



9:00 AM – UNDERSTANDING YOUR LAGERS BENEFITS

9:40 AM – LAGERS PAYMENT OPTIONS

10:20 AM – TAXATION OF LAGERS BENEFITS, COLAS, WORKING AFTER RETIREMENT

# EDUCATIONAL BREAKOUT SESSIONS

WITH GINNIE MEDLIN, EDUCATION AND OUTREACH SPECIALIST





# UNDERSTANDING YOUR LAGERS BENEFITS



# YOUR LAGERS BENEFIT

**Your LAGERS Benefit is a valuable tool for helping you plan and reach financial independence in retirement**



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# YOUR LAGERS BENEFIT: **DEFINED BENEFIT PLAN**

## **Defined Benefit Plans provide:**

- Guaranteed protected lifetime income
- A stable benefit not affected by market swings
- A plan that doesn't require you to be an investment expert



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# YOUR LAGERS BENEFIT: THE CALCULATION

## LAGERS is a Defined Benefit Plan

- This means benefits are based on a formula, not an account balance.

Your Employer's Benefit Program

X

How Much You Make

X

How Long You Work



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# YOUR LAGERS BENEFIT: DESIGNED TO REPLACE INCOME

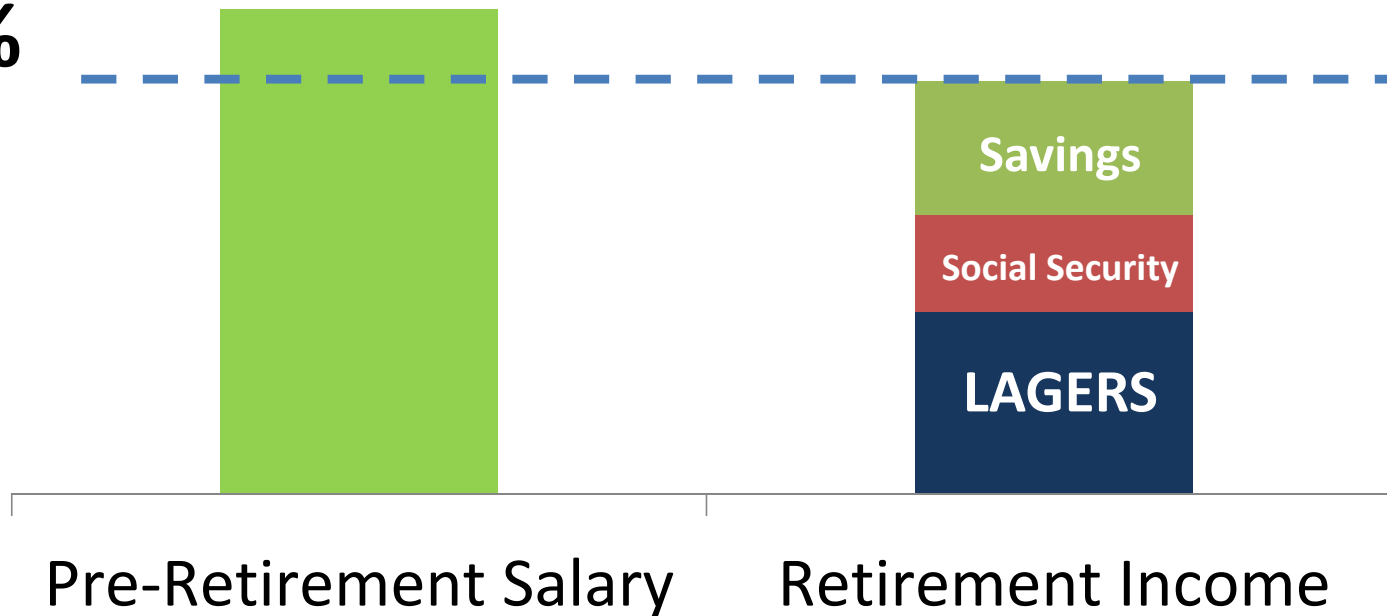
**The Longer You Work,**  
The MORE you receive from LAGERS



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# YOUR LAGERS BENEFIT: DESIGNED TO REPLACE INCOME

80%



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# YOUR LAGERS BENEFIT: DESIGNED TO REPLACE INCOME

If you have 10 years of LAGERS service, your lagers benefit will replace:

L-1	$1.00\% \times 10 = 10\%$ of your pre-retirement income
-----	---

L-3	$1.25\% \times 10 = 12.5\%$
-----	-----------------------------

L-7	$1.50\% \times 10 = 15\%$
-----	---------------------------

L-12	$1.75\% \times 10 = 17.5\%$
------	-----------------------------

L-6	$2.00\% \times 10 = 20\%$
-----	---------------------------



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# YOUR LAGERS BENEFIT:

## DESIGNED TO REPLACE INCOME

If you have 20 years of LAGERS service, your lagers benefit will replace:

L-1	$1.00\% \times 20 = 20\%$ of your pre-retirement income
-----	---

L-3	$1.25\% \times 20 = 25\%$
-----	---------------------------

L-7	$1.50\% \times 20 = 30\%$
-----	---------------------------

L-12	$1.75\% \times 20 = 35\%$
------	---------------------------

L-6	$2.00\% \times 20 = 40\%$
-----	---------------------------



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# YOUR LAGERS BENEFIT: DESIGNED TO REPLACE INCOME

If you have 30 years of LAGERS service, your lagers benefit will replace:

L-1	$1.00\% \times 30 = 30\%$ of your pre-retirement income
L-3	$1.25\% \times 30 = 37.5\%$
L-7	$1.50\% \times 30 = 45\%$
L-12	$1.75\% \times 30 = 52.5\%$
L-6	$2.00\% \times 30 = 60\%$



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# YOUR LAGERS BENEFIT:

## FINAL AVERAGE SALARY CALCULATION

### Average Salary Calculation Includes:

- Gross Wages
- Sick & Vacation Time Used
- Overtime & Recurring Bonuses
- Recurring Vacation Sick Buyback
- Allowances (cell phone, uniform, etc.)



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# YOUR LAGERS BENEFIT:

## FINAL AVERAGE SALARY CALCULATION

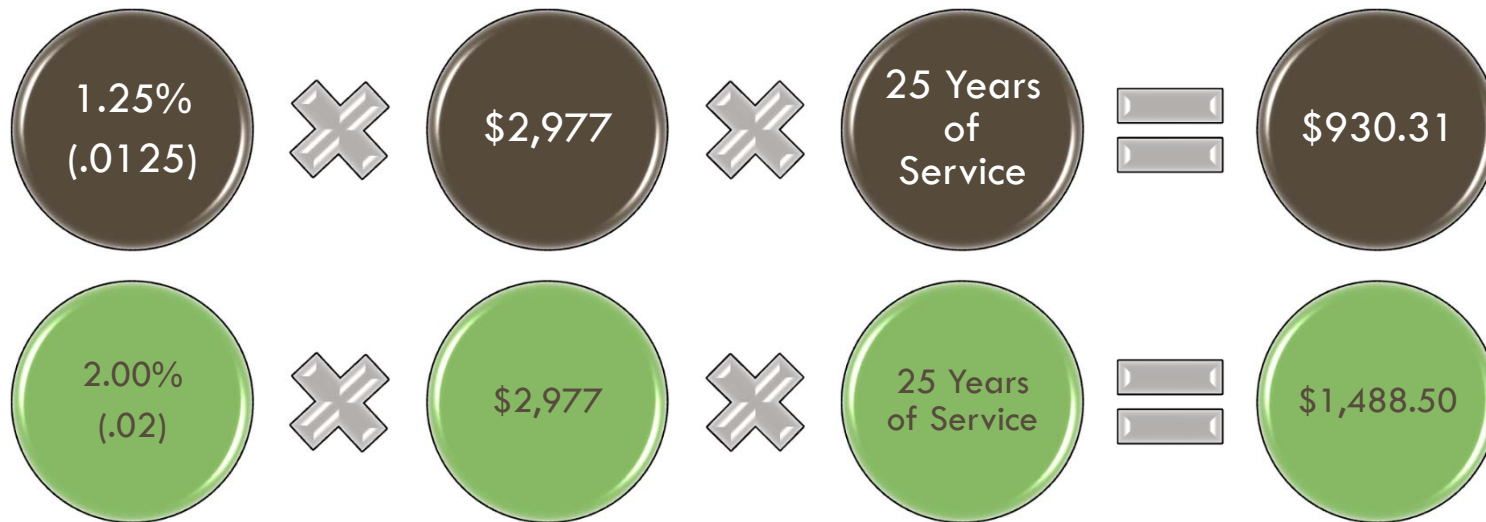
Final average salary is calculated as the highest consecutive 36 or 60 months from your last 120 months of credited service.

2021	3 Year Average	\$38,800	$\frac{\$110,080}{36 \text{ Months}} = \$3,058$ $\frac{\$178,605}{60 \text{ Months}} = \$2,977$
2020		36,000	
2019		35,280	
2018		34,602	
2017		33,923	
2016		33,260	
2015		32,606	
2014		31,700	
2013		31,100	
2012		30,600	



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# YOUR LAGERS BENEFIT: USING THE FORMULA



# YOUR LAGERS BENEFIT:

## WHEN AM I ELIGIBLE TO RECEIVE MY BENEFIT?

Vesting = 60 Months of Service

Benefit Payable =

- 60 for General Employees
- 55 for Police Officers
- 55 for Fire Fighters
- 55 for Public Safety \*
- \*(if employer elects)

You may draw  
your benefit up  
to 5 years early  
with a reduction



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# YOUR LAGERS BENEFIT:

## WHEN AM I ELIGIBLE TO RECEIVE MY BENEFIT?

### Rule of 80

Age at Hire	Service Credit	+	Rule of 80 Age	=	80
20	30	+	50	=	80
25	27.5	+	52.5	=	80
30	25	+	55	=	80
40	20	+	60	=	80



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# YOUR LAGERS BENEFIT: EMPLOYEE CONTRIBUTIONS

**Employers have the option to require employees to contribute to LAGERS to assist with funding the benefits**

Employees may contribute:

0%

2%

4%

6%

- Contributions:
  - Are guaranteed to be paid back to you or beneficiary
  - Are After Tax
  - Earn Interest



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# STAY CONNECTED



[molagers.org/webinars](http://molagers.org/webinars)

## LAGERS BLOGGERS

A retirement resource for Missouri's local government employees



Missouri LAGERS @MissouriLAGERS · Jun 2

#proud to be a @PLANSponsor finalist in the #DefinedBenefit category.



Missouri Local Government Employees Retirement System

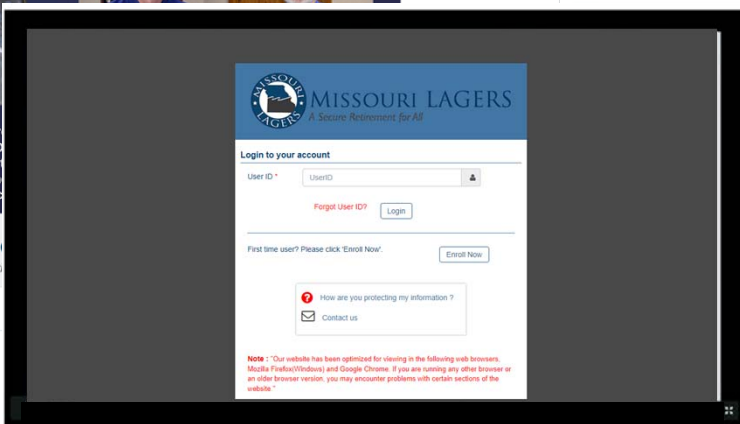
Published by HubSpot [?] · 2 hrs ·

Credited Service: The more you have, the more you'll get in retirement! To learn more about how credited service adds to your retirement, go to <https://hubs.ly/H0jsX8f0>.



Search

HOME ABOUT MEMBERS RETIREES EMPLOYERS BECOME A MEMBER



18 2019 COMMENT



LAGERS, CRC  
RETIREMENT  
SECURITY,  
ADVOCACY,  
FINANCIAL  
DEPENDENCE

### 6 THINGS LAGERS DOES TO PROTECT YOUR MONEY



Photo by SHUTTERSTOCK/STOCKMART



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# THANK YOU FOR ATTENDING!

NEXT SESSION BEGINS AT 9:40 AM

Paradise C – with Ginnie Medlin

9:40 AM – LAGERS Payment Options

10:20 AM – Taxation of LAGERS Benefits, COLAs, Working After Retirement

Windgate 62, 63, 64 – with Penny Thomas

9:40 AM – Disability Benefits Overview

10:20 AM – Survivor Benefits Overview



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## LAGERS PAYMENT OPTIONS



# WHEN AND HOW TO APPLY

- LAGERS MUST receive your application NO LESS THAN 30-90 days before your first desired benefit payment
- Complete an Application for Retirement Form OR
- Apply Online through myLAGERS
- Documents to gather and send in when applying:
  - His and her birth certificates
  - Marriage certificate



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# WHAT TO EXPECT AFTER YOU APPLY

- Confirmation Email if you apply online
- Once LAGERS receives your application, you will receive an Election of Payment Form 2 to 3 weeks before your effective date.
- You will also receive:
  - Additional tax information
  - Tax withholding forms
  - Direct deposit form



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# YOUR PAYMENT OPTIONS

Life Allowance

Option A

Option B

Option C

+ Partial Lump Sum  
(PLUS)



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# YOUR PAYMENT OPTIONS

There is not a best payment option, but there are questions to ask yourself before making your decision:

- What will my fixed expenses be in retirement?
- Do I need/want to provide for a spouse after I pass away?
- What other income sources will I have in retirement?
- Do I want to leave a legacy?
- What are my expectations for retirement?
  - Do I want to travel, pursue a hobby, volunteer, etc.?



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# YOUR PAYMENT OPTIONS: LIFE ALLOWANCE

Pays the highest monthly benefit to the member, but payments stop upon death of the member

$$\begin{array}{ccccc} \boxed{1.50\%} & \times & \boxed{\$3,000} & \times & \boxed{25 \text{ Years of Service}} \\ & & & & \\ & & \boxed{=} & & \\ & & \boxed{\$1,125} & & \\ & & \text{per month for the member's lifetime} & & \end{array}$$



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## YOUR PAYMENT OPTIONS: LIFE ALLOWANCE

Eligible beneficiary

- Any person, trust, charity, or other legal entity.

Beneficiary will receive

- Any of your remaining contributions only

If beneficiary pre-deceases me

- You can change this beneficiary at any time during retirement



# YOUR PAYMENT OPTIONS: LIFE ALLOWANCE

**Example of  
Life Allowance  
with \$25,000  
in member  
contributions:**

**\$1,125 per month for the member's lifetime**

**Member dies after 18 months  
\$1,125 x 18 payments = \$20,250**

**Contribution Balance: \$25,000  
Total Distributions: \$20,250  
Beneficiary Receives: \$4,750**



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## YOUR PAYMENT OPTIONS: **OPTION A**

Option A pays a monthly lifetime benefit to the retiree, plus an additional lifetime benefit to a beneficiary.

### **Member's Benefit**

$$\$1,125 \times 85\% = \$956.25 \text{ per month}$$

(adjusted for age)



### **Beneficiary's Benefit**

$$\$956.25 \times 75\% = \$717.19 \text{ per month}$$



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## YOUR PAYMENT OPTIONS: **OPTION A**

### Eligible beneficiary

- A spouse of at least 2 years OR another adult age 40 or older who has been more than ½ financially dependent on you for at least 2 years.

### Beneficiary will receive

- 75% of the member's monthly payment for life (not including Temporary Benefits)

### If beneficiary pre-deceases me

- This beneficiary CANNOT be changed
- May enact the 'Pop-Up' provision



## YOUR PAYMENT OPTIONS: **OPTION B**

Option B pays a monthly lifetime benefit to the retiree, plus an additional lifetime benefit to a beneficiary.

### Member's Benefit

$\$1,125 \times 90\% = \$1,012.50$  per month  
(adjusted for age)



### Beneficiary's Benefit

$\$1,012.50 \times 50\% = \$506.25$  per month



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## YOUR PAYMENT OPTIONS: **OPTION B**

### Eligible beneficiary

- A spouse of at least 2 years OR another adult age 40 or older who has been more than ½ financially dependent on you for at least 2 years.

### Beneficiary will receive

- 50% of the member's monthly payment for life (not including Temporary Benefits)

### If beneficiary pre-deceases me

- This beneficiary CANNOT be changed
- May enact the 'Pop-Up' provision



## YOUR PAYMENT OPTIONS: **OPTION C**

Option C pays a monthly lifetime benefit to the retiree, plus guarantees that a minimum of 120 payments will be made.

Life Allowance x 95%



**Member or  
Beneficiary's  
Benefit**



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## YOUR PAYMENT OPTIONS: **OPTION C**

### Eligible beneficiary

- Any person, trust, charity, or other legal entity.

### Beneficiary will receive

- If 120 months worth of the member's payments have not been made, the beneficiary receives the remainder of the 120 months.

### If beneficiary pre-deceases me

- Can be changed at any time during retirement.

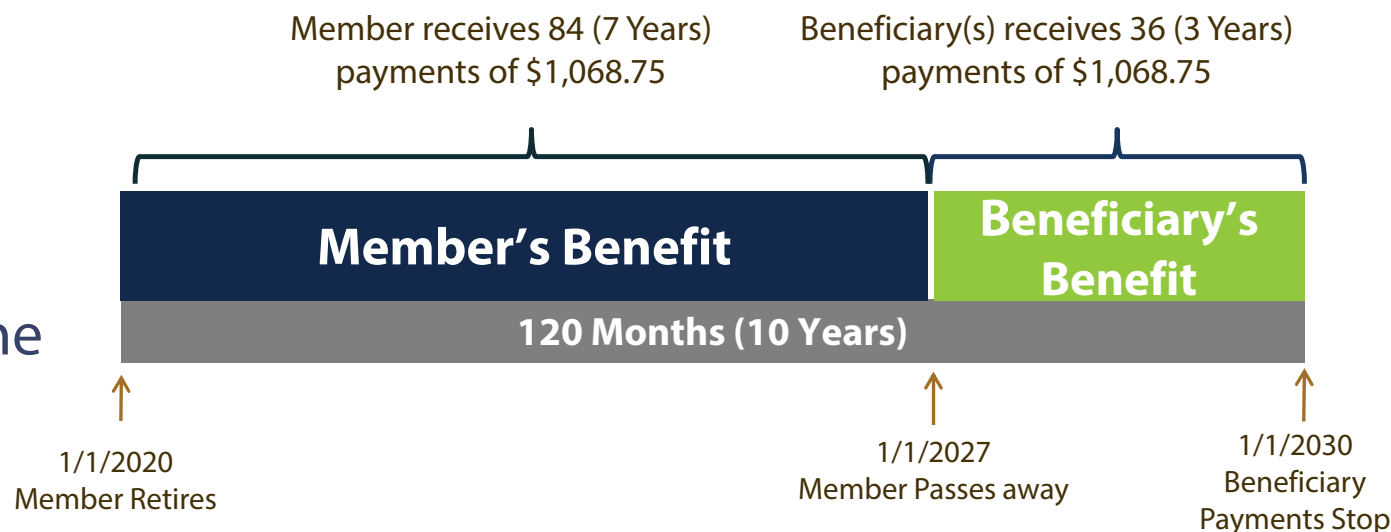




# YOUR PAYMENT OPTIONS: **OPTION C**

Whether a benefit will be payable to a beneficiary depends on how many payments the retiree received.

$$\mathbf{\$1,125 \times 0.95 = \$1,068.75}$$



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# YOUR PAYMENT OPTIONS: PARTIAL LUMP SUM

- Equal to 24 payments (2 years) of the Life Allowance
  - Does not include temporary benefit under a LT plan
- Can be added to any payment option
- Payable 90-150 days after retirement date (you decide for tax purposes-please note that the PLUS will be added to your taxable income along with your LAGERS monthly payments)
- Monthly benefit reduced by 16% at age 60
  - Reduced 0.4% more for each year you are older than 60
  - Increased 0.4% less for each year you are younger than 60



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# YOUR PAYMENT OPTIONS: PARTIAL LUMP SUM

- You may
  - Take the distribution directly
  - Rollover to another retirement account – does not affect contribution limits
- If retiree receives the lump sum
  - LAGERS MUST withhold 20% and forward to IRS
  - General employees younger than 55 and public safety employees younger than 50 may also be subject to an early distribution penalty.



## YOUR PAYMENT OPTIONS: ARE PERMANENT

Retirement is as unique as each individual. It's a matter of choosing what's best for you and/or your family for your future goals in retirement.

Once you receive your first benefit, you cannot change your plan election.



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# THANK YOU FOR ATTENDING!

NEXT SESSION BEGINS AT 10:20 AM

Paradise C – with Ginnie Medlin

10:20 AM – Taxation of LAGERS  
Benefits, COLAs, Working After  
Retirement

Windgate 62, 63, 64 – with Penny Thomas

10:20 AM – Survivor Benefits  
Overview

Paradise C – with Jeff Pabst

11:00 AM – Communicating the Value of Your LAGERS Benefits



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# TAXATION OF LAGERS BENEFITS, COLAS, WORKING AFTER RETIREMENT



# TAXES & EXEMPTIONS

## STATE & FEDERAL INCOME TAXES

YOUR LAGERS BENEFIT, INCLUDING THE PLUS **WILL BE** SUBJECT TO BOTH **STATE AND FEDERAL INCOME TAX**

- When you retire, complete withholding form
- 1099-Rs are mailed in January
- If you take the PLUS, you will receive a separate 1099-R for that distribution
- If you are planning to move out of state, remove state withholding



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## TAXES & EXEMPTIONS

# STATE & FEDERAL INCOME TAXES: CONTRIBUTIONS



**\$27,000 Member Contributions**

The way LAGERS sees it



### **LAGERS:**

Your 1<sup>st</sup> \$27,000 in benefit payments is repayment of your contributions

The way IRS sees it



### **IRS:**

A portion of your monthly payments is considered to be funded by your after-tax contributions *(if applicable)*



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# TAXES & EXEMPTIONS

## MISSOURI PUBLIC PENSION EXEMPTION

### EXEMPTION

Up to 100% of public pension benefits

The total public pension exemption is limited to the maximum social security benefit of each spouse.

### ELIGIBILITY

Married couples with AGI less than \$100,000

Single individuals with AGI less than \$85,000

Others may be eligible for partial exemption

*If you qualify for the Social Security or Social Security Disability Deduction, you must reduce your pension exemption by that amount.*



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## TAXES & EXEMPTIONS

# PUBLIC SAFETY RETIREE HEALTH PREMIUMS EXEMPTION

**Public safety retirees may elect to have health and long term care premiums withheld from their monthly benefit.**

- Up to \$3,000 of those premiums may be deducted from Federal income taxes
- Must have been a public safety officer upon retirement
- Must retire under normal retirement provision, including Rule of 80.



# COST OF LIVING ADJUSTMENTS

**LAGERS Cost of Living Adjustments protect your benefit from inflation risk.**

- Payable October 1<sup>st</sup>
- Based on Consumer Price Index (CPI)
- Cannot exceed 4% per year, but is cumulative from year to year
- Must be retired for 12 full months including an October 1<sup>st</sup> to be eligible for your first adjustment



# RETURNING TO WORK: YOUR OPTIONS

A LAGERS retiree may return to work and continue to receive full LAGERS benefits 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 employment
  - Would begin to accrue additional, separate LAGERS benefit
  - Vested after 12 consecutive months of second employment



*You must keep your  
hours below: 1500,  
1250, or 1000  
hours annually*



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# RETURNING TO WORK: **SUSPENDED BENEFITS**

A retiree's benefit will be suspended if the retiree re-employs full time with the 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 employment
- Upon second retirement, suspended benefit would resume along with second benefit.





# THANK YOU FOR ATTENDING!

NEXT SESSION BEGINS AT 11:00 AM

Paradise C – with Jeff Pabst

11:00 AM – Communicating the Value of Your LAGERS Benefits



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Sally Ince/ News Tribune


Gail Strobe  
HR Director  
City of Jefferson

# COMMUNICATING THE VALUE OF YOUR LAGERS BENEFITS



# YOUR LAGERS PENSION PLAN IS A WORKFORCE MANAGEMENT TOOL

Attracts quality  
workers



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# RECRUITMENT

## THE FACTS:

- **820+ Political Subdivisions in Missouri partner with LAGERS for their retirement plan needs**
- **74% of Local Government workers in the U.S. participate in a Defined Benefit Retirement Plan**
  - **Only 48% of Private Sector Workers are Eligible for any Retirement Plan Through Their Employer**



# COMMUNICATING YOUR LAGERS BENEFIT RECRUITMENT

## Use phrases like:

- LAGERS provides you with secure lifetime income in retirement when you leave the workforce
- Our retirement plan will provide you with a larger benefit the longer you work for us (it's always going up!)

**Name LAGERS in job ads**

**Don't Forget Social Media!**



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# GOVERNMENT'S COMPETITIVE ADVANTAGES

## Employee Benefits

- Tend to lead private sector in retirement, healthcare, paid time off

## Mission & Purpose

- Younger workers more drawn to employers that make a difference in society



# TOOLS AVAILABLE TO HELP NEW EMPLOYEES

## New Hire Communication

- Welcome Letter with benefit explanation
- **New Enrollment Emails**
- Give New Employee Custom LAGERS Handouts
  - Not just limited to new hires

## On-Site Presentation: Lunch Break!



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# YOUR LAGERS PENSION PLAN IS A WORKFORCE MANAGEMENT TOOL

Attracts quality  
workers



Incentive to stay with  
employer during most  
productive years



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# COMMUNICATING YOUR LAGERS BENEFIT RETENTION OF EMPLOYEES

- **When explaining LAGERS benefits to employees use the following to incentivize retention**
  - You are guaranteed to receive a benefit from LAGERS after 5 years with a LAGERS employer
  - Your LAGERS benefit will grow larger the longer you work for a LAGERS employer



# TOOLS AVAILABLE TO HELP RETENTION OF EMPLOYEES

- **Use Custom Employee Handout**
  - Worksheet on back will help show employee total value
  - Member Handbook a good in-depth resource
    - Caution: Information Overload
- **Member Annual Statements**
- **Webinars**
- **On-Site Presentation: Lunch Break, Management Meetings**
- **Now being deployed – New Hire Email Series**



# SHOW THE VALUE – LUNCHBREAK EXAMPLE



**\$656,250**

**\$562,500**

**\$468,750**

**\$375,000**

**\$281,250**

**\$187,500**

RETIREE WITH \$50,000 FINAL AVG. SALARY

25 YEARS OF SERVICE

1.5% MULTIPLIER

10

15

20

25

30

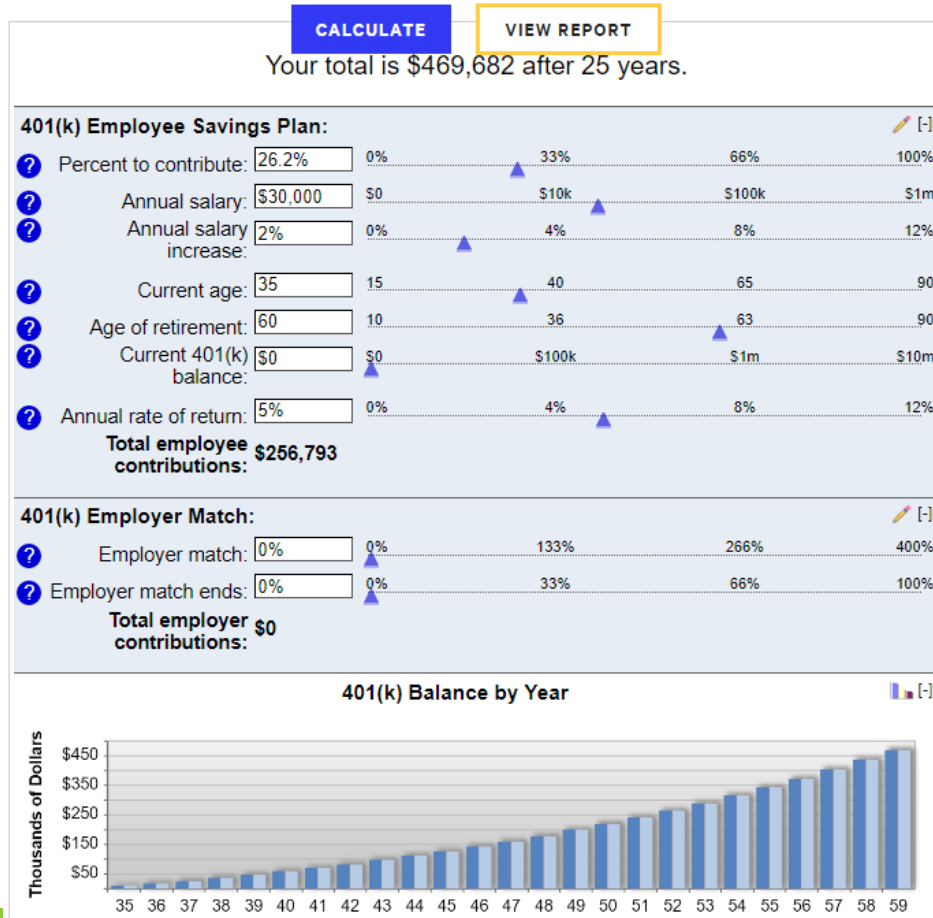
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# SHOW THE VALUE – LUNCHBREAK EXAMPLE



Over a 25 year retirement, the total value of the LAGERS benefit was

**\$468,750**

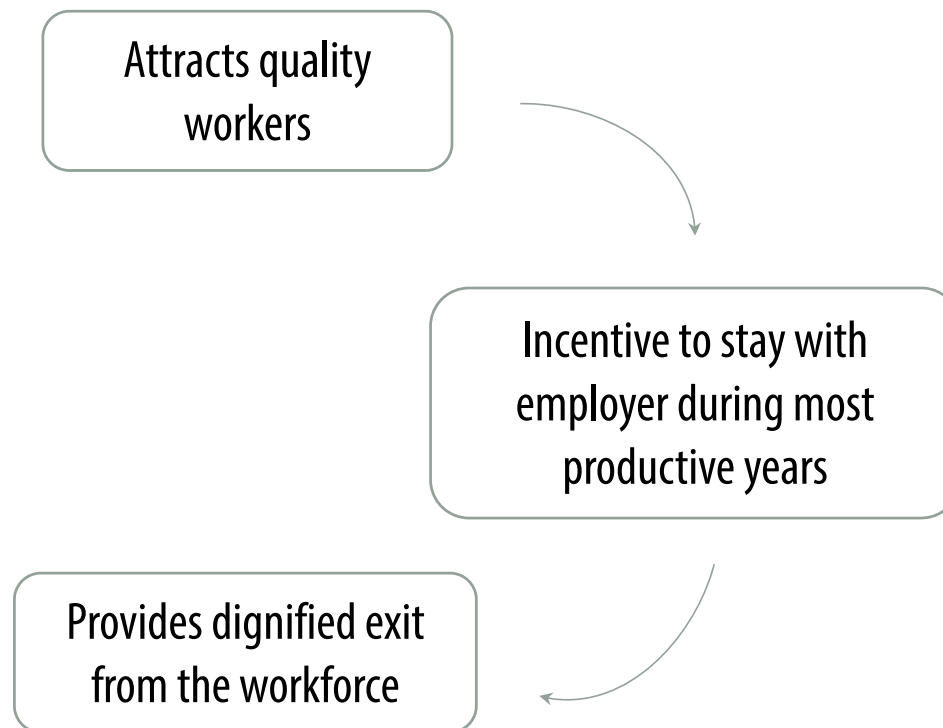
To save this amount on their own based on a 25 year career, the employee would need to save

**26.2%** of their salary!



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# YOUR LAGERS PENSION PLAN IS A WORKFORCE MANAGEMENT TOOL



# COMMUNICATING YOUR LAGERS BENEFIT EMPLOYEES NEAR RETIREMENT

- **When explaining LAGERS benefits to employees use the following to help prepare employees for retirement**
  - Refer to Member Handbook
    - Application Process & Payment Options in “Near Retirement Section”
  - Refer them to LAGERS website
    - Encourage them to get a benefit estimate on myLAGERS or by calling our office
  - Promote LAGERS Pre-Retirement Seminars
    - Available both in-person and virtually



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# TOOLS AVAILABLE TO HELP EMPLOYEES NEARING RETIREMENT

## **Member Handbook**

- Detailed information is provided about the process, options, taxes, cost of living adjustments and more

## **Benefit Estimates**

- Detailed information about the benefits payable to the member for each payment option

## **Webinars**

- Application Process & Payment Options, After Retirement and many other topics

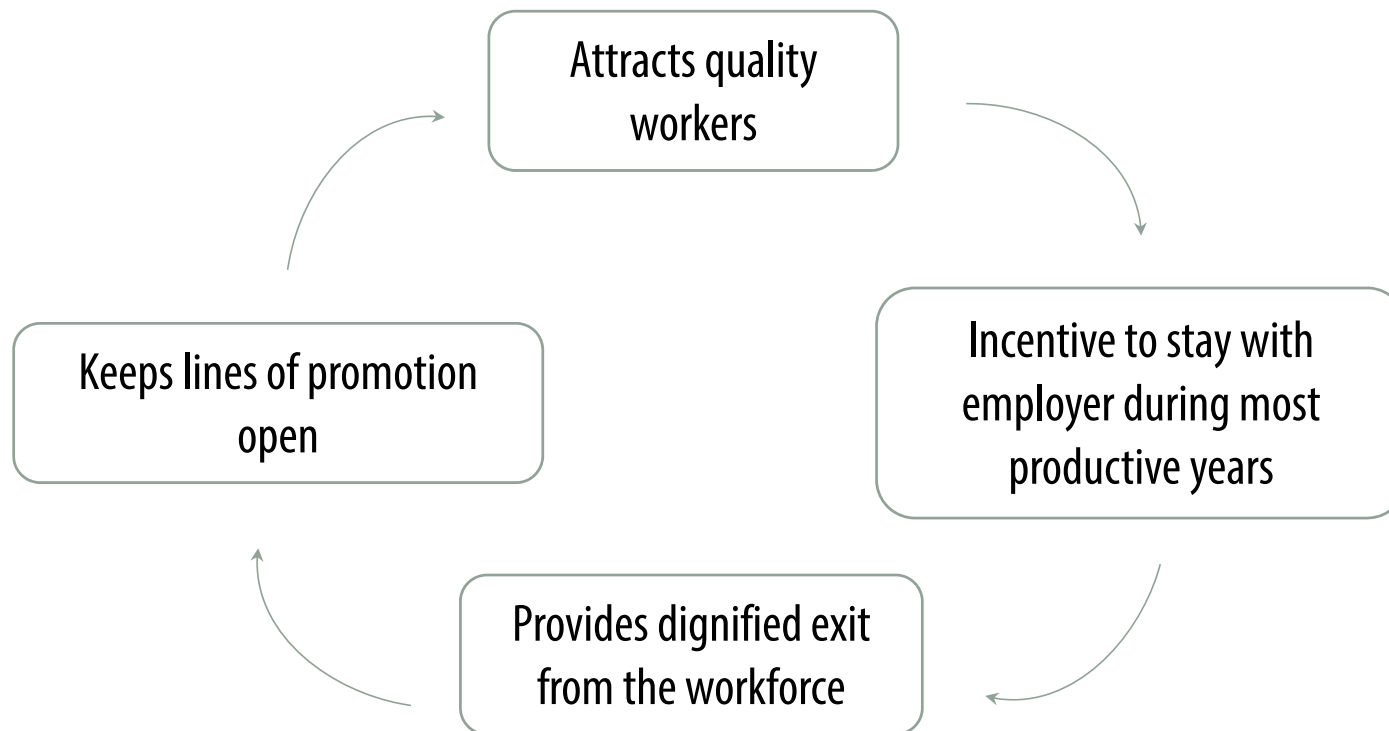
## **On-Site Presentation: Custom Pre-Retirement Seminars (where appropriate)**

- Better than regional Pre-Retirement Seminars because content is customized

## **Coming Soon – Near Retirement Email Series**



# YOUR LAGERS PENSION PLAN IS A WORKFORCE MANAGEMENT TOOL



# WE'RE HERE TO HELP YOU

## ADDITIONAL TOOLS & RESOURCES AVAILABLE

### Printed Resources

- Custom Benefits Handout
- Member Handbook
- Member Annual Statements
- Member Newsletters



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# WE'RE HERE TO HELP YOU

## ADDITIONAL TOOLS & RESOURCES AVAILABLE

### On-Line Resources

- [www.molagers.org](http://www.molagers.org)
- Benefits 101 Videos
- Webinars – Including Virtual Pre-Retirement Seminars
- myLAGERS: Member's Online Account
- LAGERS Bloggers
- Social Media



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# WE'RE HERE TO HELP YOU ADDITIONAL TOOLS & RESOURCES AVAILABLE

## In-Person Opportunities

### ▪ On-Site

- Employee Benefits Fair Attendance
- LAGERS Lunch Break
- On-Site Pre-Retirement Seminars
- Employee Presentations
- Management Staff Presentations
- Board Presentations

### ▪ Regional

- Pre-Retirement Seminars – at least 1 in each region of MO
- Employer Rate Meetings
- HR Meetings
- Annual Meeting



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# WE'RE HERE TO HELP YOU

## ADDITIONAL TOOLS & RESOURCES AVAILABLE

### Professional Certification

- Certified LAGERS Administrator
  - Further your LAGERS knowledge
  - Can be completed mostly online
  - Sign-up today and get credit for today's meeting!

### You don't need to be the expert

- That's our job



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