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Retiree RESOURCE

WINTER AND
SPRING ISSUE



MISSOURI LAGERS



MISSOURI LAGERS

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FOREWORD FROM THE EXECUTIVE DIRECTOR

For over 50 years, Missouri LAGERS has helped local government workers prepare for a secure retirement. This year, our commitment remained steadfast as the LAGERS team worked diligently to uphold our fiduciary responsibility and safeguard your future benefits. Our top priority continues to be providing an exceptional retirement experience for our current and future retirees.

This past year, we welcomed Scott Day as LAGERS' new chief investment officer. Scott joined LAGERS with over 30 years of institutional asset management experience, most recently serving as the deputy chief investment officer for the School and Institutional Trust Fund Office (SITFO) in Utah, where he helped oversee the \$3.5 billion permanent fund. Prior to his tenure at SITFO, Scott was a managing director at Goldman Sachs, where he served as an outsourced chief investment officer of a \$15 billion Canadian pension fund.

Scott has already helped build upon LAGERS' successful investment program, and his expertise across all asset classes, coupled with his passion for institutional investing, positions us to further advance the program into the future.

In June, our board adopted a new strategic plan, Vision 2030: Our Drive to Be More. This comprehensive road map outlines LAGERS' vision, goals, priorities, and the actions needed to achieve them. The

strategic plan will ensure that our efforts align with our members' best interests, help allocate resources effectively, and guide the organization toward long-term sustainability and success.

In July, we implemented new security enhancements as part of our ongoing effort to strengthen our cybersecurity infrastructure. With more daily activities and financial transactions shifting online, these investments are becoming more critical than ever. One example is the adoption of multifactor authentication for all myLAGERS logins, which adds an extra layer of security for our members' confidential information.

In September, we once again received the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and



Canada (GFOA). This is the 46th consecutive year LAGERS has been awarded the certificate, which is the highest form of recognition in governmental accounting and financial reporting.

Receiving this award year after year truly reflects LAGERS’ commitment to our mission and to maintaining the highest financial standards, ensuring we provide our members with the benefits they have earned.

In October, we honored Tracy Prost, city clerk from the city of Perryville, with the 2024 Local Government Hero Award at LAGERS’ 57th Annual Meeting. The Local Government Hero Award celebrates the outstanding contributions of the state’s local public workforce and honors a LAGERS member who has gone above and beyond the daily duties of a public servant to enhance their workplace, community, and profession.

Tracy was chosen for this year’s award in recognition of her 42 years of service to the city of Perryville as a city clerk, where she played an instrumental role in improving the city for its citizens and demonstrating exceptional leadership to her colleagues. As her nominator, Brent Buerck, said, “a true hero is someone who does things not necessarily because they want to, or because they were told to, but because it needs to be done.”

Thank you, Tracy, for always doing what needs to be done to ensure that your community thrives.

LAGERS is proud of our continued growth, welcoming 16 new employers to our system in 2024. As we grow, we remain committed to our mission of supporting a secure retirement for our members. Pension plans continue to be an important benefit, not only to our members, but to our state. According to our recent Economic Impact Report, LAGERS retirees generated \$596 million in economic impact in 2024 with 92% of the income remaining in the local Missouri economy.

Looking ahead to 2025, the LAGERS team will continue supporting the secure retirement of thousands of LAGERS members by partnering with local governments to provide a sustainable defined benefit plan. While the world continues to change and evolve, we recognize that new challenges also bring new opportunities to build upon LAGERS’ strong foundation and invest in the future of our members.

Best regards,



Bill Betts
Executive Director

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Trustees elected at LAGERS Annual Meeting

Three trustees were elected at the 57th Annual Meeting of the LAGERS system. The following candidates were elected during the system's business meeting on Oct. 24. Candidates declared their intent to run for the board during the nomination period running from July 29 – Sept. 20, 2024.

The LAGERS Board of Trustees is the seven-member governing body charged with ensuring the LAGERS system is appropriately managed. The board's primary duties are serving the members and beneficiaries and protecting system assets. Trustees approve strategy and policy and delegate day-to-day management of the retirement system to staff. The board is made up of three elected member trustees, three elected employer trustees, and one appointed citizen trustee.



Elise Hull, Member Trustee
City of Liberty

Elise is a dedicated emergency response professional with a background of 17 years in firefighting. Currently serving as fire captain for the city of Liberty's fire department, Elise has participated in IAFF Local 42 on numerous committees and as a board representative for the Liberty Fire Department. She has also worked as an adjunct fire instructor for Johnson County Community College.



Mark Perkins, Member Trustee
City of Creve Coeur

Mark currently serves as the city administrator for the city of Creve Coeur, a position he has held since 1999. In his role for the city, Mark is responsible for the oversight of city departments, personnel, communications, as well as the implementation of council policy, and the development of fiscal planning and capital improvement programs.



Bruce Williams, Employer Trustee
High Ridge Fire Protection District

Bruce has been a trustee for the majority of his career, serving as a retiree trustee for the Firefighter's Retirement System of St. Louis and an officer of both The Missouri State Council of Firefighters and IAFF Local 73 - St. Louis. He has successfully advocated at the state legislature for beneficial retirement plan changes, including mandatory trustee education. Bruce has also served on the board of the Missouri Association of Public Employee Retirement Systems (MAPERS). From 1975-2011, Bruce worked as a fire captain for the City of St. Louis Fire Department.

Strong financial health

The Missouri Local Government Employees Retirement System (LAGERS) has released its 2024 Annual Comprehensive Financial Report. Despite a slight dip in its funded ratio due to greater than expected salary increases for active members, LAGERS continues to provide secure benefits for thousands of local government workers and retirees.

FINANCIAL REPORT HIGHLIGHTS

LAGERS benefits are supported through three main sources: investment income, employer contributions, and member contributions. Over the past five years, investment earnings have accounted for 68 cents of every dollar paid out in benefits.

- 72% of LAGERS members are covered by a 0% employee contribution rate, meaning that employer contributions and LAGERS investments serve as the primary benefit funding sources.
- In 2024, LAGERS reported a 93.4% funded ratio, down 1.7% from the previous year. The decline was largely attributed to higher-than-anticipated salary increases for active members, which, while improving future retirement benefits, also increased plan liabilities.
- Employer contribution rates rose slightly, with the average total rate reaching 16.4%, compared to 15.4% the previous year. This uptick reflects the system's effort to maintain financial stability amid rising costs.

Additionally, LAGERS paid out over \$492 million in retirement benefits in 2024, a 7.3% increase from the prior year. Of that amount, \$455 million went to

retirees living in Missouri, reinforcing the positive economic impact defined benefit plans continue to have on local communities.

In addition to supporting local economies, LAGERS continues to grow its membership, adding 16 new political subdivisions in 2024.

For further details on funding, investments, and LAGERS membership, view the complete 2024 Annual Comprehensive Financial Report online.

For the 46th consecutive year, Missouri LAGERS receives awards for excellence in financial reporting

The Missouri Local Government Employees Retirement System (LAGERS) has been awarded the Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada (GFOA) for its 2023 Annual Comprehensive Financial Report for the fiscal year ending June 30. LAGERS also received the GFOA's Popular Annual Financial Reporting Award. Established by the GFOA in 1945, the Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.

"Receiving these awards year after year reflects LAGERS' continuing commitment to uphold our mission and provide transparency for our members and employers," said LAGERS Chief Financial Officer, Melissa Rackers. "These awards demonstrate our team's dedication to producing an exceptional annual report, as well as maintaining financial best practices to provide our members with the benefits they've earned."

The reports were judged by an impartial panel and found to meet the high standards of the GFOA program.

An abstract background featuring a dark blue world map with glowing green and yellow lines and data points, suggesting a global network or data flow. The lines are thick and have circular nodes at various points, with some numerical values like 22.608, 27.017, and 35.891 displayed near the nodes. The overall aesthetic is high-tech and digital.

LAGERS' disciplined investment strategy is designed to protect and grow these contributions over time to provide our members with peace of mind by delivering reliable retirement income while maintaining the long-term health of the system.

Unlike most institutional investment philosophies, which focus on valuations (value of assets), LAGERS believes valuations matter only at the extremes (the peaks and valleys in the market), with returns primarily determined by trends in the market, otherwise known as momentum.

We establish our view on the current state of the market cycle based on the balance between current valuations (value of assets) and momentum (market trend). The sine wave below helps illustrate this cycle. This concept emphasizes the importance of a steady, long-term perspective and helps inform LAGERS' decision-making within each of the various market cycle timeframes.

Over the past year or so, the market has been struggling between the continued march higher in equity prices versus the historically expensive valuations. Will

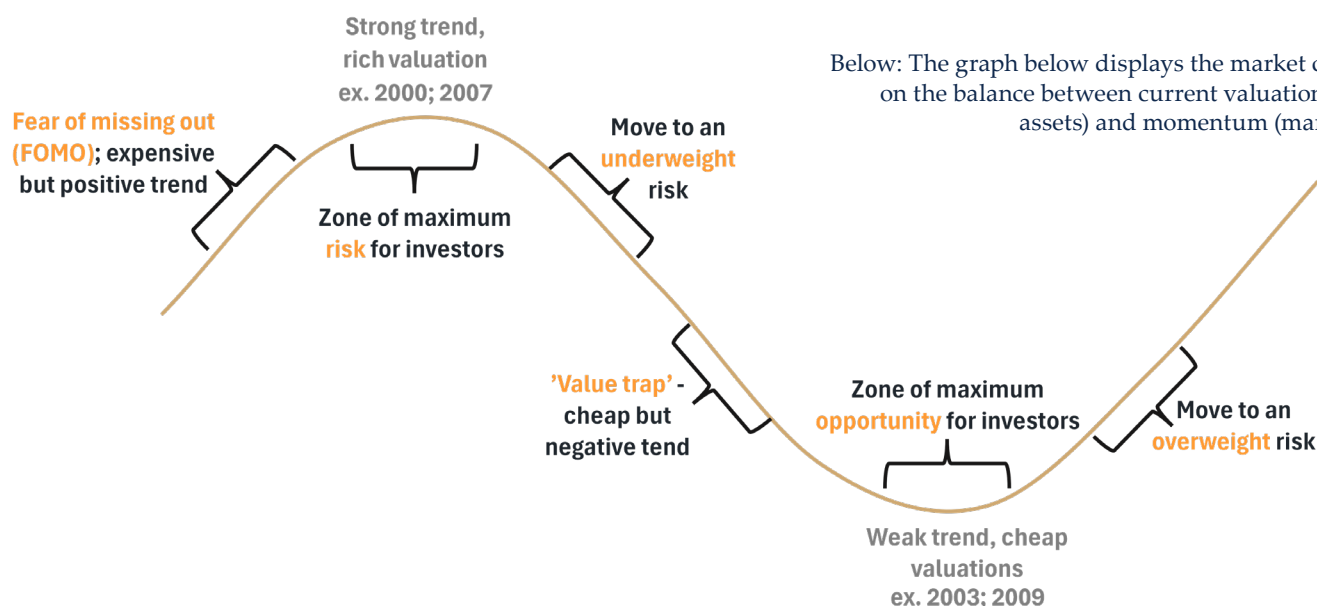
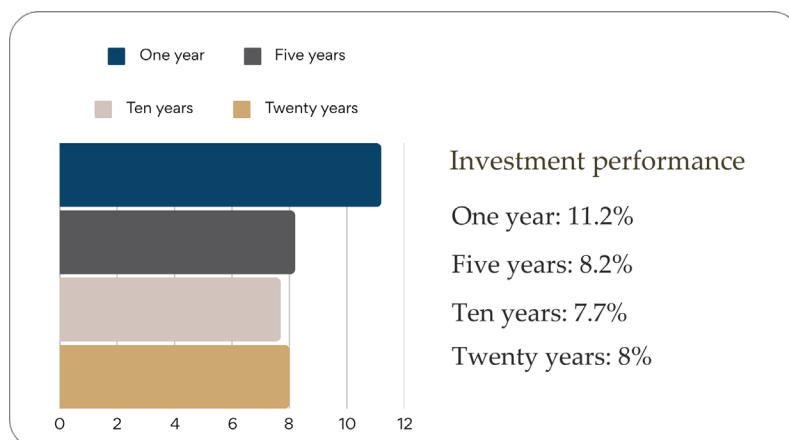
the Mag 7 continue to lead the market higher? Will the election change the narrative? Will the Federal Reserve shift policy? All questions on investors' minds. The good news is this is nothing new. Wall Street is said to "climb a wall of worry" with a seemingly new investment threat just around the corner of each market cycle. Our approach is not to forecast if these events will change the market direction. Rather, we view valuations and momentum in balance with each other.

Market trends, or momentum, generally tend to persist for longer periods of time until valuations reach an extreme. For example, 2000 and 2007 saw the end of a great bull market as valuations reached extremes and "all the good news was priced in." Conversely, the tech bubble crash of 2003 and the

Great Financial Crisis of 2009 ended when valuations reached cheap enough levels that "all the bad news was priced in." So, where are we today?

Since the COVID low in 2020, the equity market has been surging higher, with valuations reaching ever-higher peaks. The market has

moved past the 'FOMO' stage and is now firmly in the same danger zone that saw the peaks in 2000 and 2007. But, as mentioned earlier, we do NOT forecast, and we do NOT know when the equity market will peak. It could be next week, next month, or next year. We don't know, so our stance is to be neutral in risk allocation to equities. If they continue to march higher, the portfolio will produce similar market-based returns. If valuations finally priced in "all the good news," the portfolio is in good shape to move toward an underweight risk position.



Below: The graph below displays the market cycle based on the balance between current valuations (value of assets) and momentum (market trend).



Tracy Prost selected as Missouri LAGERS' 2024 Local Government Hero

Tracy Prost has been selected as the 2024 winner of the Missouri Local Government Employees Retirement System's (LAGERS) annual Local Government Hero Award. The announcement was made during the system's 57th Annual Meeting held in Osage Beach on Oct. 24.

The Local Government Hero award celebrates the outstanding contributions of the state's local public workforce and honors a LAGERS member who has gone above and beyond the daily duties of a public servant to enhance their workplace, community, and profession.

Tracy Prost was named this year's award winner for her 42 years of service to the city of Perryville as a city clerk, where she played an instrumental role in improving the city for its citizens and demonstrating exceptional leadership to her colleagues.

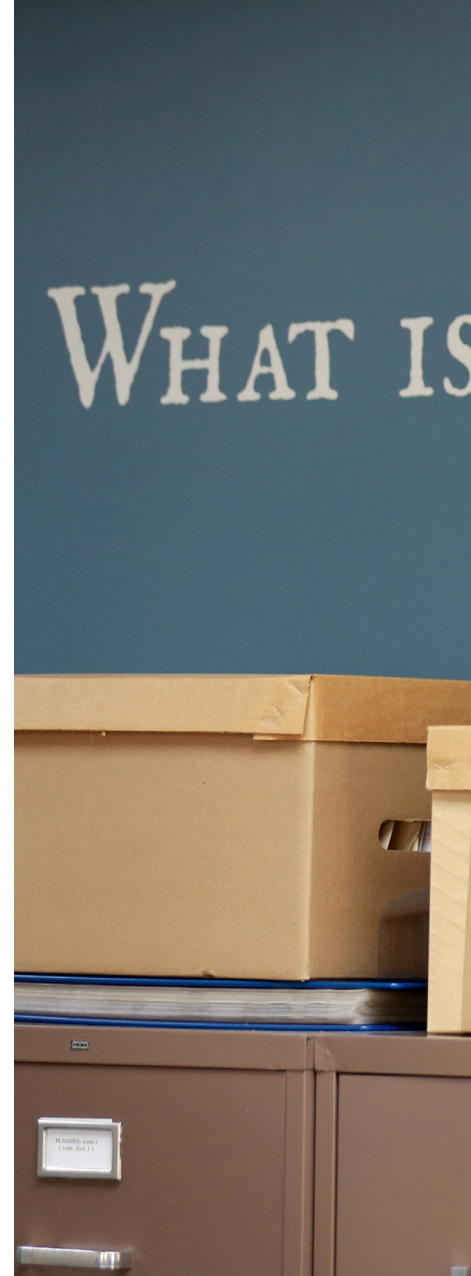
"I think that the city clerk's job is very much in the background, often no one knows they have a city clerk," Tracy said. "But you're working with people, you're helping people, and I love that."

In her role as city clerk, Tracy worked with the Board of Aldermen to develop meeting agendas and has served in numerous roles for

the city, including as legal counsel while reviewing contracts and insurance paperwork to ensure all is in order; city engineer, where she developed and recorded easements and oversaw bid openings; communications director, where she polished speeches for the mayor, as well as proclamations and letters for the city. She also took on the role of training new city administrators throughout her career.

Several of Tracy's accomplishments have been the addition of a park system, miles of walking trails, splash pads, and an accessible playground. She was also instrumental in improving the sewer and water systems. "I'm not by any means the one who's digging the holes, but I get them what they need to dig the holes," Tracy said.

Brent Buerck, city administrator for the city of



S A CITY BUT THE PEOPLE?

-WILLIAM SHAKESPEARE
THE TRAGEDY OF CORIOLANUS

Perryville and Tracy's nominator, said the impact of city clerks is often seen, but not known.

"You can tell, I think, whenever you get to a community that has a good clerk," Brent said.

"Things are orderly, and the bills go out on time. And all those things happen because somebody is making sure it gets done. It's probably the single most important position for me and what I do."

Colleagues at the city of Perryville said they strive to emulate the culture that Tracy has established, both internally and within the community. Although Tracy said she has never felt as though her job is "the hero job," it's the work that needs to be done to ensure a thriving community.



"As the city clerk, I am rarely in the spotlight," Tracy said. "I'm the person that is quietly working in the background to make sure that everything is going smoothly. I'm making sure the bid and contract documents are handled properly so that construction projects are getting accomplished. I'm making sure that our office has the proper software needed to do their jobs. I'm putting the agenda together and getting all the information to the mayor and the Board of Aldermen so that all the wheels keep turning, and the balls don't drop."

Brent described Tracy's service to the city of Perryville as being exceeded only by her tenacity to do the job correctly and for the right reasons.

"I think a true hero is someone who does things not necessarily because they want to, or because they were told to, but because it needs to be done. And I think Tracy, over the course of her career, did what needed to be done," Brent said.

"Every Batman has a Robin, and for 15 years, Tracy has allowed me to be her Robin."



Above: Tracy Prost poses for a picture with her city of Perryville colleagues.

Stay up to date with **LAGERS retiree news online**

Staying informed doesn't stop with retirement. Being aware of how changes and updates to the LAGERS system affect you is key to making the most of your benefit.

The Retiree News section on the LAGERS website is designed to provide system wide updates, relevant news, and resources to help you better understand your benefit.

The news section is located on the retiree landing page at molagers.org/retirees/.

On the landing page, you can also access benefit resources such as 1099-R and tax information, direct deposit schedules, cost of living adjustment updates, information on working after retirement, and more.

With information easily accessible online, you can take an active role in understanding the benefits of your LAGERS plan.

Staying connected with LAGERS through retirement will help ensure that you remain empowered, informed, and secure in the benefit you worked hard to earn.



Membership snapshot

LAGERS is the largest public pension system in the state of Missouri for local government political subdivisions. Each participating employer voluntarily elects to partner with LAGERS. On average, LAGERS adds 10-15 new employers annually as employers continue to seek the security of a defined benefit model for achieving their workforce goals.

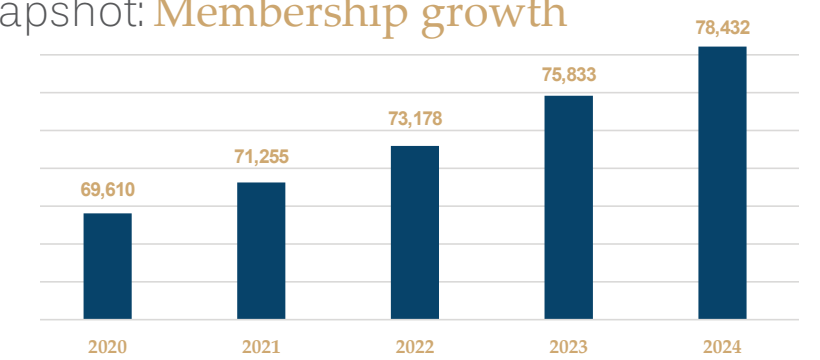
The system currently has 877 participating employers, 47,745 active and deferred members, and 30,687 retirees and beneficiaries.

New employers joining in past 12 months,

as of June 30, 2024

- City of Adrian
- City of Bonne Terre
- City of Branson West
- Central Platte Fire Protection District
- Cooper County Ambulance District
- City of Creve Coeur Legacy Plan
- Grundy County Health Dept
- Inter City Fire Protection District
- Joplin Special Road District
- City of New Bloomfield
- Pulaski County SWCD
- Putnam County E-911
- Ripley County Ambulance District
- Tri-County Health Department
- Warren County Ambulance District
- Washington County Ambulance District

Snapshot: Membership growth



Membership continues to grow, increasing steadily from 69,610 in 2020 to 78,432 in 2024. As of June 30 last year, LAGERS remains Missouri's largest public pension system for local government political subdivisions and plays a critical role in supporting financial security for thousands of workers and retirees across the state.



347 Cities
20,119 Members



78 Emergency Services
1,347 Members



74 Health Agencies
1,489 Members



67 Soil & Water Conservation Districts
136 Members



65 Special Districts
2,412 Members



63 Fire Districts
1,237 Members



61 Counties
9,277 Members



49 Libraries
1,116 Members



43 Water Districts
246 Members



30 Road Districts
93 Members

Participating employer:

A local government must have an independent governing body and taxing authority to join LAGERS.

In FY 24, LAGERS retirees returned **\$596 million in economic impact to Missouri**



Did you know that benefits paid by pension plans such as LAGERS contribute significantly to supporting the state economy? That's because the benefits received by retirees from defined benefit plans are largely spent in the communities in which they were earned. Each year, approximately 92% of the income paid to LAGERS benefit recipients remains in the local Missouri economy.

When a LAGERS retiree spends their guaranteed benefit, it is generally within the community they

have spent their career serving. This spending flows through the local community, as the retiree's benefit changes hands and becomes another person's income and profit. This ultimately creates a multiplier effect, or chain reaction, where the total economic output from the retiree's benefit ends up being more than the initial benefit due to the circulating impact of each subsequent purchase the benefit produces.

HOW IT WORKS

1. The initial spending: The retiree's benefit payment is a fresh infusion of money into the local economy. This initial spending might be on groceries, home repairs, dining at local restaurants, or other community-based services.

2. Re-spending by local businesses and workers: The businesses that receive the retiree's spending now have higher revenues. They, in turn, can purchase more supplies from local vendors, pay wages to employees, or invest in expanding their business offerings. The employees who earn income in these businesses then use their wages to make purchases of their own, often within the same community.

3. Multiple rounds of spending: The money doesn't stop at the first round of transactions. It circulates within the local economy multiple times.

Each successive round of spending expands the total economic activity, making the overall impact larger than the initial benefit payment alone.

According to 2023 research by the National Institute on Retirement Security (NIRS), for every \$1 paid in pension benefits to retirees in Missouri, \$1.31 dollars in total economic output are returned to the state. In fiscal year 2024, LAGERS paid out \$492 million to 30,687 benefit recipients, which means that LAGERS retirees produced \$596 million in economic impact to Missouri.

\$455 million of that stayed within the state.

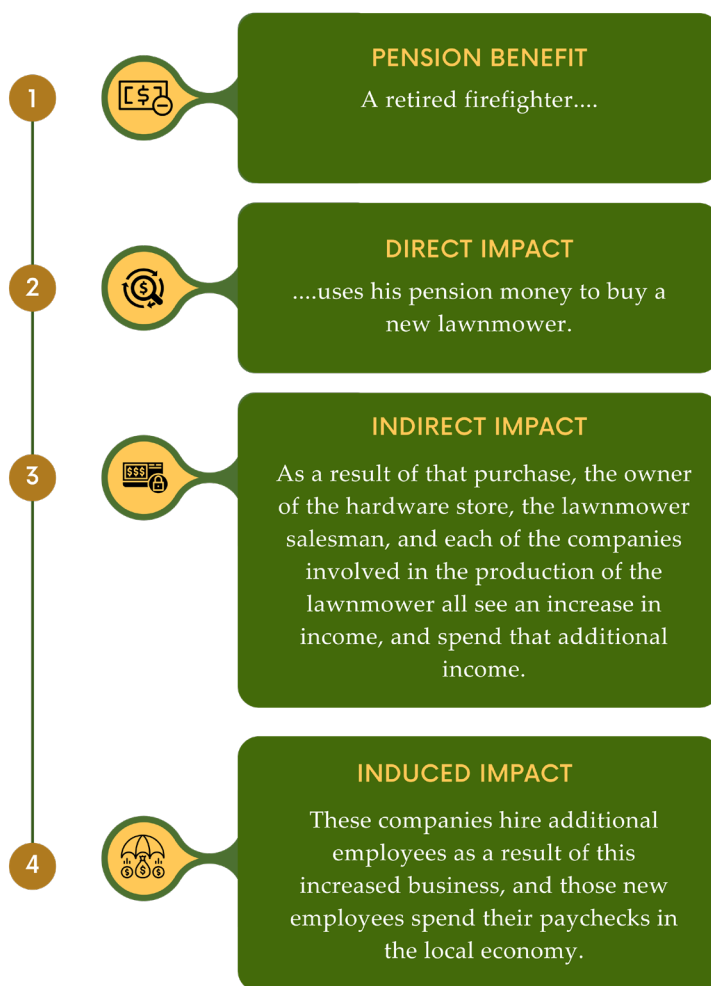
"We're honored to help support the secure retirement of the public servants who have dedicated

their lives to making Missouri a great place to live and work," Executive Director Bill Betts said. "And because LAGERS benefits are prefunded and remain unaffected by market fluctuations, our retirees' economic impact can be felt even during times of economic downturn."

At LAGERS, each participating employer has the flexibility to choose its own benefit provisions. Pension benefits are funded through a combination of member and employer contributions and investment income.

Over the past five years, 68 cents of every dollar paid in LAGERS retirement benefits has been funded through investment earnings.

THE RIPPLE EFFECT





Taxes and your benefit

As a retiree, it is important to understand the taxability of your LAGERS retirement benefit. Tax laws frequently change, so this information should be verified by consulting with a certified public accountant and is presented for informational purposes only. It should not be considered tax advice. Here are some of the most commonly asked questions about taxes and your benefit.

Is my benefit subject to federal income tax?

Yes. However, if you were required to contribute a percentage of your salary while employed, those contributions have already been taxed. Therefore, at normal retirement age, a portion of your benefit will not be taxable.

Is my benefit subject to Missouri income tax?

Depending on your adjusted gross income, your public pension benefits may be up to 100% exempt from Missouri state income tax. Married couples with an adjusted gross income of less than \$100,000 and single individuals with an adjusted gross income of

less than \$85,000, may qualify for their public pension income to be 100% tax exempt. The exemption amount is limited to the maximum social security amount for each spouse. If your income exceeds the eligibility requirements, you may qualify for a partial exemption.

Will LAGERS withhold taxes from my monthly benefit?

Yes. If you choose, LAGERS will withhold federal and/or state income taxes. You can change your tax withholding at any time throughout retirement. Additionally, if you move out of state, you can notify LAGERS to stop withholding Missouri state income taxes (if applicable).

Will LAGERS produce tax documentation I can use to file my taxes?

LAGERS will send you a 1099-R by Jan. 31 each year. The 1099-R lists the taxable income that you received from LAGERS, the amount of taxes withheld from your benefit, and much more. You can also access these documents on myLAGERS.



How are taxes applied to the Partial Lump Sum (PLUS)?

Taxation of the Partial Lump Sum (PLUS) depends on how you decide to receive your payment. If you elect to receive your benefit directly, LAGERS will remit 20% to the IRS for federal (not state) taxes, but your actual tax liability will depend on your income level. If you elect to roll the payment into a qualified retirement account, you will not be taxed until you withdraw funds.

Is my disability retirement benefit taxable?

Yes. Even though some disability benefits are tax exempt, a disability benefit received from LAGERS is a normal retirement benefit and will be reported on your 1099-R as taxable income.

What is not taxable?


If you made contributions to LAGERS in addition to what your employer contributed, these contributions have already been taxed. The portion of your income that is tax free is determined by IRS guidelines.

How do I adjust my withholdings?

LAGERS will withhold taxes from your monthly benefit for federal and Missouri income taxes only. The amount withheld from your benefit is at your direction and can be changed at any time. To adjust your current withholding, you can either complete a Tax Withholding form and submit it to the LAGERS office or log on to your myLAGERS account.

How can I find out more?

Because the rules about taxation are constantly changing, you should always consult a competent tax professional. More information about the internal revenue code can be found at IRS.gov or DOR.MO.gov.



**Changes in tax tables
went into effect Feb. 1**

You may see a change in your benefit amount on your next statement. You can log into your myLAGERS account to see what your new monthly benefit will be.

The above information is general information and should not be used tax advice. If you are seeking tax advice, please contact a CPA or a trusted tax advisor. LAGERS staff will not provide you with tax advice.



Missouri Local Government Employees Retirement System

701 West Main St., PO Box 1665, Jefferson City, MO 65102

Your 1099-R tax form has been mailed!

Your tax documents have been mailed. Your 1099-R is also available to view and download on your myLAGERS account.

If you have not received your hard copy in the mail by mid February, call the LAGERS office at 1-800-447-4334 for a replacement.

