



Back to Basics: LAGERS 101



MISSOURI 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
- An easily calculated benefit amount



How LAGERS Fits in a Financial Plan

Personal Savings

Social Security

LAGERS Benefit

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.

$$1.5\% \times \$4,000 \times 25 \text{ Years} = \$1,500$$



How It Works: Income Replacement

The longer you work, the larger your LAGERS benefit

$1.5\% \times 5 = 7.5\%$ of your pre-retirement income

$1.5\% \times 10 = 15\%$

$1.5\% \times 15 = 22.5\%$

$1.5\% \times 20 = 30\%$

$1.5\% \times 25 = 37.5\%$



How It Works: Benefit Programs

Life Programs

L-1 $1\% \times 20 = 20\%$ 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 $2\% \times 20 = 40\%$



How It Works: Benefit Programs

Life & Temporary Programs

LT-4(65) $2\% \times 20 = 40\%$ to age 65

$1\% \times 20 = 20\%$ at age 65

LT-5(65) $2\% \times 20 = 40\%$

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

LT-8(65) $2\% \times 20 = 40\%$

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

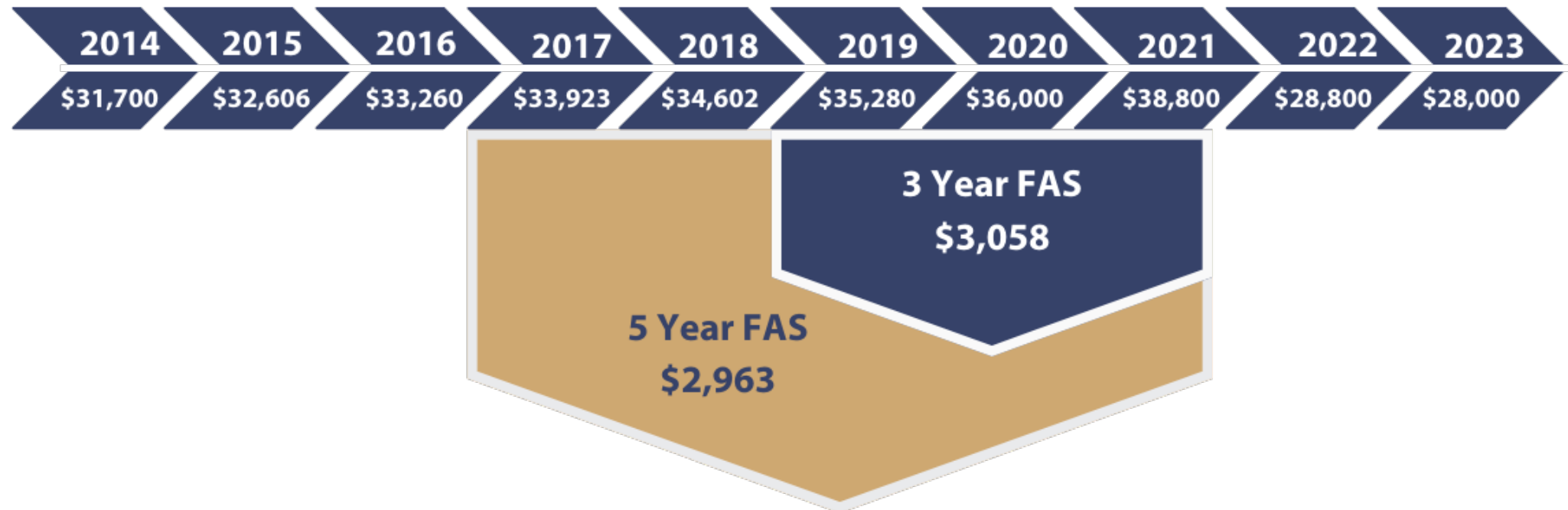
LT-14(65) $2\% \times 20 = 40\%$

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



How It Works: Final Average Salary

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



How It Works: Employee Contributions

Employers have the option to require employees to contribute 0%, 2%, 4%, or 6% of salary to LAGERS to assist with funding the benefit.

Contributions:

- Are guaranteed to be paid back to you or a beneficiary
- Include any purchase of service assets
- Are after tax
- Earn interest (set by the LAGERS Board)



Can an employee contribute more on their own?



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 five 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: Rule of 80 Eligibility

Once an employee's **age** plus the number of **years of credited service** equals 80, they may retire with full benefits.

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

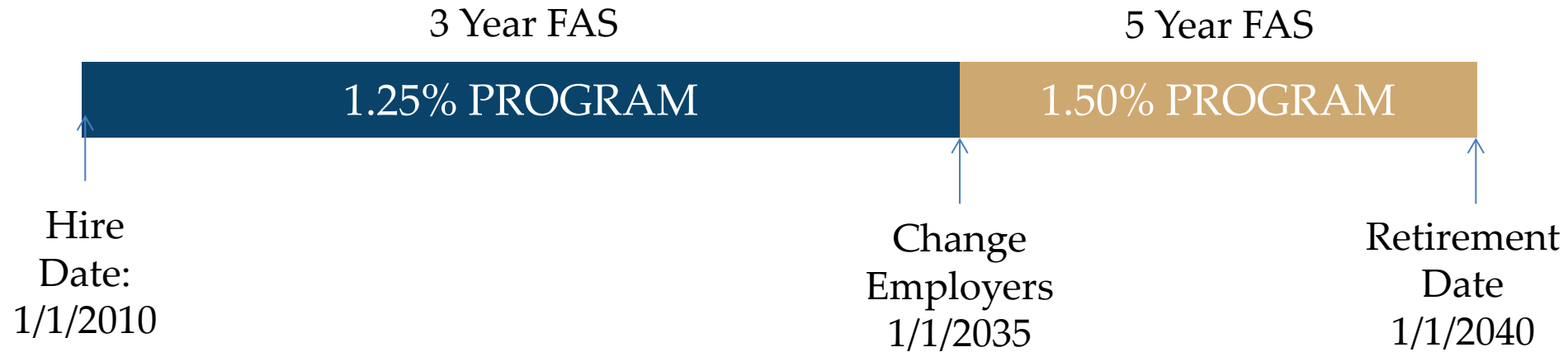


How It Works: Eligibility

- Does not affect the benefit amount; only when an employee is eligible to begin drawing a benefit.
- Employee must go directly from working to retirement to be eligible.
- Does not apply to deferred retirements.
- Employees are not required to retire when they reach this age.
- If the employee's Rule of 80 age is greater than normal retirement, they may retire at normal retirement age.



Service with Multiple LAGERS Employers



Benefit Calculation

$$\begin{aligned} 1.25\% \times \$3058 \times 25 \text{ Years} &= \$955.63 \\ 1.50\% \times \$2963 \times 5 \text{ Years} &= \underline{\$222.23} \\ \text{Lifetime benefit} &= \$1,177.86 \end{aligned}$$



Don't Forget!

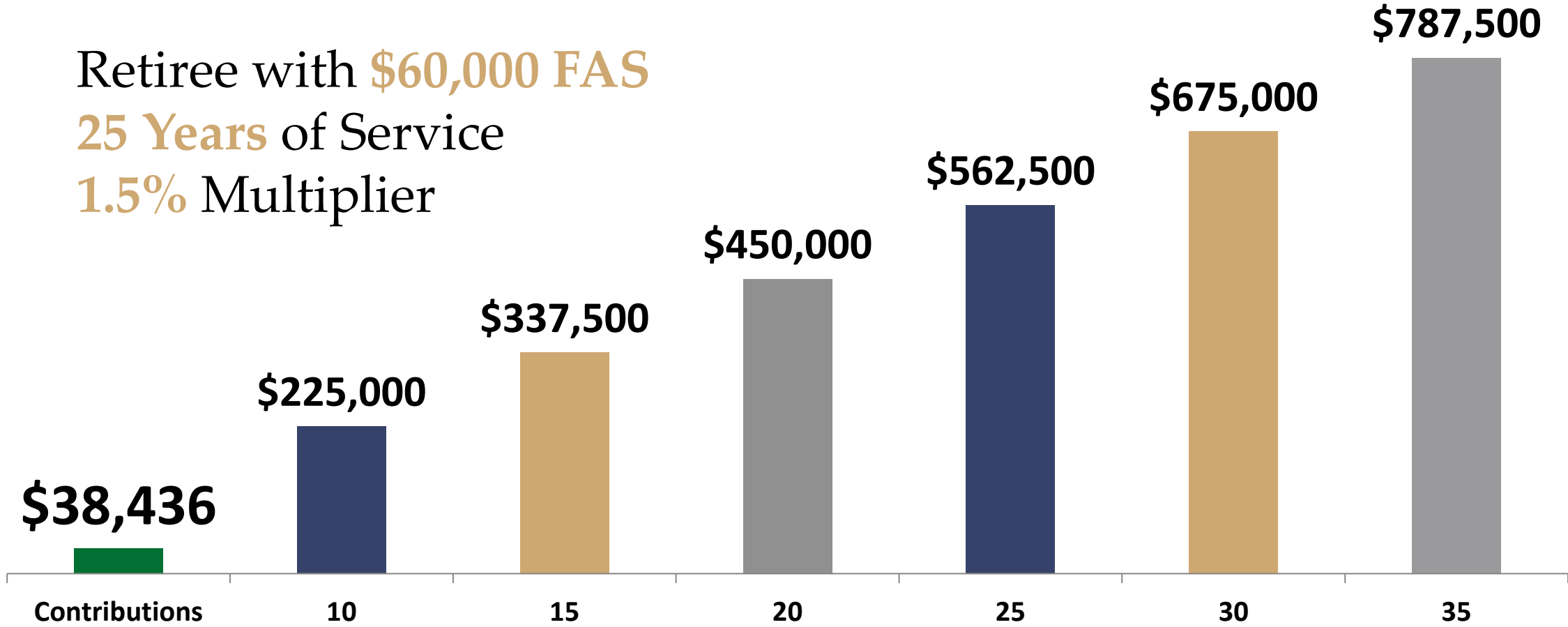
LAGERS Disability and Survivor Benefits

Employees are also covered by LAGERS' disability and survivor benefits.

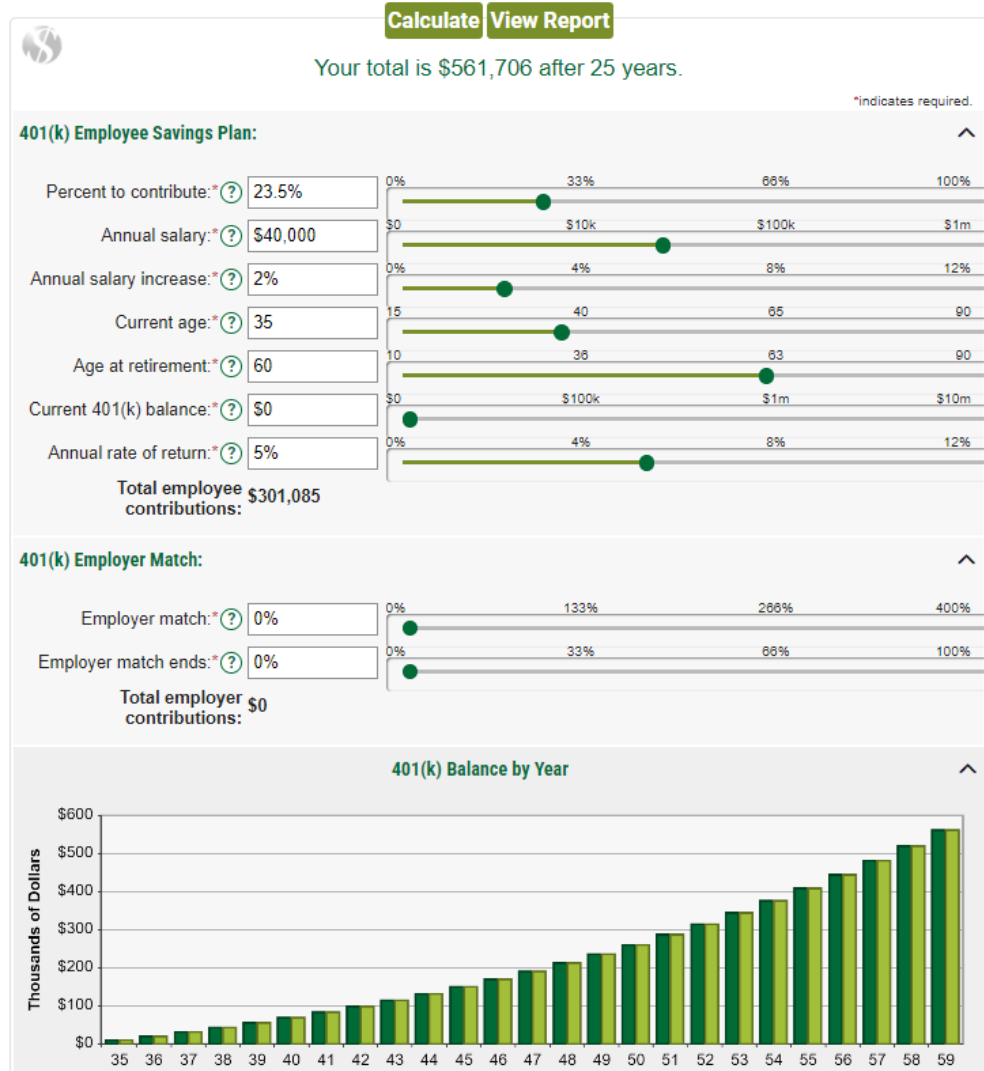
- There is a disability approval process
- The amount of the benefit will depend on the nature of the disability or death
- **Want to learn more?** Go to the Disability and Survivor Benefits breakout session



The Value of Your LAGERS Benefit



The Value of Your LAGERS Benefit



Example: Over a 25-year retirement, your LAGERS benefit may pay you **\$562,500** in benefits. 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>





Disability and Survivor Benefits



MISSOURI LAGERS

Disability Retirement

- No reduction for early retirement
- Monthly benefit payable for life
- Disability must be permanent
- Must be unable to do current job
- Restatement of disability is required



Duty vs. Non-Duty Disability

Duty Disability

- Caused by work-related injury/disease
- No vesting requirement
- Benefit based on service extended to 60

Non-Duty Disability

- Caused by non-work-related injury/disease
- Must be vested
- Benefit based on accrued service



Disability Benefit Application Process

1. Application for Disability Retirement is submitted
2. Required documentation is gathered
3. Medical Committee review
4. If approved, benefits begin
5. If denied, a hearing can be requested



Restatement of Disability Exams

If approved, continuing medical exams are required to verify still disabled



Questions About Disability Benefits?

A decorative graphic consisting of a thick dark blue horizontal line. In the center of this line is a small, solid dark blue downward-pointing triangle. Below the dark blue line are two thinner, parallel light orange horizontal lines that extend across the width of the slide, with a small gap between them centered under the triangle.

Active Member Death Benefits

If a member passes away while actively employed with a LAGERS employer, death benefits may be payable.

- Benefit becomes effective on the first of the month following death.
- Eligible spouse is first payable. (Benefit is calculated as normal Option A retirement.)
- If there is no eligible spouse, dependent children are payable. (Benefit is 60% of member's normal Life Option amount, split equally.)

If no spouse or dependent children, member contributions are refunded to the beneficiary.



Duty vs Non-Duty Active Member Death

	Duty Disability	Non-Duty Disability
Cause	Caused by work-related injury/disease	Caused by non-work-related injury/disease
Vesting Requirement	None	Must be vested
Benefit Calculation	Benefit based on service extended to age 60	Benefit based on accrued service
Eligible Beneficiary	Eligible spouse = married at time of death and at time of injury/onset of illness	Eligible spouse = married 2+ years at time of death (unless accidental death)



Definition of Dependent Child

- Dependent until death, marriage or attainment of age 18, whichever occurs first.
- Age 18 extended up to age 23 as long as the child is uninterruptedly a full-time student.
- A child found to be totally incapacitated by a court of competent jurisdiction is considered dependent as long as incapacity exists.



Deferred Member Death Benefit

If a former vested member passes away prior to retirement, death benefits may be payable.

- Future benefit will be based on accrued service.
- Eligible spouse must have been married for at least two years at time of death. (Benefit is calculated as normal Option A retirement.)
- Payments begin on the date the member would have attained normal retirement age.

If no eligible spouse, member contributions are refunded to the beneficiary.



Retired Member Death Benefit

- Benefit payable depends on the payment option chosen at retirement.
- If no monthly benefit is payable, a refund of the remaining contributions will be made.

Pop-Up Provision – If Option A or B was chosen at the time of retirement, and the spouse pre-deceases the retiree, the benefit can be increased to the full Life Option amount.



Questions About Survivor Benefits?

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Benefit Support:

- Review the “take away” page in your conference booklet
- Visit our website: molagers.org
- Call our office: 1-800-447-4334