



Annual Meeting Pre-Conference Session

LAGERS 101: Understanding Your LAGERS Benefits



MISSOURI LAGERS
A Secure Retirement for All

Who is LAGERS

- Created in 1967 by Missouri General Assembly
- Provide defined benefit retirement plans for local government subdivisions in Missouri.
- 10 chartering political subdivisions



What You Receive from LAGERS

LAGERS provides:

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



How LAGERS Fits in Your Financial Picture

Personal Savings

Social Security

LAGERS Benefit

How It Works

Your LAGERS benefit is designed to replace income in retirement.

The longer you work, the MORE you receive from LAGERS!



How It Works: Benefit Calculation

Benefit Multiplier

(Benefit Program)

A percent chosen by your employer ranging from 1% to 2.5% which coordinates with a particular "Benefit Program."

How Much You Make

(Final Average Salary)

X

An average, chosen by your employer, of either your highest consecutive 60 or 36 months of wages within your last 120 months of LAGERS credited service called "Final Average Salary."

X

How Long You Work

(Credited Service)

The years and months you work in a LAGERS covered position called "Credited Service." This may also include service you earned before your employer joined the system.

$$1.5\% \times \$5,000 \times 25 \text{ Years} = \$1,875$$



How It Works: Income Replacement

The longer you work, the larger your LAGERS benefit

$1.50\% \times 5 = 7.5\%$ of your pre-retirement income

$1.50\% \times 10 = 15\%$

$1.50\% \times 15 = 22.5\%$

$1.50\% \times 20 = 30\%$

$1.50\% \times 25 = 37.5\%$



How It Works: Employer Elected Benefits

You employer has elected its own benefit levels

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 $2.00\% \times 20 = 40\%$



How It Works: Employer Elected Benefits

You employer has elected its own benefit levels

LT-4(65) $2.00\% \times 20 = 40\%$ to age 65

$1.00\% \times 20 = 20\%$ at age 65

LT-5(65) $2.00\% \times 20 = 40\%$

$1.25\% \times 20 = 25\%$

LT-8(65) $2.00\% \times 20 = 40\%$

$1.50\% \times 20 = 30\%$

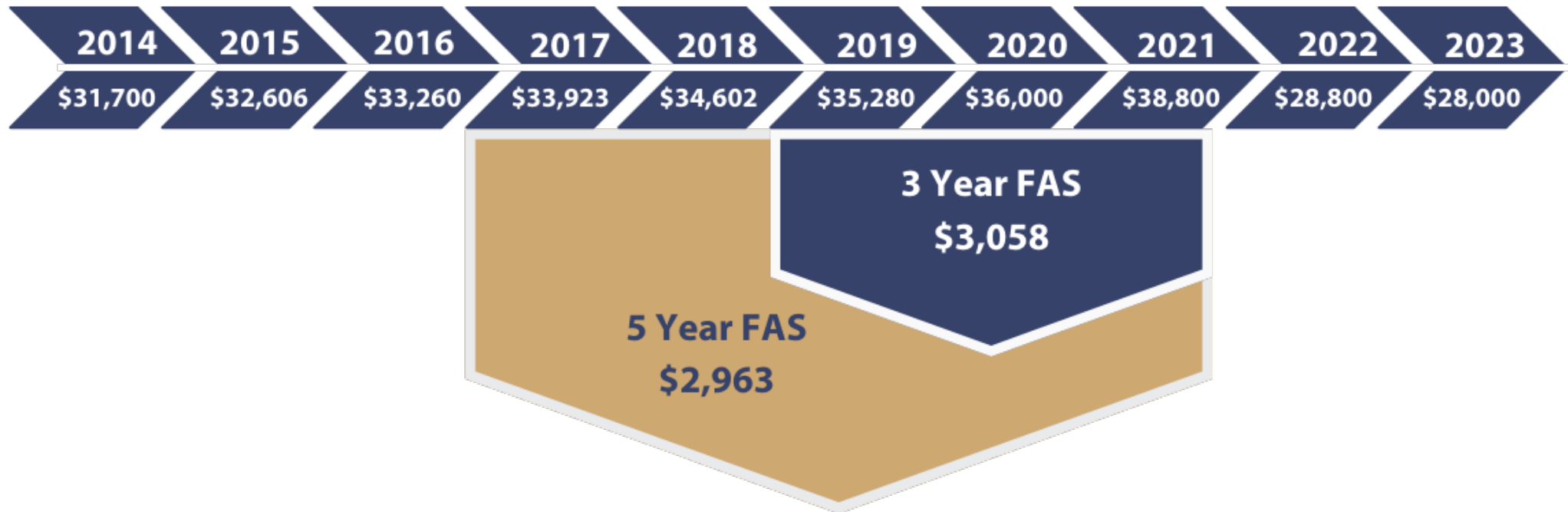
LT-14(65) $2.00\% \times 20 = 40\%$

$1.75\% \times 20 = 35\%$

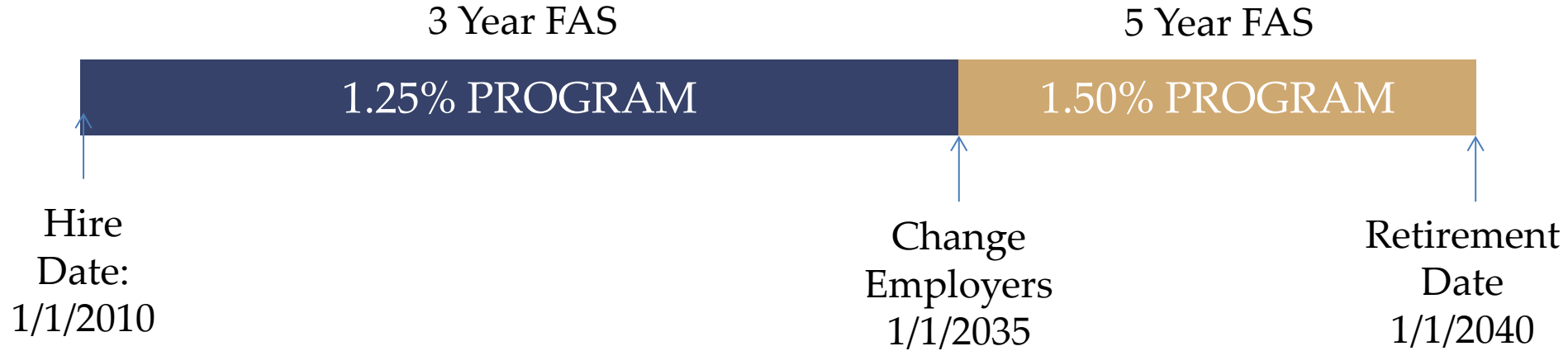


How It Works: Final Average Salary

Final Average Salary is calculated using the average from the highest consecutive 36 or 60 months from your last 120 months of credited service.



Work for Multiple LAGERS Employers



Benefit Calculation

$$1.25\% \times \$3058 \times 25 \text{ Years} = \$955.63$$

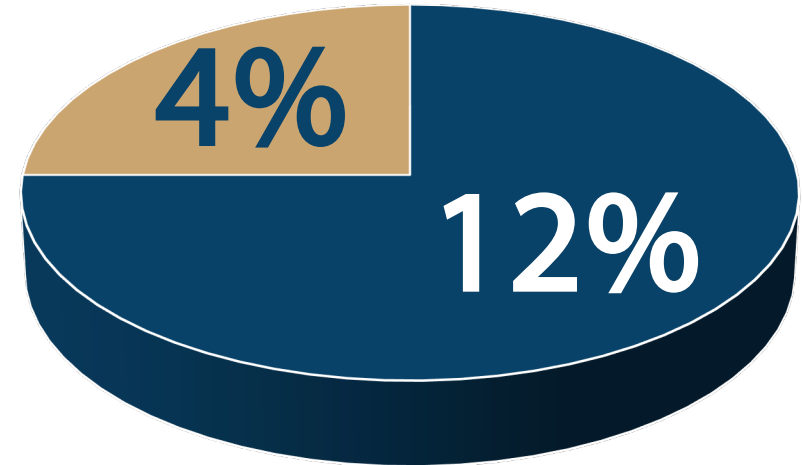
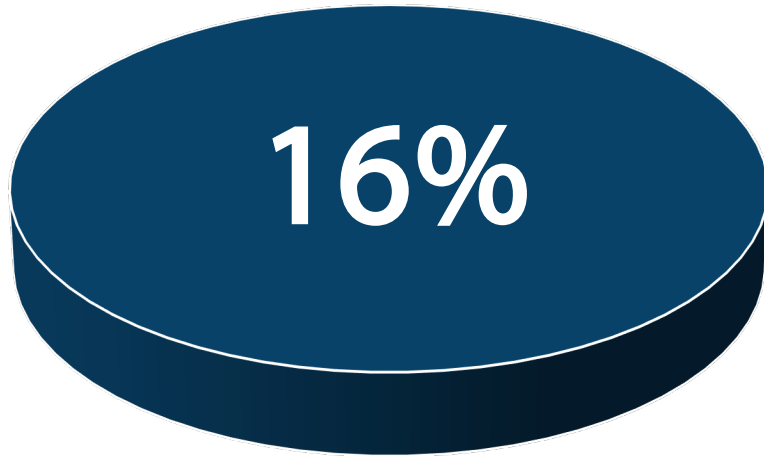
$$1.50\% \times \$2963 \times 5 \text{ Years} = \$222.23$$

$$\text{Lifetime benefit} = \$1,177.86$$



How It Works: Employee Contributions

Employers may choose to require employees to contribute 0%, 2%, 4% or 6% to share in the cost of funding the benefit.



How It Works: Employee Contributions

Employee Contribution Balances:

- Are guaranteed to be paid back to you or beneficiary
 - Including any purchase of service assets
- Are After Tax
- Earn Interest



How It Works: Eligibility

Vesting: 60 months/5 Years of Credited Service

Eligibility for Normal Retirement:

- 60 for General Employees
- 55 for Police, Fire, Public Safety Employees*

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

**Public safety is an employer election for EMS personnel, Jailers, and First Responder Telecommunicators. If not elected, retirement age for these groups is 60.*



How It Works: Eligibility

Eligibility for Rule of 80 Retirement:

Once your age plus the number of years of credited service equal 80, you may retire with full benefit.

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



How It Works: Eligibility

Eligibility for Rule of 80 Retirement:

- Does not affect the amount of benefit, only when you are eligible to begin drawing.
- Only eligible if you go directly from working into retirement.
- The Rule of 80 age does not apply to deferred retirements.
- You are not required to retire when you reach this age.
- If your Rule of 80 age is greater than normal, you can retire at normal retirement eligibility age.

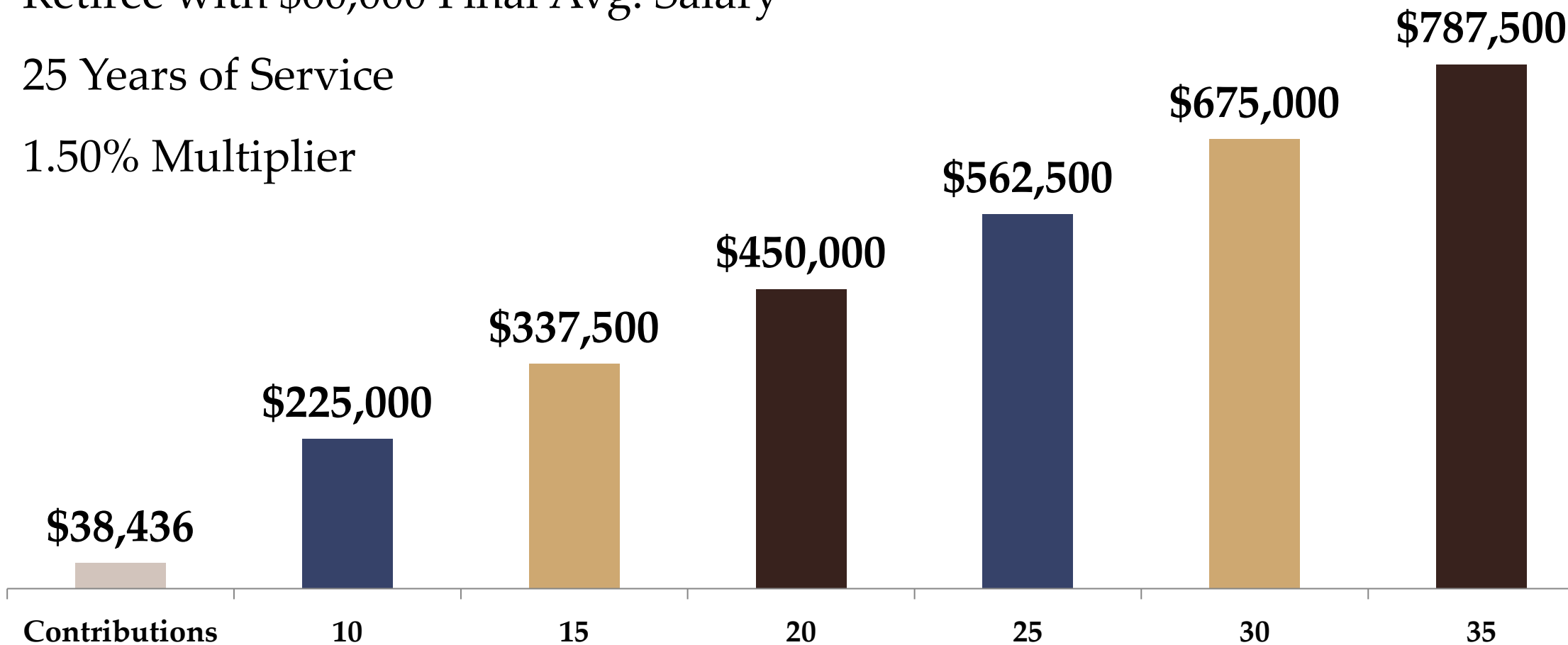


The Value of Your LAGERS Benefit

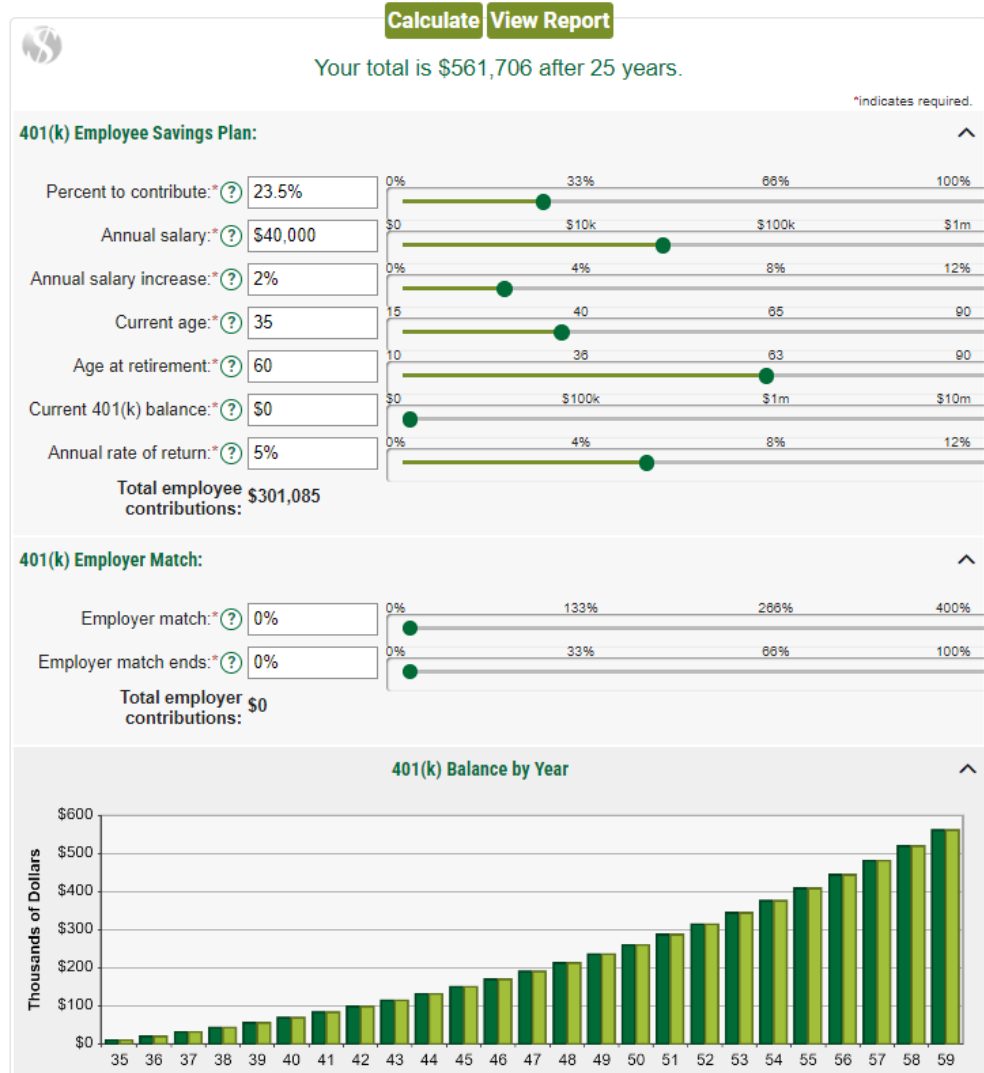
Retiree with \$60,000 Final Avg. Salary

25 Years of Service

1.50% Multiplier



The Value of Your LAGERS Benefit



Example: Over a 25-year retirement, your LAGERS benefit may pay you **\$562,500** in benefits. In order to save this on **your** own, you would need to save **23.5%** of your monthly salary, every month, for your entire career.

Source:

<https://www.360financialliteracy.org>





LAGERS 101:

Disability & Survivor Benefits



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LAGERS Disability Benefits

As part of your LAGERS benefit, you may be eligible for a disability retirement benefit.

**Non-Duty Related
Disability**

**Duty Related
Disability**



Non-Duty Related Disability

- Member is totally and permanently unable to perform job
- Can be a mental or physical disability
- Disability was onset by non-job related activity or illness



Non-Duty Related Disability

- To be eligible, the member must be vested at the time of the disability.
- Benefit is calculated using current service and current final average salary
- Benefit is payable for the member's lifetime



Duty Related Disability

- Member is permanently unable to perform his or her job.
- Can be mental or physical
- Disability was onset because of job related activity or illness.



Duty Related Disability

- Vesting is Immediate
- Service credit is extended to age 60
- Benefit is payable for member's lifetime

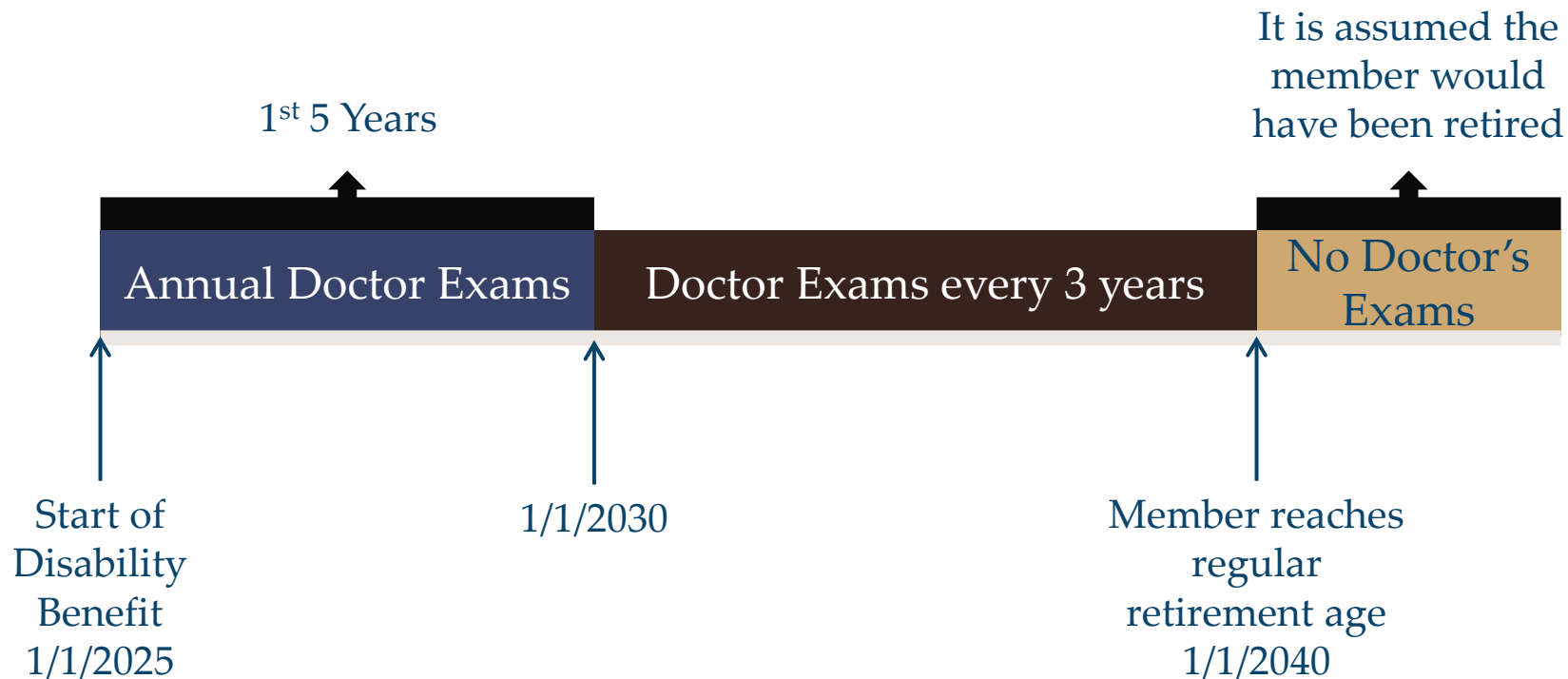


Disability Application Process

1. Submit an Application for Retirement
2. Doctors Review
3. Disability Committee
4. Board of Trustee Approval



Regular re-evaluation of disability is dependent on the members age & service



LAGERS Survivor Benefits

If you pass away while actively working, a survivor benefit may be payable.

Non-Duty Related Death

- Member must be vested at the time of death
- Survivor receives a portion of the member's vested member

Duty Related Disability

- No vested requirement for member
- Survivor receives a portion of members benefit
 - Service credit on member's benefit is extended to age 60



LAGERS Survivor Benefits: Eligible Beneficiary

Surviving Spouse

- Will receive the Option A amount
- If death is non-duty related, the spouse must have been married 2 years prior to death or onset of fatal disease, unless it was an accident.

Dependent Child

- If no spouse is payable, an equal share of 60% of members' benefit is paid to the dependent child(ren).
- Dependent Child
 - Biological or adopted child of the member
 - Up to age 18
 - Extends to 23 if in higher education
 - Unmarried





LAGERS 101:

Leaving LAGERS Covered Employment



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Your Options Will Depend on Your Age and Service Credit

Service Credit

Vested = 60 Months of
Service Credit

Retirement Age

Normal:	60 for General 55 for Police & Fire 55 for Public Safety (if employer –elected)
Early:	55 for General 50 for Police & Fire 50 for Public Safety (if employer –elected)



Non-Vested Member: Less than 5 Years of Service Credit

Options:

Less than 5 Years of Service



1. Take a refund of your contributions
2. Leave contributions in the system



Vested Member Younger Than Early Retirement Age

Options:

Less than 10 years of service

Vested



A vested member who is younger than early retirement may:

1. Take a refund of your contributions
2. Defer retirement
3. Lump Sum*



Vested Member: Limited Present Value Lump Sum

You're eligible for a present-value lump sum payout if:

- You are vested
- You have less than 10 years of service
- You are more than 10 years away from normal retirement



Vested Member Within 5 Years of Retirement



Reaching Retirement

Once you have reached retirement age and are no longer working, you may apply for benefits at any time





Business Meeting @
2:00 p.m.



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