement age with no reduction in their monthly benefit.

If your employer has elected to provide the Rule of 80 retirement provision, you may be eligible to retire with unreduced benefits when your years of credited service plus your age total the number 80.

For Example:

<table>
<thead>
<tr>
<th>Age at Hire</th>
<th>Credited Service</th>
<th>Rule of 80 Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>30</td>
<td>50 = 80</td>
</tr>
<tr>
<td>25</td>
<td>27.5</td>
<td>52.5 = 80</td>
</tr>
<tr>
<td>30</td>
<td>25</td>
<td>55 = 80</td>
</tr>
</tbody>
</table>

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

What if I worked for more than one employer, one with and one without the Rule of 80?

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 credited service 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.
Exceptions to the Rule of 80

If your employer has elected the Rule of 80, your age at hire will determine if you qualify for a Rule of 80 retirement age.

If you are a general employee who 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. If your Rule of 80 age is greater than your normal retirement age, you are still eligible to begin drawing your benefit at normal retirement age.

Even though you may qualify for a Rule of 80 retirement, this does not mean you must retire when your age + credited service = 80. You may work past your Rule of 80 age and continue to earn credited service to increase your benefit.
How is My Benefit Calculated?

Defined Benefit Plan

Defined benefit plans, like LAGERS, pay a permanent, protected lifetime benefit throughout retirement.

Your LAGERS retirement benefit is based on a formula, not an account balance. It is not affected by the amount you or your employer contributes, changes in the markets, or economic conditions.

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.

Benefit Formula

Your benefit is calculated using a formula that is designed to directly reflect your actual career; the longer you work and the more you earn, the greater your benefit at retirement. Although each LAGERS employer elects a unique set of benefits for their employees, all monthly benefits are calculated using the same formula.

You can easily estimate your retirement benefit using this formula.

Benefit Program

\[
\text{Benefit Program} \times \text{Credited Service} \times \text{Final Average Salary} = \text{Monthly Benefit for Life}
\]
The Benefit Program, or multiplier, is a percent elected by your employer that ranges from 1% to 2.5%.

Your Final Average Salary is an average, elected by your employer, of either your highest consecutive 60 or 36 months of wages within your last 120 months of LAGERS credited service.

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

The Monthly Benefit is a protected benefit that is payable every month for as long as you live. At retirement, you may also choose to take a reduction in your monthly benefit so that a benefit will continue to a beneficiary.

A benefit calculation might look like this:

\[
1.50\% \times 25 \text{ Years} \times 3,000 = 1,125 \text{ per month for life}
\]

The following pages contain a more detailed explanation of each of the benefit formula’s components.
Employer Elected Benefits

LAGERS is a unique public pension system because not all members are covered under the same benefit levels. Each of LAGERS’ employers chooses a unique set of benefits for their employees. Knowing which elections your employer has made will help you understand how your benefit has accumulated over your career.

Benefit Programs

The first component of your benefit calculation is the Benefit Program. An employer may elect a benefit program with a multiplier ranging from 1.0% - 2.5%. The higher the multiplier, the greater the retirement benefit.

After you have left LAGERS-covered employment, any changes made to your former employer’s LAGERS benefit structure will not affect your benefit.

Benefit Program Options

Life Programs - pay one permanent benefit every month for the lifetime of the member.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>L-1</td>
<td>1.00%</td>
</tr>
<tr>
<td>L-3</td>
<td>1.25%</td>
</tr>
<tr>
<td>L-7</td>
<td>1.50%</td>
</tr>
<tr>
<td>L-9</td>
<td>1.60%*</td>
</tr>
<tr>
<td>L-12</td>
<td>1.75%</td>
</tr>
<tr>
<td>L-6</td>
<td>2.00%</td>
</tr>
<tr>
<td>L-11</td>
<td>2.50%**</td>
</tr>
</tbody>
</table>

* No longer available for new elections
**Only available to groups that do not contribute to Social Security.
Life and Temporary Programs  - pay a permanent base benefit every month for the lifetime of the member, plus an additional monthly benefit payable until age 65 or 62.

<table>
<thead>
<tr>
<th>Program</th>
<th>Benefit Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>LT-4(65)</td>
<td>1.00% for Life  + 1.00% to age 65</td>
</tr>
<tr>
<td>LT-5 (65)</td>
<td>1.25% for Life  + 0.75% to age 65</td>
</tr>
<tr>
<td>LT-8(65)</td>
<td>1.50% for Life  + 0.50% to age 65</td>
</tr>
<tr>
<td>LT-10(65)*</td>
<td>1.60% for Life  + 0.40% to age 65</td>
</tr>
<tr>
<td>LT-14(65)</td>
<td>1.75% for Life  + 0.25% to age 65</td>
</tr>
</tbody>
</table>

* No longer available for new elections

Issues to Remember if You Have an LT Program  - If you are covered under a Life and Temporary Program, there are several important distinctions to keep in mind:

1. The temporary benefit, plus any applicable cost of living adjustment, stops the month following your attainment of either age 65 for LT-65 programs (or 62 for LT-62 programs).

2. The temporary benefit will be paid until age 65 (or 62), regardless of when you begin to receive benefits from Social Security. The temporary benefit is only payable to the member and will not extend to any beneficiary.

3. Leaving LAGERS covered employment before you are age eligible to retire will result in forfeiture of your temporary benefit.

4. The temporary benefit is not payable on disability or survivor benefits.
Final Average Salary

The second component of your benefit calculation is the Final Average Salary. An employer may elect either a 36 month or 60 month average of your gross monthly wages to be used in your benefit calculation. The higher your final average salary, the greater the retirement benefit.

LAGERS Considers 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) of LAGERS credited service. From this time period, the average of either your highest consecutive 60 or 36 months of gross wages will be used to calculate your benefit.

One time lump sum payouts of vacation and/or sick leave are not included in this calculation.

Example: An employee retires on March 1st, 2014

<table>
<thead>
<tr>
<th>Year</th>
<th>Gross Wages</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>5,543</td>
</tr>
<tr>
<td>2013</td>
<td>33,260</td>
</tr>
<tr>
<td>2012</td>
<td>36,720</td>
</tr>
<tr>
<td>2011</td>
<td>36,000</td>
</tr>
<tr>
<td>2010</td>
<td>35,280</td>
</tr>
<tr>
<td>2009</td>
<td>34,602</td>
</tr>
<tr>
<td>2008</td>
<td>33,923</td>
</tr>
<tr>
<td>2007</td>
<td>33,260</td>
</tr>
<tr>
<td>2006</td>
<td>32,606</td>
</tr>
<tr>
<td>2005</td>
<td>31,700</td>
</tr>
<tr>
<td>March 1st 2004</td>
<td>30,600</td>
</tr>
</tbody>
</table>

**36 Month Final Average Salary**

$108,000 / 36 Months = $3,000

**60 Month Final Average Salary**

$176,525 / 60 Months = $2,942
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.

However, LAGERS only uses one final average salary period to calculate your benefit – the last 120 months of LAGERS credited service. This may be with one LAGERS employer or several.
How To Calculate Your Benefit

The following information will give you a general idea of how to calculate your LAGERS monthly benefit. Below is an example of the LAGERS Life Program benefit formula.

**Benefit Calculation Example: L-1**

1.00% x $3,000 x 25 Years = $750.00 payable for life

**Estimating Your Future Benefit**

The table below represents the percentage of your final average salary that will be replaced by your LAGERS benefit upon retirement. Salary Replacement is calculated by multiplying the multiplier by the years of service.

Examples are based on $3,000 Final Average Salary and 25 Years of Service. These numbers will vary depending on your individual Credited Service and Salary.

<table>
<thead>
<tr>
<th>Life Program</th>
<th>Multiplier</th>
<th>Salary Replacement Percentage*</th>
<th>Monthly Benefit Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>L-1</td>
<td>1.00%</td>
<td>25%</td>
<td>$750</td>
</tr>
<tr>
<td>L-3</td>
<td>1.25%</td>
<td>31%</td>
<td>$938</td>
</tr>
<tr>
<td>L-7</td>
<td>1.50%</td>
<td>38%</td>
<td>$1,125</td>
</tr>
<tr>
<td>L-9</td>
<td>1.60%</td>
<td>40%</td>
<td>$1,200</td>
</tr>
<tr>
<td>L-12</td>
<td>1.75%</td>
<td>44%</td>
<td>$1,313</td>
</tr>
<tr>
<td>L-6</td>
<td>2.00%</td>
<td>50%</td>
<td>$1,500</td>
</tr>
<tr>
<td>L-11**</td>
<td>2.50%</td>
<td>63%</td>
<td>$1,875</td>
</tr>
</tbody>
</table>

* Salary Replacement was calculated by multiplying the multiplier by the years of service.

**Only available to groups that do not contribute to Social Security.**
Below is an example of the LAGERS Life & Temporary Program benefit formula.

**Benefit Calculation Example: LT-4(65)**
2.00% x $3,000 x 25 Years = $1,500 payable until age 65
1.00% x $3,000 x 25 Years = $750 from age 65 to death

**Estimating Your Future Benefit:**
Examples are based on $3,000 Final Average Salary and 25 Years of Service. These numbers will vary depending on your individual Credited Service and Salary.

<table>
<thead>
<tr>
<th>Life &amp; Temporary Program</th>
<th>Multiplier*</th>
<th>Salary Replacement Percentage**</th>
<th>Monthly Benefit Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>All LT Programs</td>
<td>2.00% to 65</td>
<td>50%</td>
<td>$1,500</td>
</tr>
<tr>
<td>LT-4(65)</td>
<td>1.00% after 65</td>
<td>25%</td>
<td>$750</td>
</tr>
<tr>
<td>LT-5(65)</td>
<td>1.25% after 65</td>
<td>31%</td>
<td>$938</td>
</tr>
<tr>
<td>LT-8(65)</td>
<td>1.50% after 65</td>
<td>38%</td>
<td>$1,125</td>
</tr>
<tr>
<td>LT-10(65)</td>
<td>1.60% after 65</td>
<td>40%</td>
<td>$1,200</td>
</tr>
<tr>
<td>LT-14(65)</td>
<td>1.75% after 65</td>
<td>44%</td>
<td>$1,313</td>
</tr>
</tbody>
</table>

*All LT(65) programs have a 2% multiplier until age 65. After 65, the multiplier changes to a base multiplier (displayed in the table).

**Salary Replacement was calculated by multiplying the multiplier by the years of service.

These examples only reflect a basic Life Option calculation and do not account for any adjustments that may be made for an alternate Payout Election or Cost of Living Increase that may affect the amount of your monthly retirement benefit. See page 38 for more information on Payout Options.
Benefit Program Examples

The following examples help demonstrate how the Benefit Program your employer elects can impact the benefit calculation. For these examples, we assume a $3,000 Final Average Salary and 25 Years of Credited Service

**Life Programs:**

**L-1:**
1.00% $\times$ 25 Years $\times$ $3,000 = $750.00 payable for life

**L-3:**
1.25% $\times$ 25 Years $\times$ $3,000 = $937.50

**L-7:**
1.50% $\times$ 25 Years $\times$ $3,000 = $1,125.00

**L-9*:**
1.60% $\times$ 25 Years $\times$ $3,000 = $1,200.00

**L-12:**
1.75% $\times$ 25 Years $\times$ $3,000 = $1,312.50

**L-6:**
2.00% $\times$ 25 Years $\times$ $3,000 = $1,500.00

**L-11*:**
2.50% $\times$ 25 Years $\times$ $3,000 = $1,875.00

*Only available to groups that do not contribute to Social Security.
**Life & Temporary Programs:**

**LT-4(65)**
1.00% x 25 Years x $3,000 = $ 750.00 payable for life
1.00% x 25 Years x $3,000 = $ 750.00 paid until age 65

**LT-5(65)**
1.25% x 25 Years x $3,000 = $ 937.50 payable for life
0.75% x 25 Years x $3,000 = $ 562.50 paid until age 65

**LT-8(65)**
1.50% x 25 Years x $3,000 = $ 1,125.00 payable for life
0.50% x 25 Years x $3,000 = $ 375.00 paid until age 65

**LT-10(65)**
1.60% x 25 Years x $3,000 = $ 1,200.00 payable for life
0.40% x 25 Years x $3,000 = $ 300.00 paid until age 65

**LT-14(65)**
1.75% x 25 Years x $3,000 = $ 1,312.50 payable for life
0.25% x 25 Years x $3,000 = $ 187.50 paid until age 65

*Not open for new elections*

The above examples only reflect a basic Life Option calculation and do not account for any adjustments that may be made for an alternate Payout Election or Cost of Living Increase that may affect the amount of your monthly retirement benefit. See “Ready to Retire” and “After Retirement” sections for explanations of Payout Options and COLAs.
Credited Service

The third component of your benefit calculation is Credited Service. Credited service is calculated as the total number of months and years you work in a LAGERS covered position, which may include a combination of prior service and membership service.

Prior Service is time you worked for your employer before your employer joined LAGERS. In most cases, when an employer joins LAGERS, they elect to cover 100%, 75%, 50%, or 25% of their employees’ prior service. This election determines how much of your prior employment is credited toward your LAGERS benefit. To receive this prior service, you must have been an active employee on the date your employer joined LAGERS and continuously for one year after the joining date.

If your employer elects less than 100% prior service, only the portion elected to be covered shall be considered when calculating credited service and final average salary.

Membership Service is time worked for a LAGERS employer while the employer is covered by LAGERS. Covered employment is elected by your employer when it joined the system as a position requiring either 1,500, 1,250, or 1,000 hours on an annual basis.

Working for an Employer with a Prior Retirement Plan

Some employers already have a retirement plan in place when they elect to join LAGERS. LAGERS evaluates each of these plans individually to determine if the plan is similar to LAGERS coverage. If the prior retirement plan is found to be similar to LAGERS, the employer may not have the option to give credit for all or a portion of employees’ prior service. Because each plan is different, it is best to call the LAGERS office if you have specific questions about how your prior service is handled and how it may affect your benefit.
How Can I Increase My Benefit?

The LAGERS benefit formula is designed to reward long term employees. The longer you work, the greater your monthly benefit will be. There is no limit to the amount of credited service you can earn, and every additional month you work in a LAGERS covered position will increase your benefit.

Because your benefit is based on a formula, and not an account balance, your normal monthly contributions, if any, do not affect the amount of your monthly retirement benefit.

Aside from working longer, some members may be eligible to increase their benefit amount by either purchasing or transferring service from a previous employer.

Purchasing Service

Before you terminate your LAGERS covered employment, you may be eligible to add additional time toward your benefit calculation in order to increase your retirement benefit.

Military Service

If you are an active LAGERS member who had previous active duty service in the United States military, you may purchase up to four years of that service toward your LAGERS benefit.

To initiate this purchase, you must complete a purchase of military service form (available on our website) and submit your honorary discharge papers (DD 214) to LAGERS. You cannot be eligible to receive a benefit from any other retirement plan except for benefits from the US military for the period of time you are purchasing.
How Can I Increase My Benefit?

Non-Federal Public Employment in Missouri

If you are an active, vested member, you may purchase service toward your LAGERS benefit for any time that you were employed in a non-Federal public position within the state of Missouri.

To be eligible for this type of purchase, you must have either not been covered by a retirement plan from your former employer, or you were covered by a plan, but are not eligible for benefits from that plan.

Other Employer Sponsored Retirement Plans

Prior Service Not Covered By LAGERS

If your employer elected to cover less than 100% of your prior service OR if your employer had a retirement plan in place before it joined LAGERS that was considered “similar in purpose” to LAGERS, some or all of your prior employment may not be credited toward your LAGERS benefit. Talk to your employer or contact LAGERS if you would like more information about how it impacts your benefit calculation. This service may be purchase eligible.

Transferring from Another MO Public Pension

If you are an active, vested member of LAGERS, you may also be eligible to transfer service from a different Missouri public pension plan if you are vested in the other retirement system and LAGERS has an agreement with the other system.

You may contact the LAGERS office to see if you are eligible to transfer service and if your prior retirement plan has an agreement with LAGERS.
How Do I Purchase Service?

All service purchases must be completed prior to your last day of LAGERS covered employment. To initiate a purchase, you should complete a Purchase of Service form (available on our website) and submit to the LAGERS office.

Once LAGERS receives your application, we will calculate the cost of the purchase and send you a form indicating this cost and your options for payment. You may choose to pay for the purchase in a lump sum, or in 12 or 24 monthly installments. If you are using funds from another retirement account to purchase service, you may directly rollover the funds.

You can estimate the cost of purchasing military service online using your myLAGERS account.
Can My Benefit Level Change?

Your employer’s governing body determines the LAGERS benefit levels that apply to their employees. Only participating employers have the ability to change their benefit levels and can do so once every two years.

**Upgrades**

If your employer makes a benefit upgrade, it will not only increase your future service going forward, but will also upgrade your previous service retroactively.

You must be an active, covered employee on or after the effective date of the upgrade to be eligible for the increased benefit. This means you must receive a month of credited service during or after 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 credited service for June or after in order for the benefit change to affect you.

**Downgrades**

Your employer also has the ability to downgrade benefits for active employees.

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

If you are covered by the Rule of 80 and your employer later chooses to remove it, you will still be eligible for the Rule of 80. Only employees hired after the effective date of the removal will not be covered under the Rule of 80.

**Benefit changes only apply to active employees. Once you retire, benefit upgrades or downgrades WILL NOT affect your monthly benefit.**
Funding Your LAGERS Benefit

LAGERS employers elect to pay for your benefits in one of two ways:

Employee Contributory

Though employee contributions do not affect the amount of your monthly retirement benefit, they do help pay for it. If your employer is contributory, you are required to contribute 4% of gross wages to help fund a portion of the benefit you will receive at retirement.

*Important Notes About Employee Contributions:*

- You or your beneficiary will never receive back less than you paid in, plus interest
- Contributions are made after-tax (will not reduce your taxable income today)
- A portion of your retirement benefit will not be taxable

*You can view your accumulated contribution balance online through your myLAGERS account 24/7.*

Employee Non-Contributory

If you are not required to make contributions to LAGERS, your employer has chosen to pay all necessary expenses for your retirement benefit.

Non-Contributory Refund

If your employer required you to contribute in the past and has been non-contributory for at least two years, they may elect to refund your previous contributions. You will receive all of your previous contributions, plus the interest earned, back with no reduction to your monthly benefit.
Designating Beneficiaries

If an active LAGERS member were to pass away before retirement, LAGERS will look first to pay a monthly survivor benefit to any eligible spouse or dependent children. (See Survivor’s Benefits on Page 31) If no monthly survivor benefit is payable, LAGERS will pay a refund of your accumulated member contributions (if any) to your designated beneficiary of record.

Who May I List as a Beneficiary for a Refund of My Contributions?

You may designate an individual, legal entity (such as a charity), trust, or your estate as a beneficiary. You may designate more than one primary and/or contingent beneficiary to share equally in your accumulated contributions.

Why Should I List a Contingent Beneficiary?

A contingent beneficiary will only be eligible to receive your accumulated contributions should all your primary beneficiaries predecease your contingent beneficiaries. Without a contingent beneficiary, your estate would determine how your contributions are disbursed should your primary beneficiary predecease you.
My Employer is Currently Non-Contributory, Do I Still Need to Designate Beneficiaries?

It is always a best practice to keep current beneficiaries on file with the LAGERS office. LAGERS employers have the option to change their ‘Contributory Status’ once every two years. This means that even if you are not contributing toward your LAGERS retirement today, there is always the possibility that you may in the future. Likewise, if you at any time worked for a LAGERS employer who was contributory, or you made contributions in the past with your current employer (and you have not taken a refund of those contributions), they will still be accumulating interest in your LAGERS account and would be payable to your beneficiaries should no monthly survivor benefit be payable at the time of your death.

Where Can I View my Current Designations and Account Balances?

You can view your current beneficiary designations by logging on to your myLAGERS account. There, you may view your account information as well as make updates to your beneficiary designations. You may also contact the LAGERS office to obtain this information.

What Does My Eligible Beneficiary Need to Do in the Event of My Death?

In the event of your death, it is solely the beneficiary’s responsibility to notify the LAGERS system and submit the required Application for Survivor’s Benefit Form or Request for Refund of Employee’s Contributions by Beneficiary Form to the LAGERS office.
What Happens If I Leave Employment?

Not all LAGERS members work for a LAGERS employer until the day they retire. If you are considering leaving LAGERS covered employment prior to retirement age, you may have several different options for handling your benefit. Your options will depend on your vesting status and age.

**Less than 5 Years of Service, Regardless of Age:**

- Take a refund of accumulated contributions (if applicable)
  **Taking a refund will forfeit any future benefit on this service**
- Leave accumulated contributions in the system
  **If you plan to re-employ with a LAGERS employer within the next ten (10) years, this option allows you to preserve your earned credited service for a future monthly benefit should you become vested.**

**More than 5 Years of Service, Under Early Retirement Age:**

- Defer your monthly benefit to early or normal retirement age
- Take a refund of accumulated contributions (if applicable)
- Take a Lump Sum Payment
  **A member may only use this option if he has less than 10 years of service and is more than 10 years from retirement age. This option permanently forfeits any possible future benefit on this credited service.**

**More than 5 Years of Service, Over Early Retirement, but Under Normal Retirement Age:**

- Delay your monthly benefit to normal retirement age
- Take an Early Retirement (see page 5)

*Once you reach Normal Retirement Age and are no longer working, there is no benefit to delaying your benefit.*
Returning To Covered Employment

I was not vested when I left LAGERS Employment

If you are re-employing within the LAGERS system and you had less than 60 months of service when you left employment previously, you may still be eligible for a benefit based on that service should you become vested.

In order to receive credit for your previous service, you must:

1. Have not taken a refund of contributions. Taking a refund of your member contributions forfeits any credited service on that account. *If you took a refund, you may still be eligible to redeposit those funds plus interest to reinstate previous service.*

2. Be re-employing within 10 years of termination with your former LAGERS employer. A non-vested member must re-employ within 10 years of their termination date in order to be eligible to receive credited service for their previous LAGERS employment.

I was vested when I left LAGERS Employment

A vested member who is returning to LAGERS covered employment will continue to accrue toward their benefit unless:

You took a refund - Taking a refund of your member contributions forfeits any credited service on that account. *If you took a refund, you may still be eligible to redeposit those funds plus to reinstate previous service.*

You took a lump sum - LAGERS views lump sums as a payment in full of your earned benefit. *If you took a lump sum, you have already received a benefit for your previous employment.*

*See Working for More Than One LAGERS Employer, page 15*
Disability Benefits

Every LAGERS member is covered by disability benefits. This means that if you were to become permanently disabled and could no longer perform your current job, you may be eligible for a monthly benefit.

The amount of benefit, if any, will depend on the nature of the disability. LAGERS has two different types of disability: Duty-Related and Non-Duty Related.

<table>
<thead>
<tr>
<th>Duty Disability</th>
<th>Non-Duty Disability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability caused by work-related injury or illness.</td>
<td>Disability caused by non-work related injury or illness.</td>
</tr>
<tr>
<td>No vesting requirement</td>
<td>Must be vested to be eligible</td>
</tr>
<tr>
<td>Credited service used in the benefit calculation is ‘extended’ as if member would have worked until age 60.</td>
<td>Accrued credited service earned up to date of disability is used in the benefit calculation.</td>
</tr>
<tr>
<td>Benefit is payable for life.</td>
<td>Benefit is payable for life.</td>
</tr>
</tbody>
</table>

How Do I Apply?

1. Complete an Application for Retirement form (LRS-8). This form must be submitted within one year of the disability.

2. A medical committee of 3 doctors (including your attending physician) reviews your disability claim and makes a recommendation for or against permanent disability.

3. LAGERS disability committee reviews the application and doctors’ recommendations then approves or denies the benefit.

4. LAGERS Board of Trustees grants final approval.

*Once approved, periodic medical examinations are required to recertify the disability.
Survivors Benefits

In the event that a member should pass away prior to retiring, additional monthly survivors’ benefits may be payable to eligible beneficiaries. Survivors’ benefits are payable on vested and non-vested accounts for Duty-Related deaths and are payable only on vested accounts for Non-Duty related deaths.

Who is Eligible?

LAGERS will pay a survivor benefit firstly to an eligible spouse. If no eligible spouse exists, a benefit may be payable to any dependent children.

**An eligible spouse must have been married to the member for at least two years unless the death was accidental. If the death was duty-related, the spouse must have been married to the member at the onset of injury or illness that cause the death.**

What is Payable?

An eligible spouse would receive a lifetime monthly benefit based on Option A payout option (See page 38).

If no spousal benefit is payable, any dependent children would receive an equal share of 60% of the member’s benefit.

How is the Benefit Calculated?

Similar to LAGERS disability benefits, the amount of credited service used in the calculation depends on whether the death was duty or non-duty related. Duty related deaths use credited service that is extended as if the member would have worked until age 60.

*If you have no eligible spouse or dependent children, no monthly benefit is payable. Remaining member contributions, if any, would be refunded to your beneficiary of record or estate.*
What Happens If I am Divorced?

Is a LAGERS monthly benefit divisible as marital assets?

Currently, there is no Missouri statute addressing whether or not a LAGERS monthly benefit is divisible as a marital asset. That determination is made by the family court in each case.

Can an ex-spouse receive a monthly benefit directly from LAGERS?

Under applicable law including Missouri State Statute RSMo 70.695, a LAGERS accrued benefit is not subject to garnishment, attachment, execution, or bankruptcy proceedings. This means that LAGERS is also not subject to Qualified Domestic Relations Orders (QDRO’s). If family court determines that the member’s LAGERS benefit is divisible as a marital asset, it is solely the member’s responsibility to forward the portion determined by the family court to his or her former spouse. The former spouse cannot begin receiving his or her portion until the member begins to draw his or her monthly benefit. In any case, LAGERS will only pay to a member. The only exception to this is that a member receiving an allowance is subject to child support deductions as ordered by a Court.

How is the value of a LAGERS benefit determined?

LAGERS benefits are not based on an account balance, rather, they are based on a member’s earned wages and the time they have worked for a LAGERS member employer. The amount the ex-spouse is eligible to receive is determined by family court and could be a dollar amount, percentage, or some other figure. LAGERS can provide a benefit estimate* and / or an annual benefit statement* upon request to assist in calculating the value of the member’s monthly benefit, but LAGERS does not provide present value calculations.

*A benefit estimate or benefit statement are only available for LAGERS members or via appropriate Court order.
What happens if I elect a spousal retirement payout option, and then I get a divorce?

When a LAGERS member elects a payout option for retirement, the payout option that is selected is irrevocable and cannot be changed. The spouse who is elected under Options A or B will always remain the beneficiary even if a divorce occurs. If the member retires, elects Option A or B, divorces, and re-marries, the previous spouse will still be the beneficiary under Option A or B.

**Unlike Option A or B, Option C allows the member (retiree) to change the beneficiary throughout retirement.**

Do I need to submit any forms to LAGERS after the divorce is final?

LAGERS does not require that you submit any forms.

Do I need to update my beneficiaries after the divorce is final?

It is not a requirement to update your beneficiaries, but it is strongly recommended that you do. You can change your beneficiaries at any time by downloading the “Change of Beneficiary” form from the LAGERS website and sending it to the LAGERS office – Fax 573-636-9671 or mail 701 W. Main St. Jefferson City, MO 65102 or by using the myLAGERS web portal.

The contents of this page are not intended to and should not be considered legal advice. This information does not amend or overrule any applicable statute or administrative rule. In the event of conflict, the applicable statute or administrative rule will prevail. If you have questions regarding your specific legal situation, please contact your personal legal counsel.
Planning for Your Future

It’s never too early to begin planning for your future retirement. Your LAGERS benefit is not intended to be your sole source of retirement income, but rather one of several income streams. Understanding how your pension income is going to fit into your larger retirement picture can help you develop a plan to help reach your retirement goals.

Resources

**Website** - www.molagers.org

**myLAGERS** - Log in to your unique myLAGERS account and view your credited service, wages, benefit programs, and more. You can also generate benefit estimates, change beneficiaries, and apply for retirement!

**Webinars** - Want to learn more about payout options, disability and survivor’s benefits, or what happens to your benefit if you leave before retirement age? LAGERS offers many live and recorded webinars on a variety of topics. Visit our website to learn more!

**Employee Meetings** - A LAGERS representative would be happy to visit your employer and give a presentation on how your benefits work. Ask your employer to arrange a meeting today!

**Pre-Retirement Seminars** - Members who are within five years of retirement should consider attending a pre-retirement seminar. These seminars include in-depth discussions of the retirement process, your payout options, taxes, COLAs, Social Security, and many other issues affecting retirees.
Applying for Your Benefit

You may initiate your LAGERS Retirement in one of two ways:

1. Online using the myLAGERS member web portal
2. Completing the paper form (LRS-8)

**Step 1: Apply for Your Benefits**

Complete the application process online using the myLAGERS portal or submit the paper Application for Retirement (LRS-8). LAGERS must have this form 30-90 days before your retirement effective date. You can find the paper application online at [www.molagers.org](http://www.molagers.org).

You must submit 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 Option**

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 choose the Partial Lump Sum

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 directly 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 mailing day of the prior month. Although direct deposit is highly encouraged, it is not mandatory.
LAGERS offers different ways you can elect to receive your monthly benefit.

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

### Retirement Payment Options

<table>
<thead>
<tr>
<th>Payment Option</th>
<th>Retiree Benefit</th>
<th>Beneficiary Monthly Benefit</th>
<th>Eligible Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Life</td>
<td>100%</td>
<td>None</td>
<td>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.</td>
</tr>
<tr>
<td>Option A</td>
<td>85%*</td>
<td>75% of member’s benefit</td>
<td>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.</td>
</tr>
<tr>
<td>Option B</td>
<td>90%*</td>
<td>50% of member’s benefit</td>
<td>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.</td>
</tr>
<tr>
<td>Option C</td>
<td>95%</td>
<td>100% of the member’s benefit (excluding the temporary portion)</td>
<td>Any person(s) or legal entity can be named as a beneficiary for Option C.</td>
</tr>
<tr>
<td>Option D</td>
<td>Lump Sum</td>
<td>None</td>
<td>Option D is a lump sum distribution of the entire benefit to the member. This option is only available to members whose benefit reserve value is less than $10,000.</td>
</tr>
</tbody>
</table>

*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.
Some Issues to Remember

Option A & 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 person, legal entity such as a trust, church, or charity.
## Retirement Payment Options

### Life Allowance

**Example:**
Assume L-7(1.50%), $3000 Final Average Salary, 25 Years of Credited Service

<table>
<thead>
<tr>
<th>Benefit Factor</th>
<th>Credited Service</th>
<th>Final Average Salary</th>
<th>Member’s Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.50%</td>
<td>25</td>
<td>$3,000</td>
<td>$1,125</td>
</tr>
</tbody>
</table>

### Option A

**Example:**
Spouse Same Age

<table>
<thead>
<tr>
<th>Life Allowance</th>
<th>85% = Member’s Allowance</th>
<th>$1,125 x 85% = $956.25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member’s Allowance</td>
<td>75% = Spouse’s Allowance</td>
<td>$956.25 x 75% = $717.19</td>
</tr>
</tbody>
</table>

### Option B

**Example:**
Spouse Same Age

<table>
<thead>
<tr>
<th>Life Allowance</th>
<th>90% = Member’s Allowance</th>
<th>$1,125 x 90% = $1,012.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member’s Allowance</td>
<td>50% = Spouse’s Allowance</td>
<td>$1,012.50 x 50% = $506.25</td>
</tr>
</tbody>
</table>
Option C

**Example**

- Life Allowance \( \times \) 95% = Member’s Allowance
  - $1,125 \times 95\% = $1,068.75
- Life Allowance \( \times \) 95% = Beneficiary’s Allowance
  - $1,125 \times 95\% = $1,068.75

3/1/2014

- Member’s Benefit $1,068.75

- Member’s Death

- 3/1/2024

- Beneficiary’s Benefit $1,068.75

**Benefit is payable for member’s lifetime.**

If member passes away before 120 payments have been made, the remaining payments will be made to the beneficiary.

**Life (PLUS)**

**Example:**

- Member retires at age 60

  - Life Allowance \( \times \) 84% = Member’s Allowance
    - $1,125 \times 84\% = $945
  - Partial Lump Sum Calculation
    - Member’s Allowance \( \times \) 24 = Partial Lump Sum
    - $1,125 \times 24 = $27,000
Partial Lump Sum (PLUS)

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

A Partial Lump Sum can be added to any one of LAGERS payout options.

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 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.
PLUS is subject to Taxes, Unless Directly Rolled Over

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. This is the standard withholding amount for all retirees, however you may owe more or less depending on your tax status.

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 (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
Taxes and Your LAGERS Benefit

Your monthly LAGERS benefit is considered taxable income and will be subject to all applicable state and federal taxes. LAGERS will withhold for Missouri and Federal income taxes at your request.

Employee Contributions

The only portion of your monthly benefit that is not taxable is based on your actual employee contributions that were withheld from your pay during your career. You have already paid taxes on these funds, however, the interest earned on your contributions is still 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.

1099-R

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 withholding as desired by filing the appropriate forms with the LAGERS office or by using the myLAGERS web portal.

You may be eligible for a Missouri Public Pension tax exemption because you are receiving income from a public pension. Ask your tax advisor or visit the Missouri Department of Revenue website 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 withholding.
Public safety retirees may elect to have health and long term care premiums withheld from their monthly benefit.

In order to qualify, you must have retired under the normal retirement provision of the system (meaning that you did not take an early retirement) or you must have taken a disability retirement. Rule of 80 retirement does qualify.

This works in connection with premiums for applicable qualified health insurance. LAGERS can now withhold those amounts from monthly retirement benefits and pay directly to a qualified provider. Up to $3,000 of what LAGERS withholds may be excluded from your Federal taxable income.

The definition of eligible public safety officers, as included in federal law (42 U.S.C. 3796b(9)), is generally individuals who served a public agency in the capacity of a professional firefighter, chaplains serving in a police or fire department, officially designated public employee members of a rescue squad or ambulance crew, or an individual involved in crime and juvenile delinquency control or reduction, or enforcement of the criminal laws (including juvenile delinquency), including, but not limited to police, corrections, probation, parole, and judicial officers.
Cost of Living Adjustment

LAGERS Board of Trustees may award eligible retirees an annual Cost of Living Adjustment (COLA).

Cost of living adjustments are designed to help your benefit keep pace with inflation. The amount of the adjustment is based on the Consumer Price Index (CPI) and cannot exceed 4% in a year.

When are the adjustments made?

The adjustment is payable each October 1st and will be applied to your current monthly benefit amount.

When will I get my first adjustment?

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, 2013, you would be eligible for your first adjustment on October 1, 2014. If you retired on November 1, 2013, you would be eligible for your first adjustment on October 1, 2015.

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.

Will my benefit ever decrease?

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, and first must take into account the financial stability of the system.
Loss of a Loved One

**I Elected the Life Option...**

Under the Life Payout Option, your beneficiary will only receive payment should you pass away and still have member contributions remaining in the system. This beneficiary can be changed at any time during your retirement.

**I Elected Option A or Option B...**

If you retired after September 1, 1992 and elected either Option A or B, you are covered under LAGERS Pop-Up Provision. In the event that your beneficiary predeceases you, this provision allows you to remove the Option A or B reduction you are taking in your benefit and ‘pop up’ to 100% of your Life Option amount. You must notify the LAGERS office upon the death of your beneficiary to enact the Pop-Up Provision.

Once enacted, you are locked into the Life Option and may not designate a new beneficiary under Option A or B. You may designate a new beneficiary for any remaining contributions you may still have remaining in the system (if applicable).

**I Elected Option C...**

If you elected Option C, you may designate a new beneficiary(ies) at any time. Should your beneficiary predecease you, you may designate a new primary beneficiary. If no new designation is made, in the event of your death, any remaining payments would be made to your contingent beneficiary.

If you have no living beneficiaries at the time of your death, remaining payments (if any) would be made to your estate.
Employment After Retirement

As a LAGERS retiree, you always have the option to return to work. In many circumstances, a retiree may seek employment after retirement and continue to draw their LAGERS benefit unaffected.

If I Employ with a Non-LAGERS Employer:

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

If I Employ Part-Time with a LAGERS Employer:

You may re-employ part time with any LAGERS employer and continue to receive your monthly LAGERS benefit. Each employer elects to define part time as either less than 1500, 1250 or 1000 hours per year. Check with the employer to ensure you will be working less than the full time definition. Part-time employees are not eligible to accrue additional LAGERS benefits.

If I Employ Full-Time with a Different LAGERS Employer:

You may re-employ full time after retiring 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 full calendar month break in employment between employers.

For example, if you retired and your last day of employment with City A is September 30th and your retirement effective date is October 1st, you cannot re-employ full time with City B before November 1st. If your last day with City A is October 10th with an October 1st retirement effective date, you cannot re-employ with City B before November 10th.
If you re-employ full time with a different employer from which you are receiving a benefit, provided you have a one calendar month break in employment, you will begin to accrue service toward an additional benefit from your new employer. You will become vested with the new employer after 12 consecutive months of service and eligible for an additional benefit.

**If I Re-Employ Full-Time with the Same Employer from Which I Am Receiving a Benefit:**

You may not be earning a benefit from the same employer you are currently drawing a benefit from. If you re-employ in a LAGERS covered position with your former employer, your original benefit will be suspended for each month you are employed. You will begin to accrue service toward an additional benefit and would be vested after 12 consecutive months of employment.

When you retire for the second time, your original benefit will be reinstated plus the additional benefit, if any, that you accrued.
**Glossary**

**Beneficiary** – Any person or entity entitled to or designated by a member who may be legally eligible for either a monthly benefit or one time refund/lump sum.

**Benefit Program** – A multiplier that is elected by each employer to be used in the benefit calculation.

**Cost of Living Adjustments** – Protects a member’s benefit from losing purchasing power as the cost of living (inflation) rises from year to year. COLAs are given at the discretion of the LAGERS board.

**CPI (Consumer Price Index)** – A measure of inflation, as calculated by the United States Department of Labor, which LAGERS’ Board uses to determine how much, if any, of a Cost of Living Adjustment to award retirees each year.

**Credited Service** - The sum of membership service and prior service.

**Defined Benefit** - LAGERS is considered a defined benefit plan, meaning that members receive a guaranteed and protected lifetime benefit that is calculated by a formula, not an account balance.

**Disability** – A total and permanent physical or mental disability that permanently prevents a member from preforming his current LAGERS covered job.

**Contributions (Member)** – Some LAGERS employers require LAGERS eligible employees to contribute 4% of their gross wages to help fund their benefits. Member contributions are credited to each individual’s account, they earn interest, and are guaranteed to the member or beneficiary.
Final Average Salary - An average used in the benefit calculation of a member’s highest consecutive 36 or 60 months of wages from the last 120 months of LAGERS credited service.

Formula – Defined benefit allowances are calculated using a formula, not an accumulated account balance. LAGERS monthly benefits are calculated by multiplying Benefit Program X Final Average Salary X Credited Service

Membership Service – All full-time employment after an employer joins LAGERS.

Payout Option – When applying for retirement, each member elects a payout option. LAGERS provides different payout options which allow each member to draw their benefit in a manner that best suits their needs.

Purchased Service – Is service that a member individually purchases toward their benefit calculation. Purchased service is included in the benefit calculation, but is not considered ‘credited service’ therefore salary earned during the period of purchased serviced would not count toward the final average salary calculation.

Prior Service – Employment with an employer prior to the date an employer joins LAGERS. Each employer handles their prior service election differently.

Retirement Age – The age at which a vested member becomes age eligible to begin drawing a monthly benefit.

Retirement Effective Date – Effective dates are always the 1st of a month and represent that date on which a member’s retirement benefit will begin. Effective dates may be different from a member’s termination date.
Glossary

**Termination Date** – The last day that a member is covered in a LAGERS covered position.

**Vested** - Vested members are those who are eligible for a retirement benefit once they have attained a LAGERS retirement age. Vesting for LAGERS occurs once a member earns 60 months of service in the system.

**1099-R** - The tax document issued to individuals who received a LAGERS distribution in a given tax year.
Notes:
This booklet 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.

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