

MEMBER HANDBOOK



**WATCH YOUR FINANCIAL
INDEPENDENCE GROW**



MISSOURI LAGERS
A Secure Retirement for All

Table of Contents

Contact Us	4
LAGERS Benefits	5
Welcome to LAGERS.....	5
About LAGERS	6
When Am I Eligible?	7
Monthly Payment Calculation	10
Employer Choices	12
Calculating Your Monthly Payment.....	16
How Long You Work (Credited Service)	20
Increase Your Monthly Payment.....	21
Can My Benefit Multiplier Change?.....	24
Funding Your LAGERS Benefit.....	25
Life Events	26
Designating Beneficiaries	26
What Happens if I Leave Employment?	28
Returning to LAGERS Covered Employment.....	29
Disability Benefits	30
Survivor Benefits	31
What Happens if I am Divorced?	32
Resources for Planning Your Future Retirement	34
Near Retirement	36
Applying for LAGERS Retirement	36
Retirement Payment Options	38
Partial Lump Sum.....	42
After Retirement	44
Taxes and Your LAGERS Benefit.....	44
Cost of Living Adjustments	46
Loss of a Loved One	47
Employment After Retirement.....	48
Glossary	50

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, provide you with a benefit estimate and explain how each payment option works.

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

Website:

www.molagers.org

Email:

info@molagers.org

Telephone:

(573) 636-9455

(800) 447-4334

Office Location:

701 W. Main St.

Jefferson City, MO 65101

Social Media:**Mailing Address:**

P.O. Box 1665

Jefferson City, MO 65102

Welcome to LAGERS:

Your Protected Lifetime Payment Awaits

As a LAGERS member, you join nearly 40,000 Missouri local government employees across the State of Missouri serving their local communities.

With your LAGERS Defined Benefit Plan, you have a valuable tool in helping you plan and reach financial security with a protected lifetime benefit from your employer.

How it Works

Your LAGERS benefit provides protected monthly payments reflecting your working career. The payments begin at retirement and continue until death. The amount of your monthly payment is calculated using these three factors:

- Benefit Multiplier (Benefit Program)
- How much you make (Final Average Salary)
- How long you work (Credited Service)

Your monthly benefit payment is

- not affected by swings in the market
- protected without you having to make investment decisions
- payable every month for as long as you live.

With your LAGERS benefit, you have peace of mind knowing you are working toward financial independence in retirement with every month you work in public service for your community.

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 employers 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 over 720 employers, over 36,000 active members, 23,000 retirees, with around \$8 billion in assets and an overall funding level over that 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 for 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 member subdivisions. LAGERS was created with one benefit structure which applied to all members. Today, the system offers close to 100 different combinations of benefit options employers choose at the local level.

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

When Am I Eligible?

To be eligible to begin receiving a monthly retirement payment, you must have worked the required number of annual hours your employer elects for coverage (see “covered employment” on page 20), and you must be **vested** and have reached retirement age.

Vesting

To become vested, you must work 60 months (5 years) within the LAGERS system. These 60 months may be earned with one LAGERS employer or multiple employers. (Once you have 60 months of credited service, you will receive benefit payments, regardless of whether you continue to work in the LAGERS system or leave LAGERS covered employment before reaching retirement age.)

Normal Retirement

General Employees	Age 60
Police Officers.....	Age 55
Fire Fighters	Age 55
Public Safety Personnel	Age 55 or 60

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 your monthly benefit payment.*

Public Safety Classification Option

As of August 28, 2019, LAGERS employers in 3rd class counties have the option to classify EMS personnel, Emergency Telecommunicators, and Jailors who are currently classified as General Employees as Public Safety Personnel for purposes of determining an age 55 normal retirement in LAGERS. Each employer must elect to cover their public safety personnel under this option. It will NOT automatically change.

When Am I Eligible?

continued

Early Retirement

General Employees:.....Any age between 55-60

Police Officers:.....Any age between 50-55

Fire Fighters:Any age between 50-55

Public Safety Personnel Between 50-55 or 55-60

Your monthly benefit payment will be reduced by a half 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.

Rule of 80

Some employers have chosen to provide an 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 payment.

If your employer provides 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 before reaching your Rule of 80 age, you will not be able to receive your 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, you will need to delay your non-Rule of 80 benefit until early or normal retirement age.

Exceptions to the Rule of 80

If your employer has chosen 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 who 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 start receiving your monthly 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 monthly payment.

Monthly Payment Calculation

Defined Benefit Plan

Defined benefit plans, like LAGERS, pay permanent, protected lifetime benefit payments throughout retirement.

Your LAGERS monthly benefit payment is based on a specific calculation, not an account balance. It is not affected by the amount you or your employer contributes, changes in the market, or economic conditions.

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

Monthly Payment Calculation

Your monthly benefit is figured using a calculation designed to directly reflect your working career. The longer you work and the more you earn, the greater your monthly payment will be at retirement. Although each LAGERS employer chooses their own benefit plan for their employees, all monthly payments are figured using the same calculation.

$$\begin{array}{l} \textit{Benefit Multiplier} \\ \textit{(Benefit Program)} \\ \times \\ \textit{How Much You Make} \\ \textit{(Final Average Salary)} \\ \times \\ \textit{How Long You Work} \\ \textit{(Credited Service)} \\ = \\ \textbf{Monthly Payment} \\ \textbf{for Life} \end{array}$$

You can easily estimate your monthly retirement payment using this calculation.

The Benefit Multiplier, or Benefit Program, is a percent chosen by your employer ranging from 1% to 2.5%.

How Much You Make, or your Final Average Salary, is 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.

How Long You Work, or 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 payment so that a monthly payment will continue to a beneficiary.

A benefit calculation might look like this:

$$.015 \times 25 \text{ Years} \times \$3,000 = \$1,125 \text{ per month for life}$$

The following pages contain a more detailed explanation of each part of the monthly payment calculation.

Employer Choices

Each LAGERS employer chooses their own kind of benefit plan for their employees. Knowing your employer's chosen benefit plan will help you understand how your monthly payment is calculated and grows throughout your career.

Benefit Multipliers (Benefit Programs)

The first part of your benefit calculation is the Benefit Multiplier. An employer may choose a benefit multiplier ranging from 1.0% - 2.5%. The higher the multiplier, the larger the benefit.

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

Employers' Benefit Choices

Life Programs - same multiplier for your lifetime

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 employers who are new to the system.

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

Life and Temporary Programs - One base, monthly payment, plus an additional temporary monthly payment 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 employers who are new to the system.

Issues to Remember if Your Employer Chose an LT Program

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

Employer Choices

continued

How Much You Make (Final Average Salary)

The second part of your benefit calculation is the Final Average Salary. Your employer may choose 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 monthly payment.

LAGERS Considers Your Final 120 Months of Wages

When you apply for your monthly 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 monthly payments.

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

Example: An employee retires on March 1st, 2020

March 1 st	2020	5,543	
	2019	33,260	
	2018	\$ 36,720	36 Month Final Average Salary \$108,000 / 36 Months = \$3,000
	2017	36,000	
	2016	35,280	
	2015	34,602	60 Month Final Average Salary \$176,525 / 60 Months = \$2,942
	2014	33,923	
	2013	33,260	
	2012	32,606	
	2011	31,700	
March 1 st	2010	30,600	

Working for More Than One LAGERS Employer

Because each LAGERS employer chooses 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 monthly payments – the last 120 months of LAGERS credited service. This may be with one LAGERS employer or several.

Calculating Your Monthly Payment

The following information will give you a general idea of how to calculate your LAGERS monthly payment. Below is an example of the LAGERS Life Program payment calculation.

Monthly Payment Calculation Example: L-1

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

Estimating Your Future Benefit

The table below represents the percentage of your final average salary that will be replaced by your LAGERS monthly payment upon retirement. Salary Replacement is calculated by multiplying your employer's chosen multiplier by your credited service.

Examples are based on **\$3,000 Final Average Salary and 25 Years of Service**. These numbers will vary depending on your individual Credited Service and Salary.

Life Program	Multiplier	Salary Replacement Percentage*	Monthly Benefit Example
L-1	1.00%	25%	\$750
L-3	1.25%	31%	\$938
L-7	1.50%	38%	\$1,125
L-9	1.60%	40%	\$1,200
L-12	1.75%	44%	\$1,313
L-6	2.00%	50%	\$1,500
L-11**	2.50%	63%	\$1,875

* Salary Replacement was calculated by multiplying the multiplier by the years of service.

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

Below is an example of a LAGERS Life & Temporary Program monthly payment calculation.

Monthly Payment Calculation Example: LT-4(65)

2.00% x \$3,000 x 25 Years = \$1,500 per month until age 65

1.00% x \$3,000 x 25 Years = \$ 750 per month from age 65 to death

Estimating Your Future Monthly Payment:

Examples are based on **\$3,000 Final Average Salary and 25 Years of Service**. These numbers will vary depending on your individual Credited Service and Salary.

Life & Temporary Program	Multiplier*	Salary Replacement Percentage**	Monthly Benefit Example
All LT Programs	2.00% to 65	50%	\$1,500
LT-4(65)	1.00% after 65	25%	\$750
LT-5(65)	1.25% after 65	31%	\$938
LT-8(65)	1.50% after 65	38%	\$1,125
LT-10(65)	1.60% after 65	40%	\$1,200
LT-14(65)	1.75% after 65	44%	\$1,313

*All LT(65) programs have a 2% multiplier until age 65. After 65, the multiplier changes to a base multiplier (displayed in the table).

**Salary Replacement was calculated by multiplying the multiplier by the years of service.

These examples only reflect a basic Life Option calculation and do not account for any adjustments that may be made for an alternate payment election or cost of living increase that may affect the amount of your monthly retirement payment. See page 38 for more information on payment options.

Calculating Your Monthly Payment

Benefit Multiplier Examples

The following examples help demonstrate how the Benefit Multiplier your employer chooses can impact your monthly payment amount. For these examples, we assume a \$3,000 Final Average Salary and 25 Years of Credited Service.

Life Programs:

L-1:

1.00% x 25 Years x \$3,000 = \$ 750.00 per month for life

L-3:

1.25% x 25 Years x \$3,000 = \$ 937.50

L-7:

1.50% x 25 Years x \$3,000 = \$1,125.00

L-9*:

1.60% x 25 Years x \$3,000 = \$1,200.00

L-12:

1.75% x 25 Years x \$3,000 = \$1,312.50

L-6:

2.00% x 25 Years x \$3,000 = \$1,500.00

L-11*:

2.50% x 25 Years x \$3,000 = \$1,875.00

* No longer available for employers who are new to the system.

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

Life & Temporary Programs:

LT-4(65)

2.00% x 25 Years x \$3,000 = \$ 1,500.00 until 65

1.00% x 25 Years x \$3,000 = \$ 750.00 after 65

LT-5(65)

2.00% x 25 Years x \$3,000 = \$ 1,500.00 until 65

1.25% x 25 Years x \$3,000 = \$ 937.50 after 65

LT-8(65)

2.00% x 25 Years x \$3,000 = \$ 1,500.00 until 65

1.50% x 25 Years x \$3,000 = \$ 1,125.00 after 65

LT-10(65)*

2.00% x 25 Years x \$3,000 = \$ 1,500.00 until 65

1.60% x 25 Years x \$3,000 = \$ 1,200.00 after 65

LT-14(65)

2.00% x 25 Years x \$3,000 = \$ 1,500.00 until 65

1.75% x 25 Years x \$3,000 = \$ 1,312.50 after 65

**Employers who are new to the system may not choose this option.*

The above examples only reflect a basic Life Option calculation and do not account for any adjustments that may be made for an alternate payment election or cost of living increase that may affect the amount of your monthly retirement payment. See "Near Retirement" and "After Retirement" sections for explanations of payment options and COLAs.

How Long You Work (Credited Service)

The third part 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 time worked before your employer joined LAGERS and current membership service.

Your employer may choose to cover 100%, 75%, 50%, or 25% of your time worked before they joined LAGERS. To receive any coverage of your work prior to your employer joining, 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 chooses less than 100% prior service, only the portion chosen to be covered shall be considered when calculating credited service and final average salary, unless purchased individually. See more about purchasing service on page 21.

Membership Service is time worked for a LAGERS employer while the employer is covered by LAGERS.

Covered employment is chosen by your employer upon joining the system. Your employer may choose to only cover positions requiring either 1,500, 1,250, or 1,000 hours on an annual basis.

Working for an Employer with a Prior Retirement Plan

Some employers already have a retirement plan in place when they choose 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.

Increase Your Monthly Payment

The LAGERS benefit calculation is designed to reward long term employees. The longer you work, the greater your monthly payment 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 increases your monthly payment.

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

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

Purchasing Service

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

Military Service

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

You can also estimate the cost of purchasing service on your myLAGERS account.

Increase Your Monthly Payment

Non-Federal Public Employment in Missouri

If you are an active member and have 60 or more months of service, you may purchase service toward your LAGERS benefit for any time 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. Contact LAGERS if you would like more information about how it impacts your monthly payment calculation. ***You may be able to purchase this service.***

Transferring from Another MO Public Pension

If you are an active member and have 60 or more months of service, 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.

All service purchases must be completed before 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 it to the LAGERS office.

Once LAGERS receives your application, we will calculate the cost of the purchase and send you a form indicating the 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. You may also use funds from another retirement account using a direct roll over.

All funds used to purchase service WILL be returned to you in a manner consistent with your particular situation. If you leave LAGERS covered employment before you are vested, you may request a refund of these funds. If you retire and you pass away before you received all of these funds back in the form of monthly benefits, your beneficiary will receive the remainder of the funds.

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

Can My Benefit Multiplier Change?

Your employer determines the LAGERS benefit multiplier used at your employer. Employers have the ability to change their benefit multipliers and can do so once every two years.

Upgrades

If your employer increases your benefit multiplier, it will not only increase your service going forward, but it will also upgrade your previous service retroactively.

You must be an active, covered employee on the effective date of the upgrade in order to be eligible for the upgrade.

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 reduce your benefit multiplier for active employees.

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

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 payments.

Funding Your LAGERS Benefit

Your LAGERS employer chooses to pay for your benefits in one of two ways:

Employee Contributory

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

Important Notes About Employee Contributions:

- You or your beneficiary will never receive back less than you paid in, plus interest
- Contributions are made after-tax (will not reduce your taxable income today)
- A portion of your retirement benefit will not be taxable

You can view your accumulated contribution balance online through your myLAGERS account 24/7.

Employee Non-Contributory

If you are not required to make contributions to LAGERS, your employer has chosen to fully pay the cost of 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 choose to refund your previous contributions. You will receive all of your previous contributions, plus the interest earned, back with no reduction to your monthly payment.

Designating Beneficiaries

If an active LAGERS member were to pass away before retirement, LAGERS will look first to pay a monthly survivor benefit to any eligible spouse or dependent children. (See Survivor's Benefits on Page 31) If no monthly survivor benefit is payable, LAGERS will pay a refund of your accumulated member contributions (if any) to your designated beneficiary of record.

Who May I List as a Beneficiary for a Refund of My Contributions?

You may designate an individual, legal entity (such as a charity), trust, or your estate as a beneficiary. You may designate more than one primary and/or contingent beneficiary to share equally in your accumulated contributions.

Why Should I List a Contingent Beneficiary?

A contingent beneficiary will only be eligible to receive your accumulated contributions should all your primary beneficiaries pass away before your contingent beneficiaries. Without a contingent beneficiary, your estate would determine how your contributions are disbursed should your primary beneficiary pass away before you.

My Employer is Currently Non-Contributory, Do I Still Need to Designate Beneficiaries?

It is always a best practice to keep current beneficiaries on file with the LAGERS office. LAGERS employers have the option to change their 'Contributory Status' once every two years. Even if you are not contributing toward your LAGERS retirement today, there is always the possibility you may in the future. If you worked for a LAGERS employer who was contributory, or you made contributions in the past with your current employer (and you have not taken a refund of those contributions), your contributions will still be accumulating interest in your LAGERS account and would be payable to your beneficiaries should no monthly survivor benefit be payable at the time of your death.

Where Can I View my Current Designations and Account Balances?

You can view your current beneficiary designations by logging on to your myLAGERS account. There, you may view your account information as well as make updates to your beneficiary designations. You may also contact the LAGERS office to obtain this information.

What Does My Eligible Beneficiary Need to Do in the Event of My Death?

In the event of your death, it is solely the beneficiary's responsibility to notify the LAGERS system and submit the required Application for Survivor's Benefit Form or Request for Refund of Employee's Contributions by Beneficiary Form to the LAGERS office. These forms can be found on our website.

What Happens If I Leave Employment?

If you are considering leaving LAGERS covered employment before retirement age, you may have several different options for handling your benefit. Your options will depend on your credited service and your age.

Less than 5 Years of Service, Regardless of Age:

- Take a refund of accumulated contributions (if applicable)
***Taking a refund will forfeit any future monthly benefit you would have received on this credited service period.*
- Leave accumulated contributions in the system
*** If you plan to re-employ with a LAGERS employer within the next ten (10) years, this option allows you to preserve your earned credited service for a future monthly benefit should you become vested.*

More than 5 Years of Service, Under Early Retirement Age:

- Wait to draw your monthly benefit to early or normal retirement age
- Take a refund of accumulated contributions (if applicable)
- Take a Lump Sum Payment
****A member may only use this option if they have less than 10 years of service and is more than 10 years from retirement age. This option permanently forfeits any possible future monthly payments on this credited service.*

More than 5 Years of Service, Over Early Retirement Age, but Under Normal Retirement Age:

- Wait to draw your monthly benefit to normal retirement age
- Take an Early Retirement (*see page 5*)

Once you reach Normal Retirement Age and are no longer working, there is no advantage to delaying your monthly payments.

Returning To Covered Employment

I was not eligible for future monthly payments when I left LAGERS Employment

If you are re-employing within the LAGERS system and you had less than 60 months of service when you left employment previously, you may still be eligible for a monthly benefit based on your previous service should you accumulate more than 60 months of LAGERS service credit.

In order to receive credit for your previous service, you must:

1. Have not taken a refund of contributions. Taking a refund of your member contributions forfeits any credited service on that account. *If you took a refund, you may still be eligible to redeposit those funds plus interest to reinstate previous service.*
2. Be re-employing with a LAGERS employer within 10 years from when you left your previous LAGERS employer. A non-vested member must re-employ within 10 years of their termination date in order to be eligible to receive credited service for their previous LAGERS employment.

I was vested when I left LAGERS Employment

If you're already eligible to receive future monthly payments, you may return to LAGERS covered employment while continuing to grow your monthly payments unless:

You took a refund - Taking a refund of your member contributions forfeits any credited service on that account. *If you took a refund, you may still be eligible to redeposit those funds plus to reinstate previous service.*

You took a lump sum - the lump sum is payment in full of your earned benefit. If you took a lump sum, you have already received the full amount for your previous employment.

Disability Benefits

Every LAGERS member is covered by disability benefits. This means that if you were to become permanently disabled and could no longer perform your current job, you may be eligible for monthly benefits.

The amount of monthly payments, if any, will depend on the nature of the disability. LAGERS has two different types of disability: Duty-Related and Non-Duty Related.

Duty Disability	Non-Duty Disability
Disability caused by work-related injury or illness.	Disability caused by non-work related injury or illness.
No vesting requirement	Must be vested to be eligible
Credited service is added as if you would have worked until age 60 for the monthly benefit calculation.	Gained credited service earned up to date of disability is used in the monthly benefit calculation.
Monthly benefit is payable for life.	Monthly benefit is payable for life.

How Do I Apply?

1. Complete an *Application for Retirement* form (LRS-8). This form must be submitted within one year of the disability.
2. A medical committee of 3 doctors (including your physician) reviews your disability claim and makes a recommendation for or against permanent disability.
3. LAGERS disability committee reviews the application and doctors' recommendations then approves or denies the benefit.
4. LAGERS Board of Trustees grants final approval.

**Once approved, periodic medical examinations are required to recertify the disability.*

Survivor Benefits

In the event a member should pass away before retiring, additional monthly survivors' benefits may be payable to your eligible beneficiaries. Survivors' benefits are payable on vested and non-vested accounts for Duty-Related deaths and are payable only on vested accounts for Non-Duty related deaths.

Who is Eligible?

LAGERS will pay a survivor benefit firstly to an eligible spouse**. If no eligible spouse exists, a benefit may be payable to any dependent children.

*** An eligible spouse must have been married to the member for at least two years unless the death was accidental. If the death was duty-related, the spouse must have been married to the member at the onset of injury or illness that caused the death.*

What is Payable?

An eligible spouse would receive a lifetime monthly payment based on Option A payment option (See page 38).

If no spousal benefit is payable, any dependent children would receive an equal share of 60% of the member's benefit.

How is the Benefit Calculated?

Similar to LAGERS disability benefits, the amount of credited service used in the calculation depends on whether the death was duty or non-duty related. Duty related deaths add credited service as if the member would have worked until age 60.

If you have no eligible spouse or dependent children, no monthly benefit is payable. Remaining member contributions, if any, would be refunded to your beneficiary of record or estate.

What Happens If I am Divorced?

Is a LAGERS monthly benefit divisible as marital assets?

Currently, there is no Missouri statute addressing whether or not a LAGERS monthly payment is divisible as a marital asset. That determination is made by the family court in each case.

Can an ex-spouse receive a monthly payment directly from LAGERS?

Under applicable law including Missouri State Statute RSMo 70.695, a LAGERS accrued benefit is not subject to garnishment, attachment, execution, or bankruptcy proceedings. This means that LAGERS is also not subject to Qualified Domestic Relations Orders (QDRO's). If family court determines that the member's LAGERS benefit is divisible as a marital asset, it is solely the member's responsibility to forward the portion determined by the family court to his or her former spouse. The former spouse cannot begin receiving his or her portion until the member begins to draw his or her monthly payments. In any case, LAGERS will only pay to a member. The only exception to this is that a member receiving a monthly benefit payment is subject to child support deductions as ordered by a Court.

How is the value of a LAGERS benefit determined?

LAGERS benefits are not based on an account balance, rather, they are based on a member's earned wages and the time they have worked for a LAGERS member employer. The amount the ex-spouse is eligible to receive is determined by family court and could be a dollar amount, percentage, or some other figure. LAGERS can provide a benefit estimate* and / or an annual benefit statement* upon request to assist in calculating the value of the member's monthly benefit, but LAGERS does not provide present value calculations.

**A benefit estimate or benefit statement are only available for LAGERS members or via appropriate Court order.*

What happens if I elect a spousal retirement payment option, and then I get a divorce?

When a LAGERS member elects a payment option for retirement, the payment option that is selected is irrevocable and cannot be changed. The spouse who is elected under Options A or B will always remain the beneficiary, even if a divorce occurs. If the member retires, chooses Option A or B, divorces, and remarries, the previous spouse will still be the beneficiary under Option A or B.

***Unlike Option A or B, Option C allows the member (retiree) to change the beneficiary throughout retirement.*

Do I need to submit any forms to LAGERS after the divorce is final?

LAGERS does not require that you submit any forms.

Do I need to update my beneficiaries after the divorce is final?

It is not a requirement to update your beneficiaries, but it is strongly recommended that you do. You can change your beneficiaries at any time by downloading the “Change of Beneficiary” form from the LAGERS website and sending it to the LAGERS office – Fax 573-636-9671 or mail 701 W. Main St. Jefferson City, MO 65102 or by using the myLAGERS web portal.

The contents of this page are not intended to and should not be considered legal advice. This information does not amend or overrule any applicable statute or administrative rule. In the event of conflict, the applicable statute or administrative rule will prevail. If you have questions regarding your specific legal situation, please contact your personal legal counsel.

Planning for Your Future

It's never too early to begin planning for your future financial security. Your LAGERS benefit is not intended to be your sole source of retirement income, but rather one of several income streams. Understanding how your LAGERS monthly payment is going to fit into your larger retirement picture can help you develop a plan to help reach your retirement goals.

Resources

Website - www.molagers.org

myLAGERS - Log in to your unique myLAGERS account and view your credited service, wages, benefit programs, and more. You can also generate benefit estimates, change beneficiaries, and apply for retirement!

Webinars - Want to learn more about payment options, disability and survivor's benefits, or what happens to your benefit if you leave before retirement age? LAGERS offers many live and recorded webinars on a variety of topics. Visit our website to learn more!

On-site Meetings - A LAGERS representative would be happy to visit your employer and give a presentation on how your benefit works. Ask your employer to arrange a meeting today!

Pre-Retirement Seminars - Members who are within five years of retirement should consider attending a pre-retirement seminar. These seminars include in-depth discussions of the retirement process, your payment options, taxes, COLAs, Social Security, and many other issues affecting retirees.

Applying for LAGERS Retirement

You may apply for your LAGERS Retirement in one of two ways:

1. Online using your myLAGERS account
2. Completing the application form (LRS-8)

Step 1: Apply for Your Monthly Payments

Complete the application process online using myLAGERS or submit the paper Application for Retirement (LRS-8). LAGERS must have your application 30-90 days before when you would like to receive your first payment. (LAGERS pays on the first of the month). You can find the paper application online at www.molagers.org.

You must submit a photo 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: Choose Your Payment Option

Once we receive your application, we will verify your wages and employment history with your employer and calculate monthly payment amounts for each of the payment options. Approximately 2-3 weeks before you receive your first monthly payment, 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 to receive the Partial Lump Sum, 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 gain the tax liability.

When Monthly Payments are Paid

LAGERS monthly payments are paid on the first of the month for that month. You will receive your first monthly payment 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 choose to receive your monthly payment.

IMPORTANT: You will receive a payment per month for life no matter which of the below options you choose. **Once monthly payments begin, 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 payment	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 payment	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 payment (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. The beneficiary cannot be changed after retirement.
2. Beneficiary will receive a payment each month for his or her lifetime after the death of the member.
3. **Pop-up Provision:** If the beneficiary passes away before the member, the member's monthly payment would be adjusted to the full 100% monthly amount upon written notification to LAGERS.
4. **Age Difference Adjustment:** For each option, a specific percentage is subtracted from your benefit payment for each year your beneficiary is younger than you or added for each year your beneficiary is older than you. For Option A, it is 0.75%, and for Option B, it is 0.50%. The maximum adjustment upward for the age difference between the you and your beneficiary is 5%.
5. Beneficiary - spouse of at least 2 years or person 40 or older who has been receiving more than half support from you for at least two years immediately preceding your retirement.

Option C

1. Your monthly payment will continue for your lifetime.
2. Your beneficiary will only receive a monthly payment if you pass away within 10 years of your retirement date.
3. The beneficiary's monthly payment will stop after LAGERS has paid 120 payments to the member and beneficiary combined.
4. You may change beneficiaries after retirement and may designate multiple beneficiaries.
5. The beneficiary can be a person, legal entity such as a trust, church, or charity.

Retirement Payment Options

continued

Partial Lump Sum (PLUS)

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

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

The PLUS is equal to 24 Monthly Payments

The partial lump sum equals two years worth of payments of the Life Allowance 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 will pay the PLUS to you is 90 days after your first monthly payment date, but you may choose to delay payment up to 150 days after retirement. If you pass away after monthly payments begin but before receiving the PLUS, the PLUS would be paid to your primary beneficiary.

Partial Lump Sum reduces your Monthly Benefit

Choosing to receive the PLUS along with any of the monthly payment options will reduce your monthly payment by 16% if you are age 60 at retirement. The reduction 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

Retirement Payment Options

continued

Life Allowance

Example:

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

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

Option A

Example:

Spouse Same Age

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

Option B

Example

Spouse Same Age

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

Taxes and Your LAGERS Benefit

Your monthly LAGERS payment 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 payment that is not taxable are 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 taxable 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.

Missouri Public Pension Exemption

If your total Missouri adjusted gross income is less than \$100,000 if married or \$85,000 if single, you may meet eligibility requirements for a Missouri Public Pension tax exemption. Up to 100% of your taxable public pension may be exempt (total not to exceed your maximum social security benefit).

LAGERS staff is not authorized or qualified to provide advice on taxation issues. Please contact the Missouri Department of Revenue (dor.mo.gov) 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 payments 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 payment 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, 2019, you would be eligible for your first adjustment on October 1, 2020. If you retired on November 1, 2019, you would be eligible for your first adjustment on October 1, 2021.

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 monthly payment 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 Payment 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 your beneficiary passes away before you, this provision allows you to remove the Option A or B reduction you are taking in your monthly payments 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 pass away before 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 LAGERS monthly benefit. Each employer elects to define part time as either less than 1,500, 1,250 or 1,000 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 monthly payment.

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

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 earn 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 earned.

Glossary

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 chosen by each employer to be used in the benefit calculation.

Cost of Living Adjustments – Protects a member's monthly payment 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) – 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 - The sum of membership service and time worked before employer joined LAGERS.

Defined Benefit - LAGERS is considered a defined benefit plan, meaning members receive a guaranteed and protected lifetime benefit that is figured by a specific calculation, 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 they are guaranteed to the member or beneficiary.

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

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

Payment Option – When applying for retirement, each member chooses a payment option. LAGERS provides different payment options which allow each member to draw their monthly payments in a manner that best suits their needs.

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

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

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

Retirement Effective Date – Effective dates are always the 1st of a month and represent that date on which a member's monthly payments will begin. Effective dates may be different from a member's last day of work.

Termination Date – Last day a member is covered in a LAGERS covered position.

Glossary

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.

Notes:

A series of 20 horizontal lines for writing notes.

Notes



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.