



57th Annual Summary Financial Report

For Fiscal Year Ended June 30, 2025

Missouri Local Government
Employees Retirement System

Landmarks of Progress

Just as Missouri's most recognizable landmarks stand tall as symbols of history, resilience, and innovation, Missouri LAGERS' vision is to create a future that is equally enduring. From the Gateway Arch to the columns of Mizzou, these landmarks remind us that progress comes from bold ideas, strong foundations, and a commitment to serving generations to come.

Our vision is to be a trusted partner that strengthens communities by ensuring stability and security for the future. Through our strategic plan, we are charting a clear course by investing in innovation, enhancing member experiences, and reinforcing our promise of long-term sustainability. Guided by this vision, we are not only meeting today's needs but also preparing for the opportunities of tomorrow, ensuring LAGERS remains a landmark of trust and service for generations to come.

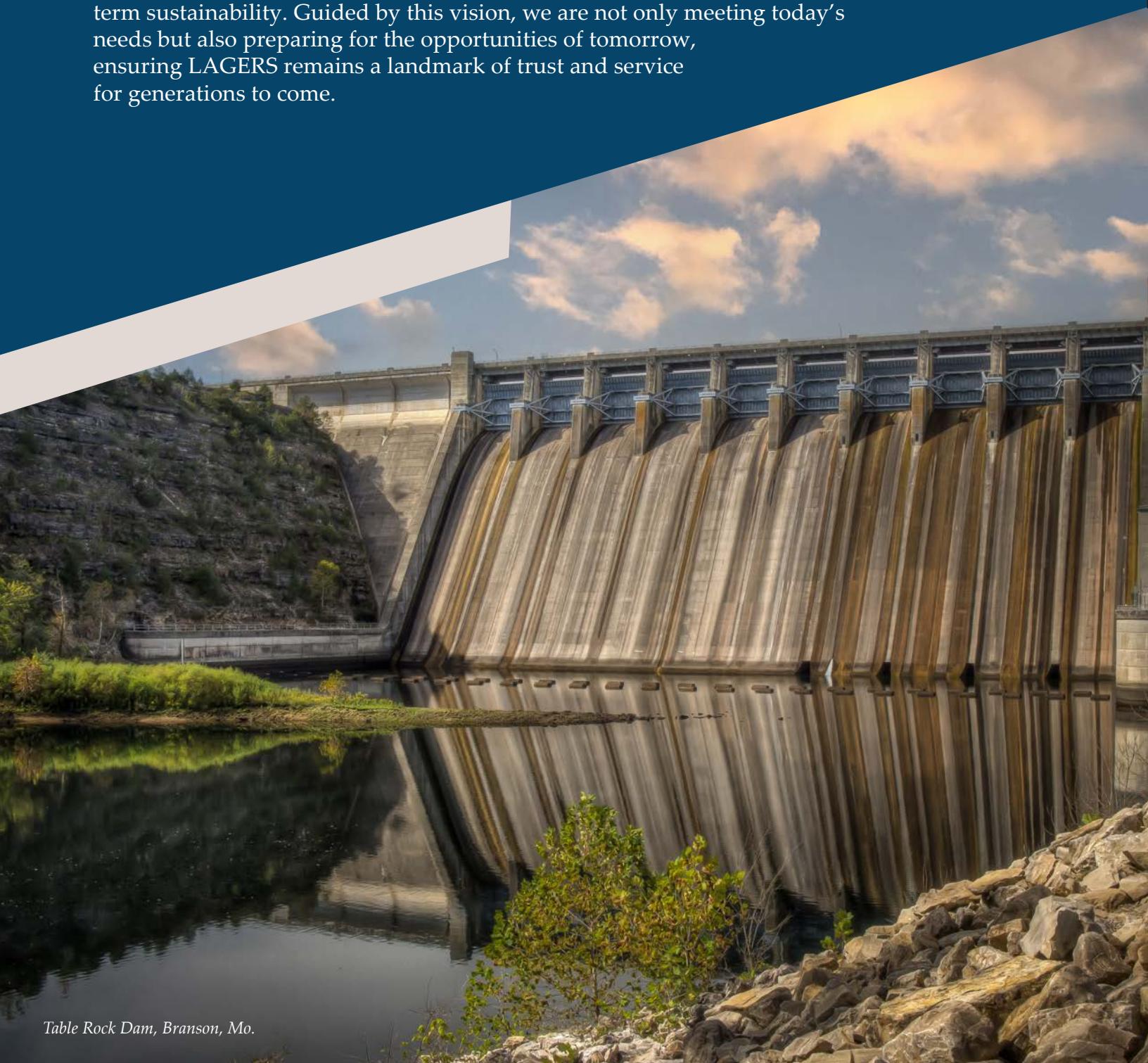


Table Rock Dam, Branson, Mo.

Introduction

The Missouri Local Government Employees Retirement System (LAGERS) is pleased to present this Summary Annual Financial Report. Within this report, you will find an overview of the financial, investment, and actuarial activities of the LAGERS system for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented within this summary in conjunction with the full Annual Comprehensive Financial Report, which can be found at www.molagers.org.

Missouri LAGERS' mission is to support a secure retirement for our members by partnering with Missouri's local governments to provide a sustainable defined benefit plan. As part of this commitment, LAGERS takes our financial reporting seriously. We are pleased to report that for the 47th consecutive year, the system has earned the Government Finance Officers Association of the United States and Canada's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report and its Popular Annual Financial Report for the fiscal year ended June 30, 2024.

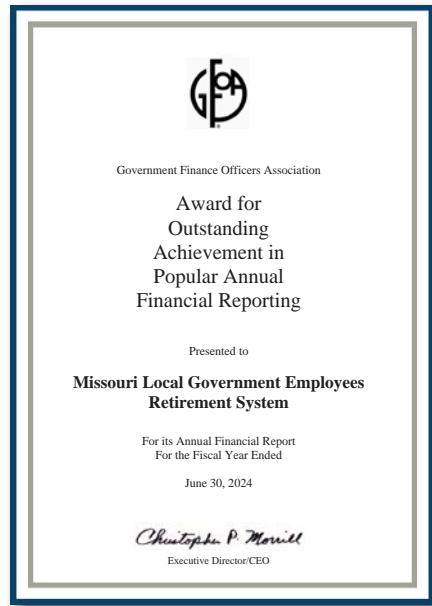
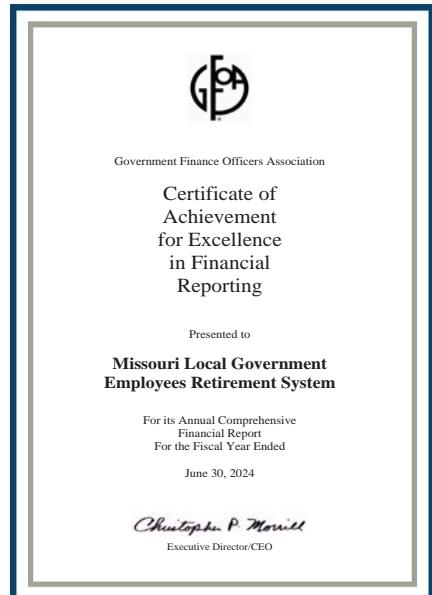


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What Does It Mean?

You may come across some unfamiliar terms in this Summary Annual Financial Report. Watch for the blue boxes with brief definitions or explanations of these terms. Still have questions? Feel free to call the LAGERS office at 1-800-447-4334 to speak with a LAGERS team member today!

This Summary Annual Financial Report, also known as a Popular Annual Financial Report (PAFR), is a summary of Missouri LAGERS' audited financial statements and other information contained in Missouri LAGERS' Annual Comprehensive Financial Report (ACFR). The complete audited financial statements and pertinent notes can be found in Missouri LAGERS' 2025 ACFR. The PAFR provides summary financial information and does not conform to Generally Accepted Accounting Principles (GAAP); the ACFR conforms to GAAP and provides a comprehensive overview of the system's financial and operating results. Missouri LAGERS' ACFR is available at www.molagers.org/financial-reports/.

Financial Highlights



Summary of Fiduciary Net Position

expressed in thousands, as of June 30

Assets	2023	2024	2025	% Change (2024-25)
Cash	\$ 7,351	\$ 8,799	\$ 10,910	24 %
Receivables accrued income	50,178	54,202	49,501	(9)
Prepaid expenses	94	89	221	148
Investments	10,676,547	10,751,100	11,274,436	5
Invested securities lending collateral	450,609	511,232		(100)
Capital assets	7,081	6,478	6,384	(1)
Net pension assets			1,979	
Net OPEB assets			342	
Total assets	\$ 11,191,860	\$ 11,331,900	\$ 11,343,773	- %
Deferred outflow of resources				
Outflows related to pensions	\$ 5,813	\$ 4,283	\$ 3,385	(21) %
Outflows related to OPEB	788	607	426	(30)
Total deferred outflow of resources	\$ 6,601	\$ 4,890	\$ 3,811	(22) %
Liabilities				
Payables and other liabilities	\$ 5,086	\$ 5,455	\$ 2,026	(63) %
Collateral for securities on loan	450,609	511,232		(100)
Line of credit	344,500			
Net pension liability	2,316	101		(100)
Net OPEB liability	1,033	71		(100)
Total liabilities	\$ 803,544	\$ 516,859	\$ 2,026	(100) %
Deferred inflow of resources				
Inflows related to pensions	\$ 1,012	\$ 1,578	\$ 3,011	91 %
Inflows related to OPEB	208	936	971	4
Total deferred inflow of resources	\$ 1,220	\$ 2,514	\$ 3,982	58 %
Net position restricted for pension benefits	\$ 10,393,697	\$ 10,817,417	\$ 11,341,576	5 %

Summary of Changes in Fiduciary Net Position

expressed in thousands, as of June 30

Additions	2023	2024	2025	% Change (2024-25)
Member contributions	\$ 28,729	\$ 28,914	\$ 33,297	15 %
Employer contributions	294,401	349,875	366,383	5
Net investment income	365,090	549,491	669,570	22
Net securities lending (loss)	(1,832)	(4,167)	(298)	93
Total additions	\$ 686,388	\$ 924,113	\$ 1,068,952	16 %
Deductions				
Benefit & other annuity payments	\$ 455,448	\$ 489,491	\$ 533,220	9 %
Refunds	3,216	2,600	2,724	5
Expenses	9,492	8,302	8,093	(3)
Total deductions	\$ 468,156	\$ 500,393	\$ 544,037	(9) %
Change in fiduciary net position	\$ 218,232	\$ 423,720	\$ 524,915	24 %
Fiduciary net position - restricted for pension benefits				
Beginning, as previously stated	\$ 10,175,465	\$ 10,393,697	\$ 10,817,417	4 %
▲ Restatement			(756)	
Beginning, restated			10,816,661	
Ending	\$ 10,393,697	\$ 10,817,417	\$ 11,341,576	5 %

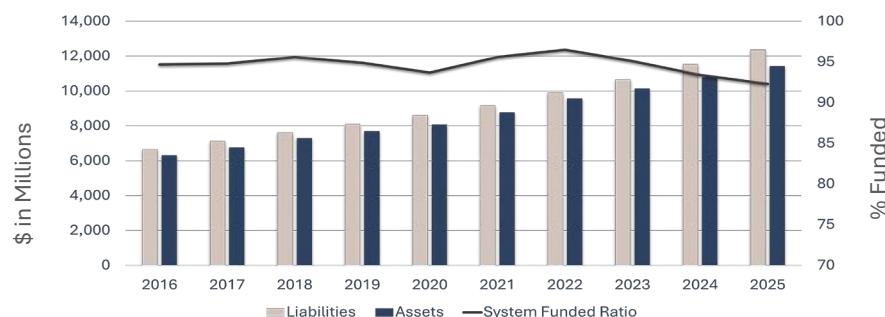
▲ In fiscal year 2025, LAGERS implemented a new accounting rule (GASB Statement 101) related to paid leave. This rule required LAGERS to record its impact starting at the beginning of the year.

Commentary on Changes in Fiduciary Net Position

- ✓ **Employer contributions:** Each year, LAGERS' actuary calculates how much participating employers need to contribute to keep their retirement benefits on solid financial footing. Employer contributions increased this year mainly due to total payroll growth and rising average employer contribution rates.
- ✓ **Net investment income:** Net investment income reflects how the retirement system's investments performed after accounting for the costs of managing the portfolio. The improvement from 2024 to 2025 was driven by stronger market conditions, which resulted in higher investment gains.
- ✓ **Benefit payments:** Benefit payments continued to rise as more members retired and began receiving payments. The increase is also due to cost-of-living adjustments of 3–4% for retirees and beneficiaries who had been retired for more than one year as of June 30, 2024.

Summary of Plan Funding

A pension fund is considered well funded when it holds sufficient reserves to meet all projected benefit obligations. As of Feb. 28, 2025, LAGERS' funded status is 92.3%. The small year-over-year decline reflects higher-than-anticipated salary growth among active members. Even so, LAGERS remains a well-funded plan, positioned to provide long-term benefit security and maintain stable operations into the future.



Funded Ratio:

The funded level is used to gauge the financial stability of a pension plan. The funded level of a pension plan equals the value of assets in the plan divided by the plan's accrued liabilities.

Summary of Plan Expenses

LAGERS prides itself on delivering world-class retirement benefits while remaining good stewards of our members' money. Annual plan expenses include recurring monthly benefit payments, refunds of member contributions, investment expenses, and the cost of administering the system. Below is a summary of plan expenses.

Administrative Expenses as of June 30, 2025

Monthly benefit payments	\$533,366,301
Refund of contributions	2,724,232
Administrative and other expenses	7,946,501
Total administrative expenses	\$544,037,034

Benefit payments represent 98% of LAGERS' total administrative expenses.

Investment Expenses as of June 30, 2025

Manager fees	\$140,771,544
Custodial services	363,814
Consulting/legal services	663,370
Investment staff expenses	3,486,844
Total investment expenses	\$145,285,572

Investment expenses represent 1.3% of total assets under management.

Investment Summary



From Chief Investment Officer Scott Day's Desk:

Over the fiscal year ended June 30, 2025, capital markets experienced a series of noteworthy developments. Among the most prominent was the turbulent implementation of tariffs by the Trump administration which created significant market hesitation. The rapid emergence of artificial intelligence emerged as a dominant investment theme and the ongoing debate around the Federal Reserve's policy direction added to market uncertainty. Meanwhile, geopolitical risks remained elevated, and market equity valuations reached historical heights, all leading to an extremely interesting year for investors.

Amid this volatility, the LAGERS investment portfolio maintained its disciplined focus on long-term objectives, deliberately looking beyond short-term disruptions.

Throughout the year, the investment team achieved several key milestones:

- Completion of a new Strategic Asset Allocation (SAA) study
- Implementation of a multi-asset risk management system (BlackRock Aladdin)
- Development of a proprietary internal analytics platform designed to assess macroeconomic conditions and capital markets

These initiatives enhance the investment team's ability to remain focused on the factors that truly drive long-term performance, filtering out short-term market noise. For fiscal year 2025, the LAGERS portfolio delivered a positive absolute return of 6.4%, though it underperformed its policy benchmark return of 10.9%, resulting in a relative under-performance of 4.5%. While three-year excess returns are currently negative, five- and ten-year excess returns remain positive, reflecting the strength of the portfolio's longer-term positioning.

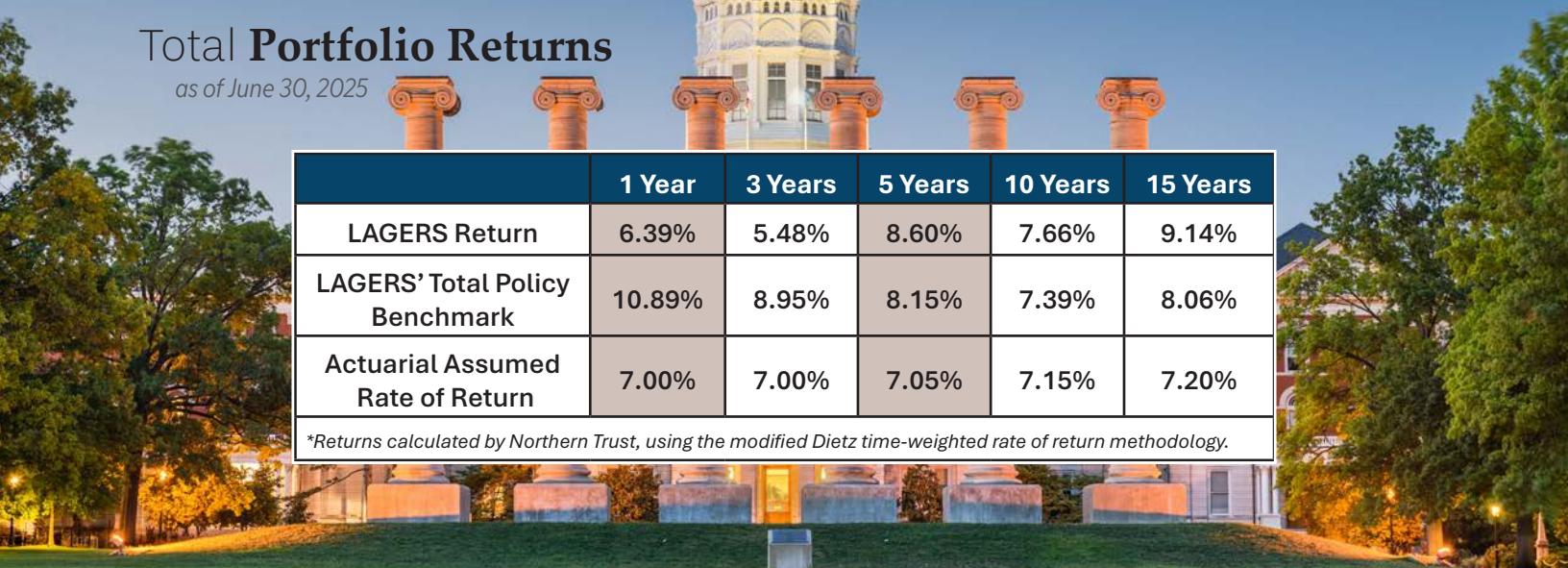
Key performance highlights and detractors for FY 25 include:

- **Equity Portfolio:** As the portfolio's largest allocation, equities were a primary contributor to absolute returns, delivering a total return of 6.8%. However, this lagged the equity benchmark return of 16.6%.
- **Alpha Portfolio:** Generated the highest absolute return at 8.7%, outperforming its benchmark of 7.8%.
- **Fixed Income Portfolio:** Produced a 6.8% return, slightly trailing its benchmark return of 7.2%. Due to its smaller allocation, its overall contribution to total portfolio return was more limited.

Looking forward, the portfolio is well-positioned for the current phase of the market cycle. The investment team will continue to emphasize long-term drivers of performance and remain committed to navigating short-term volatility with discipline and strategic focus—regardless of how “interesting” the times may become.

Total Portfolio Returns

as of June 30, 2025



	1 Year	3 Years	5 Years	10 Years	15 Years
LAGERS Return	6.39%	5.48%	8.60%	7.66%	9.14%
LAGERS' Total Policy Benchmark	10.89%	8.95%	8.15%	7.39%	8.06%
Actuarial Assumed Rate of Return	7.00%	7.00%	7.05%	7.15%	7.20%

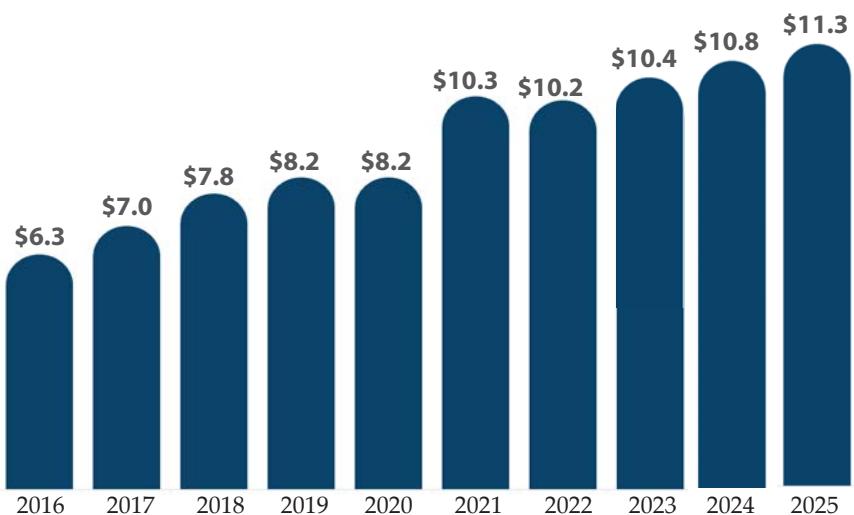
*Returns calculated by Northern Trust, using the modified Dietz time-weighted rate of return methodology.

Investments at Fair Value

Short-term investments	\$ 708,582,594
Corporate bonds	2,018,763,102
International bonds	429,984
Domestic stocks	1,743,511,524
International stocks	1,098,728,046
Real estate	1,290,688,578
Partnerships	4,349,305,073
Absolute return	60,010,411
Other alternative Investments	4,416,259
Total Investments	\$11,274,435,571

Growth in Plan Net Position

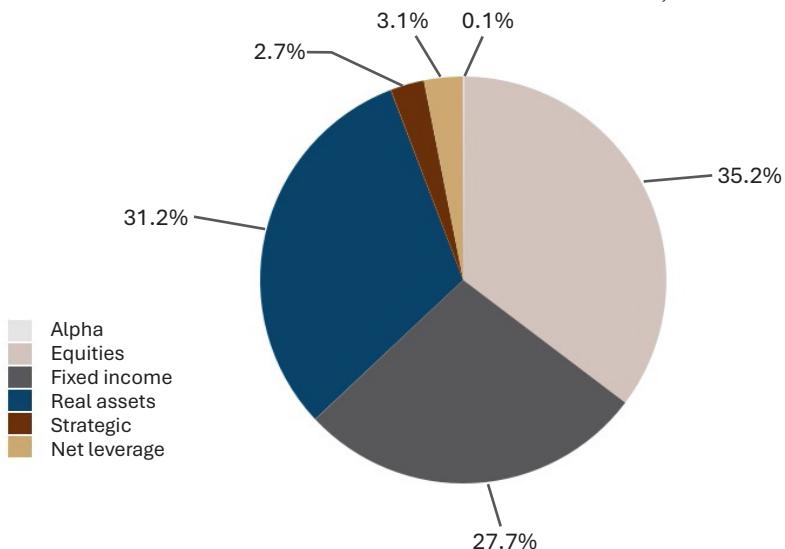
as of June 30, expressed in billions



Pillar of Success: Asset Allocation

LAGERS' investment portfolio is organized into major groups, called asset classes, which share similar risk and return characteristics over time. The portfolio's asset allocation is carefully designed to optimize investment returns while maintaining acceptable levels of risk and diversification. This allocation is a pillar in the system's long-term financial strength, driving an assumed portfolio rate of return of 7.0%.

LAGERS Asset Allocation by Asset Class,
as of June 30, 2025



Alpha Assets:

An investment which seeks to create a market-neutral position that outperforms in all types of market environments.

Real Assets:

An investment which its value is primarily based on the ownership or utilization of a tangible asset or cash flows derived from an agreed-upon measure of tangible assets. These may also include financial assets that derive their value from a contractual claim on an underlying asset that is linked to a real or variable return component, such as a price index.

Strategic Assets:

An investment in which its value is primarily based on its ability to create value beyond traditional asset classes, capitalizing on market dislocations, market timing, and/or unique situations.

Leverage:

A position where the net potential monetary exposure of an obligation exceeds the value of the underlying assets which support the obligation.

System Snapshot



350 Cities

26,385 Members
18,161 Retirees



80 Emergency Services

1,689 Members
347 Retirees



74 Health Agencies

1,998 Members
1,574 Retirees



67 Soil & Water Districts

166 Members
11 Retirees



66 Special Districts

3,027 Members
2,010 Retirees



68 Fire Districts

1,532 Members
430 Retirees



62 Counties

12,507 Members
8,192 Retirees



52 Libraries

1,381 Members
1,023 Retirees



43 Water Districts

289 Members
160 Retirees



30 Road Districts

109 Members
93 Retirees

Thriving Pension System

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 new employers seek the security of a defined benefit model for achieving their workforce goals.

49,083

Active &
Deferred
Members

892

Participating
Employers

32,001

Retirees &
Beneficiaries

New Employers Joining in FY 2025:

16

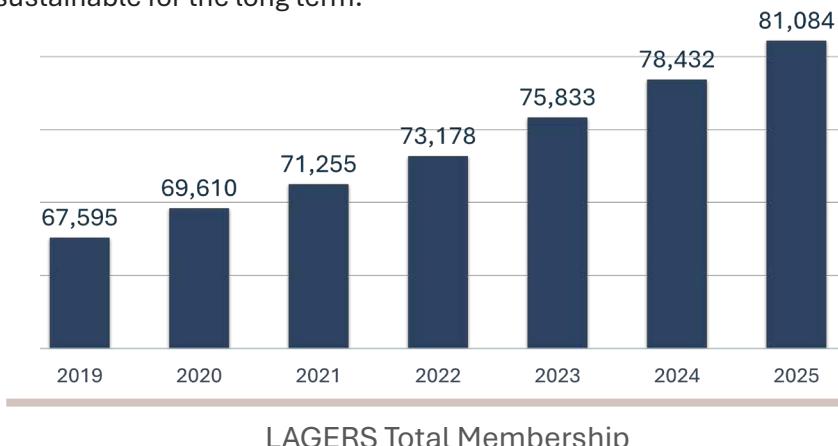
- Cameron Public Library
- Concordia FPD*
- Gerald Area Ambulance District
- City of Greenwood
- Johnson County Board of Services
- Lemay FPD*
- Lone Jack FPD*
- Mapaville FPD*

- Morgan County Library
- North Jefferson County Ambulance
- City of Overland
- St. Clair FPD*
- City of Steele
- Stone County
- Taney County Library
- City of Warson Woods

*Fire Protection District (FPD)

Continued Membership Growth

LAGERS' membership growth continues to be strong as more employers elect to participate in the system. Even as the system expands, LAGERS' disciplined funding policies ensure that growth does not compromise the financial security of our members, allowing the system to remain strong and sustainable for the long term.





Senator Christopher "Kit" Bond Bridge,
Kansas City, Mo.

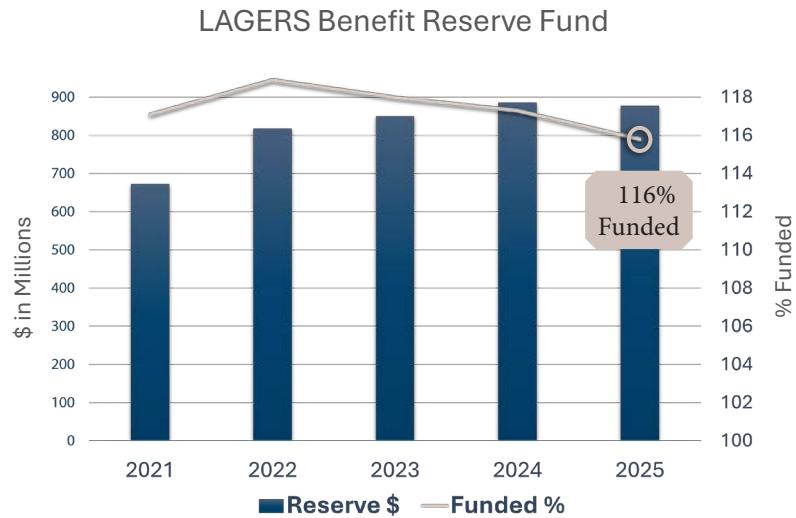
Bridging **Funding & Retirement Security**

As the LAGERS system grows, ensuring benefits are secure for both current and future retirees is paramount.

LAGERS prefunds benefits during active employment, making sure sufficient resources are available when members are ready to retire. Once a member retires, the full lifetime value of their benefit is transferred to a special fund called the Benefit Reserve Fund (BRF).

This unique and separate fund helps bridge LAGERS' strong funding practices during active employment into retirement by ensuring there are always enough assets to pay retiree benefits. LAGERS Benefit Reserve Fund is accounted for separately from LAGERS' overall funding ratio and holds assets exclusively for retiree benefit payments. The BRF is **currently 116% funded**.

Not commonly found in public pension systems, the BRF adds an additional layer of financial security, giving LAGERS retirees extra peace of mind that their benefits will always be there.



Prefunding:

A funding method in which funds are set aside during an employee's working career to cover their future pension obligation. This is in contrast to a "pay-as-you-go" method in which benefits are paid using the current contributions of active participants.

LAGERS' Economic Impact

Each year, about 92% of LAGERS retirement income stays in the Missouri communities where it was earned. Retirees spend their secure, prefunded benefits locally, helping strengthen economies across the state. And because LAGERS benefits aren't tied to market swings, that positive impact continues even during economic downturns.

According to the National Institute on Retirement Security (NIRS), every \$1 paid in pension benefits in Missouri generates \$1.34 in total economic output. That means LAGERS retirees returned...

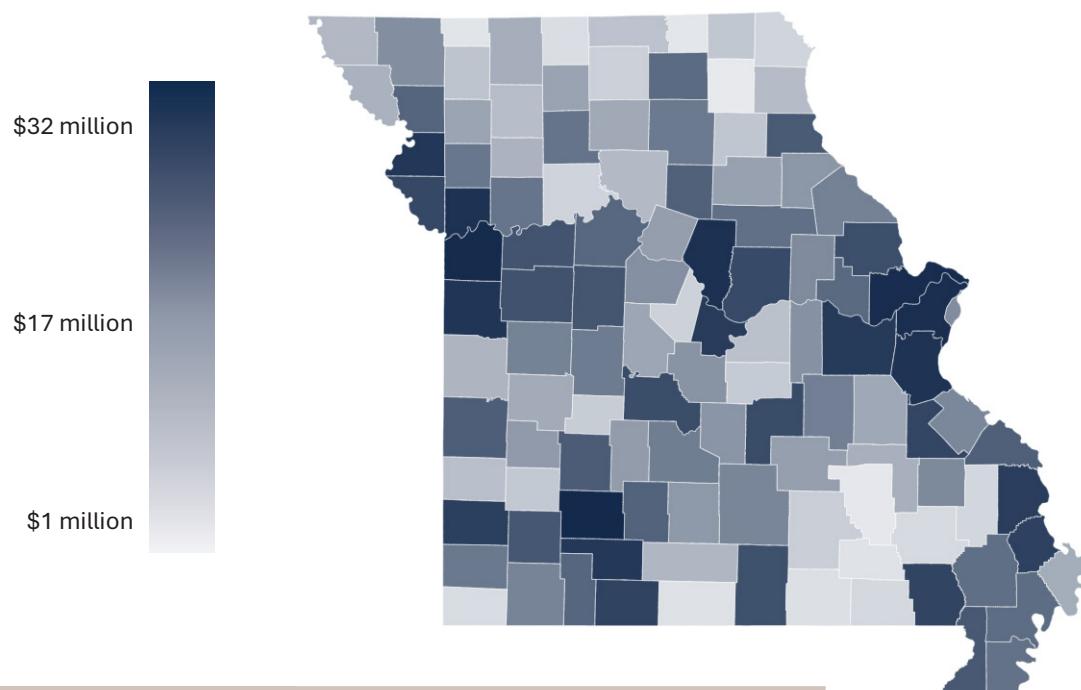
\$665 million in economic impact

...to the state in fiscal year 2025, helping keep Missouri's communities financially strong and vibrant.

Average Monthly Benefit Payments by Years of Service

	5-10 Years	11-15 Years	16-20 Years	21-25 Years	26-30 Years	31+ Years
2025	\$352	\$901	\$1,451	\$2,419	\$2,918	\$3,787
2024	\$348	\$814	\$1,449	\$2,207	\$2,884	\$3,723
2023	\$354	\$808	\$1,265	\$1,995	\$2,776	\$3,413

Annual LAGERS Benefit Payments by County



In fiscal year 2025, LAGERS paid out **\$536 million** to **32,001 benefit recipients**, with 92% (\$496 million) staying in Missouri.

LAGERS Board of Trustees

The Board of Trustees serves as a gateway to strong governance, ensuring LAGERS is appropriately managed. The seven-member board includes three member trustees, three employer trustees, and one citizen trustee.

Joan (Jadali) Leary, CPFO, CEBS, Chair

Member trustee, city of Town & Country
Term expires: 12-31-2026

Tony Kelley, Vice Chair

Employer trustee, Central Jackson FPD
Term expires: 12-31-2026

Mark Perkins

Member trustee, city of Creve Coeur
Term expires: 12-31-2025

Elise Hull

Member trustee, city of Liberty
Term expires: 12-31-2028

Chad Munsey

Employer trustee, city of Springfield
Term expires: 12-31-2025

Bruce Williams

Employer trustee, High Ridge Fire Protection Dist.
Term expires: 12-31-2028

Claire West

Citizen trustee
Appointed by Governor

Executive Staff

The LAGERS system is administered by a team of 48 professional staff in Jefferson City, Missouri.

Bill Betts

Executive Director

Scott Day, CFA

Chief Investment Officer

Ciara Bauer

Chief Technology Officer

Tami Jaegers, RPA

Chief Benefits Officer

Jeff Kempker, CEBS, CRC

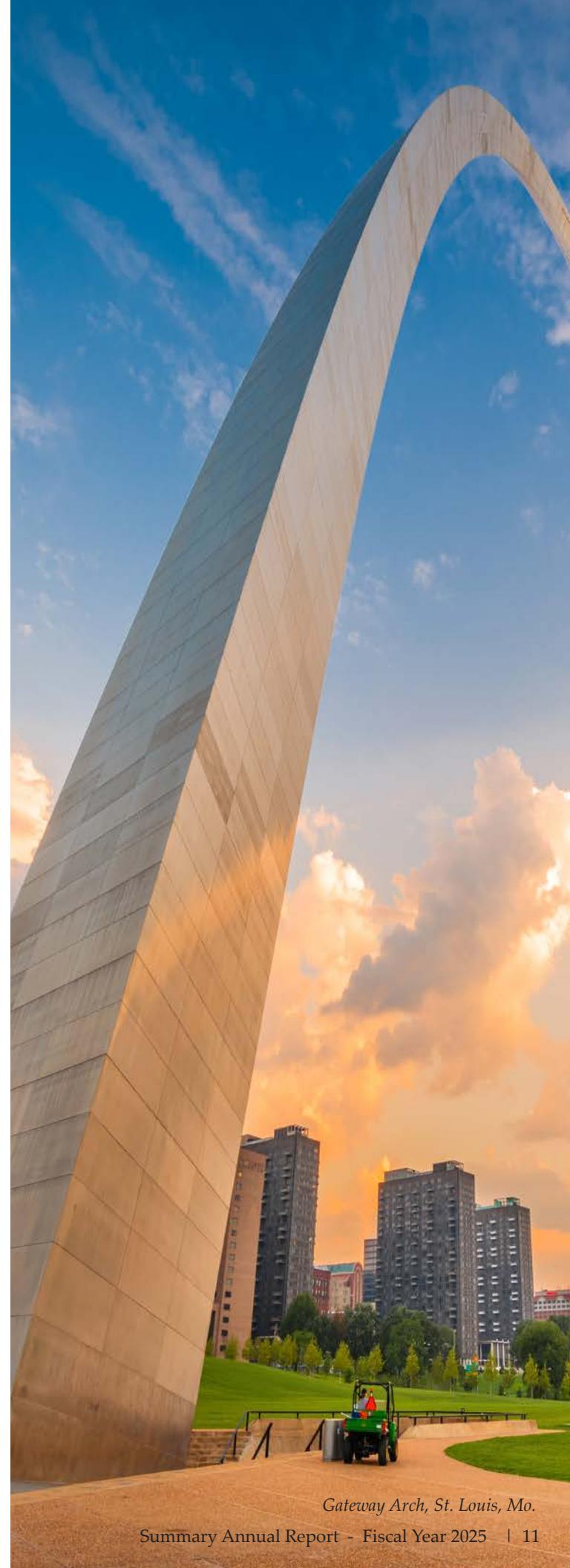
Chief Strategy and External Affairs Officer

Melissa Rackers, CPA, CGFM, CEBS

Chief Financial Officer

Sheila Reinsch

Board and Executive Administrator



Gateway Arch, St. Louis, Mo.



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