



Retirement Handbook



MISSOURI LOCAL GOVERNMENT
EMPLOYEES RETIREMENT SYSTEM

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Contact Us:

LAGERS benefit specialists are a valuable source for information or assistance regarding your benefits. They can assist you by explaining your benefit plan provisions, provide you with a benefit estimate and explain how each payout option works.

Call, email, or stop by in person. Our business hours are 8:00 a.m. - 5:00 p.m.

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Scan this QR code with your smart phone to access our website.

About LAGERS:

The Missouri Local Government Employees Retirement System (LAGERS) was created by the 74th Missouri General Assembly in October 1967 and officially opened its doors in April 1968. During its first year of existence, the young system was administered through a contractual agreement with the Missouri Municipal League and added its first full time staff member in 1969

By June 1969, 70 Missouri local government entities had joined LAGERS with a total of 4,600 member employees and \$2.1 million in assets. LAGERS is now the largest pension system for local government employees in the state of Missouri, covering more than 660 employers, over 33,000 active members, 17,000 retirees, with almost \$6 billion in assets and an overall aggregate funding level in excess of the national average. It's safe to say the growth of the system has been anything but sluggish and LAGERS continues to provide a strong, secure platform within local government communities throughout the state of Missouri.

Not only has the growth of LAGERS membership been rapid, but also the expansion of benefit options available to members. LAGERS was created with one benefit structure that applied to all members. Today, the system offers almost 140 different combinations of benefit options that employers elect at the local level.

LAGERS continues steady membership growth each year while maintaining a fiscally sound system and expects nothing but continued stability in providing a protected, defined retirement benefit for all of its members and beneficiaries.

When Can I Retire?

To be eligible to begin receiving a monthly retirement benefit, you must be vested and have reached retirement age.

Vesting

To become vested, you must earn 60 months (5 years) of service with the LAGERS system. These 60 months may be earned with one LAGERS employer or multiple employers. Once vested, you are guaranteed a benefit regardless of whether you continue to work in the LAGERS system or leave LAGERS covered employment prior to reaching your retirement age.

Normal Retirement

General Employees Age 60
 Police Officers..... Age 55
 Fire Fighters Age 55

This represents the age a vested member is eligible to retire with a full, unreduced benefit. *If you are no longer working for a LAGERS employer, delaying your retirement date beyond your normal retirement age will not increase the amount of the benefit.*

Early Retirement

General Employees:..... Any age between 55-60
 Police Officers:..... Any age between 50-55
 Fire Fighters: Any age between 50-55

Your monthly benefit will be reduced by 1/2 of one percent for each month you are younger than your normal retirement age. This equals a 6% reduction for each year you are younger than your normal retirement age.

When Can I Retire?

continued

Rule of 80

Some employers have elected to provide an additional early retirement option called the Rule of 80. The Rule of 80 allows eligible members to retire earlier than normal retirement age with no reduction in their monthly benefit.

If your employer has elected to provide the Rule of 80 retirement provision, you may be eligible to retire with unreduced benefits when your years of credited service plus your age total the number 80.

For Example:

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

If you permanently leave LAGERS covered employment prior to reaching your Rule of 80 age, you will not be able to draw a benefit at your Rule of 80 age.

What if I worked for more than one employer, one with and one without the Rule of 80?

If you have worked for more than one LAGERS employer and one has the Rule of 80 and one does not, you may use all of your LAGERS credited service towards eligibility for the Rule of 80. However, the benefit earned at the non-Rule of 80 employer could not begin until you have reached early or normal retirement age.

Exceptions to the Rule of 80

If your employer has elected the Rule of 80, your age at hire will determine if you qualify for a Rule of 80 retirement age.

If you are a general employee who begins LAGERS covered employment at age 40 or older, you will reach normal retirement age before your Rule of 80 age. The same is true if you are a police officer or fire fighter that begins covered employment at age 30 or older. If your Rule of 80 age is greater than your normal retirement age, you are still eligible to begin drawing your benefit at normal retirement age.

Even though you may qualify for a Rule of 80 retirement, this does not mean you must retire when your age + credited service = 80. You may work past your Rule of 80 age and continue to earn credited service to increase your benefit.

How is My Benefit Calculated?

Defined Benefit Plan

Defined Benefit plans, like LAGERS, pay a permanent, protected lifetime benefit at retirement.

Your LAGERS retirement benefit is based on a formula, not an account balance. It is not affected by the amount you or your employer contributes, changes in the markets, or economic conditions.

Once you are eligible to begin receiving your LAGERS benefit, that benefit is permanent and protected. You will receive a payment each month for as long as you live.

Benefit Formula

Your benefit is calculated using a formula that is designed to directly reflect your actual career; the longer you work and the more you earn, the greater your benefit at retirement. Although each LAGERS employer elects a unique set of benefits for their employees, all monthly benefits are calculated using the same formula.

$$\begin{array}{r}
 \textit{Benefit Program} \\
 \times \\
 \textit{Credited Service} \\
 \times \\
 \textit{Final Average Salary} \\
 = \\
 \textbf{Monthly Benefit for Life}
 \end{array}$$

You can easily estimate your retirement benefit using this formula.

The Benefit Program, or multiplier, is a percent elected by your employer that ranges from 1% to 2.5%.

Your **Final Average Salary** is an average, elected by your employer, of either your highest consecutive 60 or 36 months of wages within your last 120 months of LAGERS credited service.

Your **Years of Credited Service** are the years and months you work in a covered position for a LAGERS employer. This may also include service you earned before your employer joined the system.

The **Monthly Benefit** is a protected benefit that is payable every month for as long as you live. At retirement, you may also choose to take a reduction in your monthly benefit so that a benefit will continue to a beneficiary.

A benefit calculation might look like this:

$$1.50\% \times \$25 \text{ Years} \times \$3,000 = \$1,125 \text{ per month for life}$$

The following pages contain a more detailed explanation of each of the benefit formula's components.

Employer Elected Benefits

LAGERS is a unique public pension system because not all members are covered under the same benefit levels. Each of LAGERS' employers chooses a unique set of benefits for their employees. Knowing which elections your employer has made will help you understand how your benefit has accumulated over your career.

Benefit Programs

The first component of your benefit calculation is the Benefit Program. An employer may elect a benefit program with a multiplier ranging from 1.0% - 2.5%. The higher the multiplier, the greater the retirement benefit.

After you have left LAGERS-covered employment, any changes made to your former employer's LAGERS benefit structure will not affect your benefit.

Benefit Program Options

Life Programs - pay one permanent benefit every month for the lifetime of the member.

L-1	1.00%
L-3	1.25%
L-7	1.50%
L-9	1.60%*
L-12	1.75%
L-6	2.00%
L-11	2.50%**

* No longer available for new elections

**Only available to groups that do not contribute to Social Security.

Life and Temporary Programs - pay a permanent base benefit every month for the lifetime of the member, plus an additional monthly benefit payable until age 65 or 62.

LT-4(65)	1.00% for Life + 1.00% to age 65
LT-5 (65)	1.25% for Life + 0.75% to age 65
LT-8(65)	1.50% for Life + 0.50% to age 65
LT-10(65)*	1.60% for Life + 0.40% to age 65
LT-14(65)	1.75% for Life + 0.25% to age 65

* No longer available for new elections

Issues to Remember if You Have an LT Program- If you are covered under a Life and Temporary Program, there are several important distinctions to keep in mind:

1. The temporary benefit, plus any applicable cost of living adjustment, stops the month following your attainment of either age 65 for LT-65 programs (or 62 for LT-62 programs).
2. The temporary benefit will be paid until age 65 (or 62), regardless of when you begin to receive benefits from Social Security. The temporary benefit is only payable to the member and will not extend to any beneficiary.
3. Leaving LAGERS covered employment before you are age eligible to retire will result in forfeiture of your temporary benefit.
4. The temporary benefit is not payable on disability or survivor benefits.

Benefit Program Examples

The following examples help demonstrate how the Benefit Program your employer elects can impact the benefit calculation. For these examples, we assume a \$3,000 Final Average Salary and 25 Years of Credited Service

Life Programs:

L-1:

$$1.00\% \times 25 \text{ Years} \times \$3,000 = \$ 750.00 \text{ payable for life}$$

L-3:

$$1.25\% \times 25 \text{ Years} \times \$3,000 = \$ 937.50$$

L-7:

$$1.50\% \times 25 \text{ Years} \times \$3,000 = \$1,125.00$$

L-9*:

$$1.60\% \times 25 \text{ Years} \times \$3,000 = \$1,200.00$$

L-12:

$$1.75\% \times 25 \text{ Years} \times \$3,000 = \$1,312.50$$

L-6:

$$2.00\% \times 25 \text{ Years} \times \$3,000 = \$1,500.00$$

L-11**:

$$2.50\% \times 25 \text{ Years} \times \$3,000 = \$1,875.00$$

Life & Temporary Programs:

LT-4(65)

$$1.00\% \times 25 \text{ Years} \times \$3,000 = \$ 750.00 \text{ payable for life}$$

$$1.00\% \times 25 \text{ Years} \times \$3,000 = \$ 750.00 \text{ paid until age 65}$$

LT-5(65)

$$1.25\% \times 25 \text{ Years} \times \$3,000 = \$ 937.50 \text{ payable for life}$$

$$0.75\% \times 25 \text{ Years} \times \$3,000 = \$ 562.50 \text{ paid until age 65}$$

LT-8(65)

$$1.50\% \times 25 \text{ Years} \times \$3,000 = \$ 1,125.00 \text{ payable for life}$$

$$0.50\% \times 25 \text{ Years} \times \$3,000 = \$ 375.00 \text{ paid until age 65}$$

LT-10(65)*

$$1.60\% \times 25 \text{ Years} \times \$3,000 = \$ 1,200.00 \text{ payable for life}$$

$$0.40\% \times 25 \text{ Years} \times \$3,000 = \$ 300.00 \text{ paid until age 65}$$

LT-14(65)

$$1.75\% \times 25 \text{ Years} \times \$3,000 = \$ 1,312.50 \text{ payable for life}$$

$$0.25\% \times 25 \text{ Years} \times \$3,000 = \$ 187.50 \text{ paid until age 65}$$

*Not open for new elections

**Non-SSA Employers ONLY

The above examples only reflect a basic Life Option calculation and do not account for any adjustments that may be made for an alternate Payout Election or Cost of Living Increase that may affect the amount of your monthly retirement benefit. See "Ready to Retire" and "After Retirement" sections for explanations of Payout Options and COLAs.

Final Average Salary

The second component of your benefit calculation is the Final Average Salary. An employer may elect either a 36 month or 60 month average of your gross monthly wages to be used in your benefit calculation. The higher your final average salary, the greater the retirement benefit.

LAGERS Considers Your Final 120 Months of Wages

When you apply for your retirement benefit, you will select a retirement effective date. From that date, LAGERS will count backward 120 consecutive months (10 years) of LAGERS credited service. From this time period, the average of either your highest consecutive 60 or 36 months of gross wages will be used to calculate your benefit.

One time lump sum payouts of vacation and/or sick leave are not included in this calculation.

Example: An employee retires on March 1st, 2014

March 1 st	2014	5,543	
	2013	33,260	
	2012	\$ 36,720	36 Month Final Average Salary
	2011	36,000	\$108,000 / 36 Months = \$3,000
	2010	35,280	
	2009	34,602	60 Month Final Average Salary
	2008	33,923	\$176,525 / 60 Months = \$2,942
	2007	33,260	
	2006	32,606	
	2005	31,700	
March 1 st	2004	30,600	

Working for More Than One LAGERS Employer

Because each LAGERS employer elects their own benefit levels, LAGERS must calculate benefits separately for each of the employers for which you work. The benefit program and your service will be separated by employer.

However, LAGERS only uses one final average salary period to calculate your benefit – the last 120 months of LAGERS credited service. This may be with one LAGERS employer or several.

Credited Service

The third component of your benefit calculation is credited service. Credited service is calculated as the total number of months and years you work in a LAGERS covered position, which may include a combination of prior service and membership service.

Prior Service is time you worked for your employer before your employer joined LAGERS. In most cases, when an employer joins LAGERS, they elect to cover 100%, 75%, 50%, or 25% of their employees' prior service. This election determines how much of your prior employment is credited toward your LAGERS benefit. To receive this prior service, you must have been an active employee on the date your employer joined LAGERS and continuously for one year after the joining date.

If your employer elects less than 100% prior service, only the portion elected to be covered shall be considered when calculating credited service and final average salary.

Membership Service is time worked for a LAGERS employer after the employer has joined LAGERS. If you began working for your employer after their effective date of LAGERS membership, all of your full time service will be credited toward your LAGERS benefit.

Working for an Employer with a Prior Retirement Plan

Some employers already have a retirement plan in place when they elect to join LAGERS. LAGERS evaluates each of these plans individually to determine if the plan is similar to LAGERS coverage. If the prior retirement plan is found to be similar to LAGERS, the employer may not have the option to give credit for all or a portion of employees' prior service. Because each plan is different, it is best to call the LAGERS office if you have specific questions about how your prior service is handled and how it may affect your benefit.

How Can I Increase My Benefit?

The LAGERS benefit formula is designed to reward long term employees. The longer you work, the greater your monthly benefit will be. There is no limit to the amount of credited service you can earn, and every additional month you work in a LAGERS covered position will increase your benefit.

Because your benefit is based on a formula, and not an account balance, your normal monthly contributions, if any, do not affect the amount of your monthly retirement benefit.

Aside from working longer, some members may be eligible to increase their benefit amount by either purchasing or transferring service from a previous employer.

Purchasing Service

Before you terminate your LAGERS covered employment, you may be eligible to add additional time toward your benefit calculation in order to increase your retirement benefit.

Military Service

If you are an active LAGERS member who had previous active duty in the United States military, you may purchase up to four years of that service toward your LAGERS benefit.

To initiate this purchase, you must complete a purchase of military service form (available on our website) and submit your honorary discharge papers (DD 214) to LAGERS. You cannot be eligible to receive a benefit from any other retirement plan except for benefits from the US military for the period of time you are purchasing.

How Can I Increase My Benefit? continued

Non-Federal Public Employment in Missouri

If you are an active, vested member, you may purchase service toward your LAGERS benefit for any time that you were employed in a non-Federal public position within the state of Missouri.

To be eligible for this type of purchase, you must have either not been covered by a retirement plan from your former employer, or you were covered by a plan, but are not eligible for benefits from that plan.

Other Employer Sponsored Retirement Plans

Prior Service Not Covered By LAGERS

If your employer elected to cover less than 100% of your prior service OR if your employer had a retirement plan in place before it joined LAGERS that was considered “similar in purpose” to LAGERS, some or all of your prior employment may not be credited toward your LAGERS benefit. Talk to your employer or contact LAGERS if you would like a more information about how it impacts your benefit calculation. ***This service may be purchase eligible.***

Transferring from Another MO Public Pension

If you are an active, vested member of LAGERS, you may also be eligible to transfer service from a different Missouri public pension plan if you are vested in the other retirement system and LAGERS has an agreement with the other system.

You may contact the LAGERS office to see if you are eligible to transfer service and if your prior retirement plan has an agreement with LAGERS.

How Do I Purchase Service?

All service purchases must be completed prior to your last day of LAGERS covered employment. To initiate a purchase, you should complete a Purchase of Service form (available on our website) and submit to the LAGERS office.

Once LAGERS receives your application, we will calculate the cost of the purchase and send you a form indicating this cost and your options for payment. You may choose to pay for the purchase in a lump sum, or in 12 or 24 monthly installments. If you are using funds from another retirement account to purchase service, you may directly rollover the funds.

You can estimate the cost of purchasing military service online using your myLAGERS account.

Can My Benefit Level Change?

Your employer's governing body determines the LAGERS benefit levels that apply to their employees. Only participating employers have the ability to change their benefit levels and can do so once every two years.

Upgrades

If your employer makes a benefit upgrade, it will not only increase your future service going forward, but will also upgrade your previous service retroactively.

You must be an active, covered employee on or after the effective date of the upgrade to be eligible for the increased benefit. This means you must receive a month of credited service during or after the month immediately preceding the effective date.

For example: If the effective date of the upgrade is July 1st, you must receive a month of credited service for June or after in order for the benefit change to affect you.

Downgrades

Your employer also has the ability to downgrade benefits for active employees.

Downgrades are not retroactive and will only apply to any credited service you earn after the effective date of the benefit downgrade.

If you are covered by the Rule of 80 and your employer later chooses to remove it, you will still be eligible for the Rule of 80. Only employees hired after the effective date of the removal will not be covered under the Rule of 80.

Benefit changes only apply to active employees. Once you retire, benefit upgrades or downgrades WILL NOT affect your monthly benefit.

Funding Your LAGERS Benefit

LAGERS employers elect to pay for your benefits in one of two ways:

Employee Contributory

Though employee contributions do not affect the amount of your monthly retirement benefit, they do help pay for it. If your employer is contributory, you are required to contribute 4% of gross wages to help pay for a portion of the benefit you will receive at retirement.

If you have made contributions to LAGERS, you are guaranteed to receive back every cent you contributed plus the interest earned on your account. You have already paid taxes on your contributions, so a portion of your monthly benefit will not be taxable, however, the interest earned on your account will be taxable when your account is distributed to you.

Employee Non-Contributory

If you are not required to make contributions to LAGERS, your employer has chosen to pay all necessary expenses for your retirement benefit.

Non-Contributory Refund

If your employer required you to contribute in the past and has been non-contributory for at least two years, they may elect to refund your previous contributions. You will receive all of your previous contributions, plus the interest earned, back with no reduction to your monthly benefit.

Disability & Survivor Benefits

As a LAGERS member, you are covered by Disability and Survivor benefits. If you were to either become permanently disabled or pass away prior to retirement, you, your spouse, or dependent child(ren), may be eligible for a monthly disability or survivor benefit.

Non-Duty Related Death or Disability

A non-duty death or disability is one that is not caused by your job.

To be eligible for a non-duty Disability or Survivor Benefit:

1. You must be vested at the time of your disability or death.
2. For Survivor Benefits, you must have been married for at least two years immediately preceding your death (unless the death was accidental).

If you were actively employed in a covered LAGERS position at the time of death, payments to your spouse would begin immediately and continue for the spouse's lifetime. If you are vested, but no longer working for a LAGERS employer, payments to your spouse would begin when you would have reached your normal retirement age.

Non-Duty Disability and Survivor benefits are based on your current service at the time of your disability.

Duty Related Death or Disability

A death or disability is considered duty related if your death or disability is caused by your job.

You do not need to be vested at the time of death or disability to be eligible for duty-related benefits, and your credited service would be extended as if you would have worked until age 60 for the calculation of the benefit.

Survivor Benefits

In the event of a duty or non-duty related death, LAGERS will pay first to an eligible spouse. The benefit is calculated assuming the member would have chosen the payment option that pays the spouse the highest monthly amount allowable under state law, Option A (described in detail later). The amount of credited service used in the calculation will depend on whether the death was duty or non-duty related.

If you have no eligible spouse payable, each of your dependent children will receive an equal share of 60% of your benefit until they are no longer considered dependents.

If no surviving spouse and no dependent children are payable, your member contributions (if any) would be refunded to your beneficiary of record or estate.

Notes:

Preparing to Retire?

Planning for your retirement can be an overwhelming experience! LAGERS staff is here to help explain all of your options and to assist you through the retirement process. Should you ever have questions about your benefit during your retirement planning, do not hesitate to contact a LAGERS' benefit specialist.

When Should I Begin Preparing for Retirement?

You may be wondering when is the best time to get in touch with LAGERS as you approach your retirement. Although the application process to initiate your benefits can take as little as 30 days, LAGERS encourages all members to begin making preparation well in advance of your retirement effective date.

One of the best resources available for pre-retirees is LAGERS Pre-Retirement Seminars. If you are within five years of retirement, it's not too early to attend one of these sessions. These seminars cover in detail the process of retirement as well as all of your options with your LAGERS benefit. You will benefit from face time with LAGERS staff and have opportunities to ask questions about your benefit.

You may initiate your LAGERS Retirement in one of two ways:

1. Online using the myLAGERS member web portal
2. Completing the paper form (LRS-8)

Step 1: Apply for Your Benefits

Complete the application process online using the myLAGERS portal or submit the paper Application for Retirement (LRS-8). LAGERS must have this form 30-90 days before your retirement effective date. You can find the paper application online at www.molagers.org.

You must submit a copy of your birth certificate with the application. If you do not have a birth certificate, you may submit a baptismal record, school or college record, military discharge paper, or passport.

Step 2: Elect Your Payment Option

Upon receipt of your application, LAGERS will verify your wages and employment history with your employer and calculate benefit amounts for each of the payment options. Approximately 2-3 weeks before your retirement effective date, you will receive your retirement options packet. Once you receive this packet, please submit the following to our office:

- Election of Allowance Option Form (LRS-9)
- Missouri & Federal Tax Withholding Forms (MO-W-4P & W-4P)
- Direct Deposit Form (LRS-6, optional)
- If you elect Option A or B, please also submit:
 - Copy of your spouse's Birth Certificate
 - Copy of your Marriage Certificate

Step 3: ONLY if you choose the Partial Lump Sum

If you choose the Partial Lump Sum on the Election of Allowance Option Form (LRS-9), LAGERS will send you a Lump Sum / Distribution form. By submitting this form you are instructing LAGERS to either roll the PLUS into an eligible retirement account or pay the PLUS directly to you and incur the tax liability.

When Benefits are Paid

LAGERS pays benefits on the first of the month for that month. You will receive your first benefit on your chosen effective date as long as the application process has been completed before your effective date.

Direct deposit electronic payments are made on the first banking day of each month. Paper checks are mailed the last mailing day of the prior month. Although direct deposit is highly encouraged, it is not mandatory.

Retirement Payment Options

LAGERS offers different ways you can elect to receive your monthly benefit.

IMPORTANT: You will receive a payment per month for life no matter which of the below options you choose. **Once a monthly benefit begins, the payment option cannot be changed by the member or beneficiary.**

Payment Option	Retiree Benefit	Beneficiary Monthly Benefit	Eligible Beneficiary
Life	100%	None	Any person(s) or legal entity can be named as a beneficiary but would only receive a refund of remaining retiree contribution account balance, if any, upon the death of the retiree.
Option A	85%*	75% of member's benefit	Spouse that was married to the member no less than two years immediately preceding retirement OR a person 40 years of age or older that has been receiving more than half support from the member for at least the two years immediately preceding retirement.
Option B	90%*	50% of member's benefit	Spouse that was married to the member no less than two years immediately preceding retirement OR a person 40 years of age or older that has been receiving more than half support from the member for at least the two years immediately preceding retirement.
Option C	95%	100% of the member's benefit (excluding the temporary portion)	Any person(s) or legal entity can be named as a beneficiary for Option C.
Option D	Lump Sum	None	Option D is a lump sum distribution of the entire benefit to the member. This option is only available to members whose benefit reserve value is less than \$10,000.

*The benefit amount is adjusted for the age difference between the member and member's beneficiary for Option A and B. For Option A, 0.75% is subtracted from the member's 85% benefit for each year the beneficiary is younger than the member. For each year the beneficiary is older than the member, 0.75% is added to the member's 85% benefit. The same is true for Option B, except the adjustment is 0.50% for each year of age difference.

Some Issues to Remember

Option A & B

1. Beneficiary will receive a payment each month for his or her lifetime after the death of the member.
2. The beneficiary cannot be changed after retirement.
3. If the beneficiary passes away before the member, the member's benefit would be adjusted to the full 100% monthly amount upon written notification to LAGERS.
4. The maximum adjustment upward for the age difference between the member and spouse is 5%.
5. The beneficiary must be a person.

Option C

1. The member's benefit will continue for his or her lifetime.
2. The member's beneficiary will only receive a monthly benefit if the member passes away within 10 years of his or her retirement date.
3. The beneficiary's benefit will not continue for his or her lifetime, but will stop after LAGERS has paid 120 payments to the member and beneficiary combined.
4. The member may change beneficiaries after retirement and may designate multiple beneficiaries.
5. The beneficiary can be a legal entity such as a trust, church, or charity.

Life Allowance

Example:

Assume L-7(1.50%), \$3000 Final Average Salary, 25 Years of Credited Service

		Credited		Final Average		Member's
Benefit Factor	x	Service	x	Salary	=	Benefit
1.50%	x	25	x	\$3,000	=	\$1,125

Option A

Example:

Spouse Same Age

Life Allowance	x	85%	=	Member's Allowance
\$1,125	x	85%	=	\$956.25
Member's Allowance	x	75%	=	Spouse's Allowance
\$956.25	x	75%	=	\$717.19

Option B

Example

Spouse Same Age

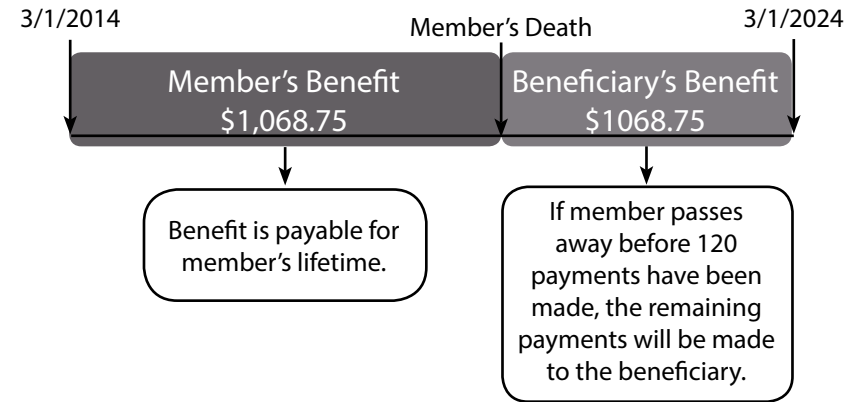
Life Allowance	x	90%	=	Member's Allowance
\$1,125	x	90%	=	\$1,012.50
Member's Allowance	x	50%	=	Spouse's Allowance
\$1,012.50	x	50%	=	\$506.25

Option C

Example

Life Allowance	x	95%	=	Member's Allowance
\$1,125	x	95%	=	\$1,068.75

Life Allowance	x	95%	=	Beneficiary's Allowance
\$1,125	x	95%	=	\$1,068.75



Life (PLUS)

Example:

Member retires at age 60

Life Allowance	x	84%	=	Member's Allowance
\$1,125	x	84%	=	\$945

Partial Lump Sum Calculation

Member's Allowance	x	24	=	Partial Lump Sum
\$1,125	x	24	=	\$27,000

Partial Lump Sum (PLUS)

A Partial Lump Sum can be added to any one of LAGERS payout options.

You have the option to choose a Partial Lump Sum (PLUS) distribution of your monthly benefit. The monthly benefit would still be payable for your lifetime, but would be reduced for receiving the PLUS up front.

The PLUS is equal to 24 Monthly Payments

The partial lump sum equals two years worth of payments of the Life Payment Option. The temporary benefit payable under an LT program is not factored into the amount of the PLUS.

PLUS paid 90-150 days after Retirement

The earliest LAGERS is allowed to pay the PLUS to you is 90 days after your first payment date, but you may choose to delay payment up to 150 days after retirement. If the member passes away after monthly payments begin but before receiving the PLUS, the PLUS would be paid to the member's primary beneficiary.

Partial Lump Sum reduces your Monthly Benefit

Choosing to receive the partial lump sum along with any of the monthly payment options will reduce your monthly benefit by 16% if you are age 60 at retirement. That 16% is adjusted by 0.4% for each year you are younger or older than 60. For example, you would subtract 0.4% from 16% for each year you are younger than age 60 at retirement. You would add 0.4% to the 16% for each year you are older than age 60 when you retire.

PLUS is subject to Taxes, Unless Directly Rolled Over

The PLUS is subject to income taxes and may be subject to early distribution penalties. If you receive the partial lump sum directly instead of rolling it into another eligible retirement account, LAGERS must withhold 20% and forward to the IRS. This is the standard withholding amount for all retirees, however you may owe more or less depending on your tax status.

A 10% early distribution penalty for general employees younger than 55 and public safety employees younger than 50 will be due when you file your annual income taxes.

The PLUS cannot be divided into smaller amounts. The entire lump sum must either be distributed or rolled over.

To delay paying taxes and avoid the early distribution penalties, you may choose to roll your PLUS into an eligible retirement account. Eligible retirement accounts include:

- 408(a) Individual Retirement Account (IRA)
- 408(a) Roth IRA (taxes withheld)
- 408(b) Individual Retirement Annuity
- 401(a) Qualified Retirement Plan
- 401(k) Defined Contribution Plan
- 457(b) Deferred Compensation Account
- 403(b) Annuity Contract

Taxes and Your LAGERS Benefit

Your monthly LAGERS benefit is considered taxable income and will be subject to all applicable State and Federal taxes. LAGERS will withhold for Missouri and Federal income taxes at your request.

Employee Contributions

The only portion of your monthly benefit that is not taxable is based on your actual employee contributions that were withheld from your pay during your career. You have already paid taxes on these funds, however, the interest earned on your contributions is still subject to tax. If you never contributed to LAGERS or have had your employee contributions refunded to you, your entire benefit is subject to income taxes.

Just like when you are working and receiving a paycheck, you are responsible for having the appropriate amounts withheld from your benefit.

1099 - R

LAGERS will send you a 1099-R form each year that details the amount of retirement income you received and the amount of taxes paid. You may adjust your withholding as desired by filing the appropriate forms with the LAGERS office or by using the myLAGERS web portal.

You may be eligible for a Missouri Public Pension tax exemption because you are receiving income from a public pension. Ask your tax advisor or visit the Missouri Department of Revenue website at: <http://dor.mo.gov/> for more information.

LAGERS staff is not authorized or qualified to provide advice on taxation issues. Please contact the Missouri Department of Revenue or a trusted tax advisor for advice on your withholding.

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

In order to qualify, you must have retired under the normal retirement provision of the system (meaning that you did not take an early retirement) or you must have taken a disability retirement. Rule of 80 retirement does qualify.

This works in connection with premiums for applicable qualified health insurance. LAGERS can now withhold those amounts from monthly retirement benefits and pay directly to a qualified provider. Up to \$3,000 of what LAGERS withholds may be excluded from your Federal taxable income.

The definition of eligible public safety officers, as included in federal law (42 U.S.C. 3796b(9)), is generally individuals who served a public agency in the capacity of a professional firefighter, chaplains serving in a police or fire department, officially designated public employee members of a rescue squad or ambulance crew, or an individual involved in crime and juvenile delinquency control or reduction, or enforcement of the criminal laws (including juvenile delinquency), including, but not limited to police, corrections, probation, parole, and judicial officers.

Cost of Living Adjustment

LAGERS Board of Trustees may award eligible retirees an annual Cost of Living Adjustment (COLA).

Cost of living adjustments are designed to help your benefit keep pace with inflation. The amount of the adjustment is based on the Consumer Price Index (CPI) and cannot exceed 4% in a year.

When are the adjustments made?

The adjustment is payable each October 1st and will be applied to your current monthly benefit amount.

When will I get my first adjustment?

In order to be eligible for your first adjustment, you must be retired for 12 consecutive months including an October 1st. For example, if you retire October 1, 2013, you would be eligible for your first adjustment on October 1, 2014. If you retired on November 1, 2013, you would be eligible for your first adjustment on October 1, 2015.

If you are not eligible for an adjustment during your first year of retirement because of your retirement date, LAGERS will ensure you are caught up with future adjustments.

Will my benefit ever decrease?

During times of deflation when the CPI is negative, retirees' benefits will remain level for the year.

The LAGERS Board is not required by law to give a post retirement increase, and first must take into account the financial stability of the system.

Loss of a Loved One

I Elected the Life Option...

Under the Life Payout Option, your beneficiary will only receive payment should you pass away and still have member contributions remaining in the system. This beneficiary can be changed at any time during your retirement.

I Elected Option A or Option B...

If you retired after September 1, 1992 and elected either Option A or B, you are covered under LAGERS Pop-Up Provision. In the event that your beneficiary predeceases you, this provision allows you to remove the Option A or B reduction you are taking in your benefit and 'pop up' to 100% of your Life Option amount. You must notify the LAGERS office upon the death of your beneficiary to enact the Pop-Up Provision.

Once enacted, you are locked into the Life Option and may not designate a new beneficiary under Option A or B. You may designate a new beneficiary for any remaining contributions you may still have remaining in the system (if applicable).

I Elected Option C...

If you elected Option C, you may designate a new beneficiary(ies) at any time. Should your beneficiary predecease you, you may designate a new primary beneficiary. If no new designation is made, in the event of your death, any remaining payments would be made to your contingent beneficiary.

If you have no living beneficiaries at the time of your death, remaining payments (if any) would be made to your estate.

Employment After Retirement

As a LAGERS retiree, you always have the option to return to work. In many circumstances, a retiree may seek employment after retirement and continue to draw their LAGERS benefit unaffected.

If I Employ with a Non-LAGERS Employer:

You are allowed to work full time or part time for any non-LAGERS employer and continue to receive your monthly LAGERS benefit.

If I Employ Part-Time with a LAGERS Employer:

You may re-employ part time with any LAGERS employer and continue to receive your monthly LAGERS benefit. Each employer elects to define part time as either less than 1500, 1250 or 1000 hours per year. Check with the employer to ensure you will be working less than the full time definition. *Part-time employees are not eligible to accrue additional LAGERS benefits.*

If I Employ Full-Time with a Different LAGERS Employer:

You may re-employ full time after retiring with any LAGERS employer other than one from which you are receiving a benefit. In order to avoid disruption of your benefit, you must have a full calendar month break in employment between employers.

For example, if you retired and your last day of employment with City A is September 30th and your retirement effective date is October 1st, you cannot re-employ full time with City B before November 1st. If your last day with City A is October 10th with an October 1st retirement effective date, you cannot re-employ with City B before November 10th.

If you re-employ full time with a different employer from which you are receiving a benefit, provided you have a one calendar month break in employment, you will begin to accrue service toward an additional benefit from your new employer. You will become vested with the new employer after **12 consecutive months of service** and eligible for an additional benefit.

If I Re-Employ Full-Time with the Same Employer from Which I Am Receiving a Benefit:

You may not be earning a benefit from the same employer you are currently drawing a benefit from. If you re-employ in a LAGERS covered position with your former employer, your original benefit will be suspended for each month you are employed. You will begin to accrue service toward an additional benefit and would be vested after 12 consecutive months of employment.

When you retire for the second time, your original benefit will be reinstated plus the additional benefit, if any, that you accrued.

Beneficiary – Any person or entity entitled to or designated by a member who may be legally eligible for either a monthly benefit or one time refund/lump sum.

Benefit Program – A multiplier that is elected by each employer to be used in the benefit calculation.

Cost of Living Adjustments – Protects a member's benefit from losing purchasing power as the cost of living (inflation) rises from year to year. COLAs are given at the discretion of the LAGERS board.

CPI (Consumer Price Index) – is a measure of inflation, as calculated by the United States Department of Labor, which LAGERS' Board uses to determine how much, if any, of a Cost of Living Adjustment to award retirees each year.

Credited Service - Is the sum of membership service and prior service.

Defined Benefit- LAGERS is considered a defined benefit plan meaning that members receive a guaranteed and protected lifetime benefit that is calculated by a formula, not an account balance.

Disability – A total and permanent physical or mental disability that permanently prevents a member from performing his current LAGERS covered job.

Contributions (Member) – Some LAGERS employers require LAGERS eligible employees to contribute 4% of their gross wages to help fund their benefits. Member contributions are credited to each individual's account, they earn interest, and are guaranteed to the member or beneficiary.

Final Average Salary - An average used in the benefit calculation of a member's highest consecutive 36 or 60 months of wages from the last 120 months of LAGERS credited service.

Formula – Defined benefit allowances are calculated using a formula, not an accumulated account balance. LAGERS monthly benefits are calculated by multiplying Benefit Program X Final Average Salary X Credited Service

Membership Service – All full-time employment after an employer joins LAGERS.

Payout Option – When applying for retirement, each member elects a payout option. LAGERS provides different payout options which allow each member to draw their benefit in a manner that best suits their needs.

Purchased Service – Is service that a member individually purchases toward their benefit calculation. Purchased service is included in the benefit calculation, but is not considered 'credited service' therefore salary earned during the period of purchased serviced would not count toward the final average salary calculation.

Prior Service – Employment with an employer prior to the date an employer joins LAGERS. Each employer handles their prior service election differently.

Retirement Age – The age a which a vested member becomes age eligible to begin drawing a monthly benefit.

Retirement Effective Date – Effective dates are always the 1st of a month and represent that date on which a member's retirement benefit will begin. Effective dates may be different from a member's termination date.

Glossary

Termination Date – The last day that a member is covered in a LAGERS covered position.

Vested - Vested members are those who are eligible for a retirement benefit once they have attained a LAGERS retirement age. Vesting for LAGERS occurs once a member earns 60 months of service in the system.

1099-R-The tax document issued to individuals who received a LAGERS distribution in a given tax year.

Retirement Handbook

This booklet provides an abbreviated explanation of the statutes governing the LAGERS system and does not amend or overrule RSMo 70.600 – 70.755 or Administrative Rules, Title 16, Division 20.