



The Retiree's Resource

MISSOURI LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

The Director's View, A Review of 2015

Frequently in 2015, LAGERS was pushed to the forefront as a public pension system that was successfully meeting the needs of its members, retirees, employers and the taxpayers of Missouri. These accolades came from varied sources: the membership, elected officials, other public retirement systems and the press. For the LAGERS Board and staff, this was the outcome of a tireless pursuit of the system's mission: "To provide secure retirement, survivors', and disability benefits to members and beneficiaries in the most efficient and economical manner possible, while providing superior service and fulfilling its fiduciary obligations." It is the fulfillment of our mission that results in LAGERS getting it right for all stakeholders.

In 2015, we saw the financial security of LAGERS continue to strengthen. For the sixth consecutive year, LAGERS funding progress continues to increase with a 2015 prefunded ratio of 94%. As a result of strong financial performance, nearly 7 out of 10 LAGERS employers will see reductions in their contribution rates for 2016. These results are a testament to a strong plan design that provides reasonable employee benefits, supported by a superior governance structure.

LAGERS staff makes a concerted effort to communicate face-to-face with the membership on a regular basis. In 2015, the system hosted greater than 125 meetings across the state of Missouri in the form of prospective and current employer board meetings, pre-retirement seminars, multiple webinars and employee benefit fairs educating thousands on LAGERS benefits, and new in 2015, LAGERS Link meetings for retirees. In addition, LAGERS has taken to social media

as an efficient means of communicating with the membership. Utilizing the LAGERS blog, Facebook, Twitter, and YouTube, the system had greater than 110,000 views. LAGERS secure web portal, myLAGERS, provides 24/7 access to member's personal data with greater than 1 in 4 members enrolled as users.



LAGERS was named the 2015 Plan Sponsor of the Year, Public Defined Benefit category, by PLANSPONSOR Magazine. According to PLANSPONSOR Magazine, the system was chosen for this award because of its strong one-, three- and five-year investment returns of 19.0%, 12.2%, and 15.0% respectively, their innovative participant services, strong plan design features, leadership in public policy, and an overall focus on the membership. With over 3,000 different public defined benefit plans in the United States, LAGERS was extremely honored to receive this award.

Another unexpected accolade came from Amos Bridges, a watchdog reporter for the Springfield News-Leader. Amos wrote an editorial after diving into the financials of local governments participating in LAGERS. He closed the article with this HIGH complement, "My search for trouble turned up nothing but competence. So rest easy – the tax dollars and retirement funds invested with LAGERS appear to be in good hands."

The LAGERS Board and Staff are humbled by all this recognition in 2015. The previous commentary just cites a few ways that LAGERS system continues getting it right for all stakeholders.

State & Federal Legislative Update

Missouri Legislative Session

The 2016 Missouri legislative session is underway with LAGERS pursuing two pieces of legislation.

Local Plan Administration Bill

First, LAGERS will be seeking to amend its governing statutes so that participating employers of the system who are currently also administering a frozen pension plan have the option to *voluntarily* transfer that administration to LAGERS.

This bill will provide an alternative solution for the administration of an employer's frozen pension plan, allow employers to reduce administrative costs by taking advantage of LAGERS' expertise and economies of scale, and enable employers who wish to do so, to get out of the pension administration business while continuing to pay accrued benefits to retirees under the frozen plan in accordance with the plan's original governing documents.

Public Safety Definition Bill

LAGERS is also pursuing a change in its statutes so that participating employers of the system have the option to update their definition of "police officer" and/or "fire fighter." Currently LAGERS-covered police officers and fire fighters may retire with full benefits at age 55. All other LAGERS members may retire with full benefits at age 60.

Under the proposed legislation, a participating LAGERS employer may elect to cover emergency medical service (EMS) personnel as "fire fighters" and/or elect to cover jailers as "police officers." The cost for adopting this option would be paid solely by an increase in the monthly contributions of the local government entity.

Washington, D.C. Trip

Earlier last month, two members of LAGERS staff traveled to Washington, D.C. for a retirement conference and to visit with Missouri policy makers to promote public pensions and Missouri's local government workers.

Our goals throughout our meetings were to drive home the messages that public pension plans are a vital tool for building strong communities in Missouri and that LAGERS is truly getting it right in this space.

Much of the time was spent visiting the offices of Missouri's Senators and members of Congress. We relayed the positive economic impact LAGERS has on their districts and spoke about how we are partnering with their constituents to promote retirement security. Over and over, throughout the day, we heard things like:

"Nice work."

"Sounds like it ain't broke, so we don't need to try and fix anything."

"Keep our constituents happy."

"Keep up the good work. A lot of my constituents are counting on you for their retirement."

With feedback like this, it seems our message is working. For the most part, the folks we talked to seemed to recognize that there is a retirement savings crisis in this country, something needs to be done about it, and good pension plans like LAGERS play a vital role in retirement security and building strong communities.

Message delivered, message received, for now.



Bob Wilson, LAGERS Assistant Director



If you would like to be added to a contact list in order to help support LAGERS' legislative efforts please contact:

Elizabeth Althoff at ealthoff@molagers.org or 1-800-447-4334

Visit our legislative web page for updates: www.molagers.org/pending-legislation.html

Retiree Link Meetings: *Have You Signed Up Yet?*

In case you missed it from the last newsletter, Retiree Link meetings are an opportunity for LAGERS retirees to reconnect with former peers, hear updates from LAGERS staff about the system, and to engage with other educational programming regarding your retirement over coffee and a light breakfast, provided by LAGERS.

These events are free of charge and are open to all LAGERS retirees. Our 2016 meetings will feature system updates, a presentation from Missouri CLAIM on your Medicare benefits, and plenty of time for questions with LAGERS staff! You may view the complete agenda and register for a Link meeting on our website or by phone.

All events will take place from 9am - 11am **Wednesday, June 22**
Hannibal

Wednesday, August 24
Cape Girardeau

Wednesday, April 27
Jefferson City

Wednesday, July 20
St. Joseph

Thursday, September 8
Independence

Thursday, May 26
Maryland Heights

Thursday, August 11
Springfield

How to Register:

Call: 1-800-447-4334 Ext. 6388

Email: info@molagers.org

Online: www.molagers.org/events.html

Pension Myths: Part 2

Have you heard any chat lately in the coffee shop about troublesome pensions? Public pensions often wrongfully come under fire from media outlets, policy makers, and uninformed public. Pension Myths is a series to help address some of the common misconceptions about benefits, like yours, and the facts behind why these myths simply aren't true.

Myth: Defined Benefit Pensions Hide Their True Costs by Using Unrealistic Accounting Methods

This is referring to the return that pension plans assume they will make on their investments. Investment income matters, as investment earnings account for a majority of pension funding. A shortfall in long-term expected investment earnings must be made up by higher contributions or reduced benefits.

Funding a pension benefit requires the use of projections, known as actuarial assumptions, about future events. One actuarial assumption is the investment experience. This must be a realistic figure to ensure that members and employers (the other sources of funding) are not being undercharged or overcharged. If the assumption is too low, member and employer contributions must increase, if the assumption is too high, shortfalls in the investment performance would have to be made up by higher contributions or reduced benefits.

LAGERS investment return assumption is 7.25%. This is based on historical returns as well as a recent asset liability study projecting returns 20 years into the future. LAGERS' 20 year return is 8.70% and its return since inception is 8.92%. LAGERS is very comfortable with its assumptions and the rates charged to employers and members.



Myth: Pensions Make Retirees Rich

The annual benefit for an average LAGERS retiree is about \$11,186. A worker that dedicates her entire career to local government service in Missouri can expect to receive a little more than \$25,000 per year from LAGERS. Dependable, steady monthly income, but hardly lucrative.

LAGERS retirees leave a huge economic footprint on Missouri's economy.

**Check out our website at:
www.molagers.org/getting-it-right.html to see what your benefit is giving back to YOUR community!**



The Retiree's Resource: The Quarterly Newsletter for LAGERS Retirees

Inside this Issue:

2016 Director's View

The Message We Carried
To Washington D.C.

Retiree Link Meetings

Pension Myths



myLAGERS

Prefer an e-mail newsletter?
Visit myLAGERS to opt out of
paper newsletters!

We Want to Hear from You!

At our retiree link meetings last year, we heard some wonderful stories of what some of our retirees are doing with their retirement. We would love to hear from you!

**Want to submit your
retirement story? Email us:
info@molagers.org**



Retiree Link Meetings Begin:

April 27th in Jefferson City - Check out our website for a complete list of dates, locations, and registration information.