



# Member Handbook



MISSOURI LOCAL GOVERNMENT  
EMPLOYEES RETIREMENT SYSTEM

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# Contact Us:

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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.

**Website:**

[www.molagers.org](http://www.molagers.org)

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

# Welcome to LAGERS:

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## Your Protected Lifetime Benefit 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 new LAGERS Defined Benefit Plan, you have a valuable tool in helping you to plan and reach a secure retirement with protected lifetime benefits from your employer.

## How it Works

Your LAGERS retirement benefit provides guaranteed monthly payments based upon your working career. The payments begin at your retirement and continue until your death. The amount of your monthly benefit is based upon three factors:

- How long you work
- How much you earn in salary
- A unique set of benefit levels elected by your employer

Your benefit is calculated using a formula based on the above three factors. Your benefit is not affected by swings in the markets. It is professionally managed so that you do not have to choose your investments or worry about fees. You also will never have to worry about outliving your LAGERS benefit because it is payable every month for as long as you live.

With your LAGERS benefit, you have the peace of mind knowing that if you commit your career to public service and your community, you will have earned a secure retirement benefit that you can count on.

# When Am I Eligible?

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.

*What is the 'Free Six Month Period?'*-Your first six months in the LAGERS system is a grace period in which no employer or member (if any) contributions are due; however, **you still receive credited service for this period.**

## 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 Am I Eligible?

*continued*

## Rule of 80

Some employers have elected 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 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.

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## 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.

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

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:**

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

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.**

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

\* 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.

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

\* 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 will be paid until age 65 for an LT-65 program (or 62 for an LT-62 program), regardless of when you begin to receive benefits from Social Security.
2. 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.

# Employer Elected Benefits

continued

The following examples demonstrate a basic benefit calculation as well how the benefit multiplier elected by your employer can impact how much of your annual income will be replaced by your LAGERS benefit upon retirement: the higher the multiplier, the greater the percentage of income your benefit will replace. *Remember, as a LAGERS member, you can increase your benefit by working longer (earning more credited service) or increasing your earnings.*

## Benefit Calculation Example: L-1

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

## Salary Replacement Examples:

### *What does the salary replacement percentage represent?*

This number represents the percentage of your final average salary that will be replaced by your LAGERS benefit upon retirement. Salary Replacement is calculated by multiplying the multiplier by the years of 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

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

**Benefit Calculation Example: LT-4(65)**

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

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

**Salary Replacement Examples:**

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.

*The examples on pages 12-13 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 page 31 for more information on Payout Options.*

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

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## **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

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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 if you are an active, vested member.***

### 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?

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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 fund your retirement benefit.

### *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 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.

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 27) 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 predecease your contingent beneficiaries. Without a contingent beneficiary, your estate would determine how your contributions are disbursed should your primary beneficiary predecease 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. This means that even if you are not contributing toward your LAGERS retirement today, there is always the possibility that you may in the future. Likewise, if you at any time worked for a LAGERS employer who was contributory, or you made contributions in the past with your current employer (and you

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have not taken a refund of those contributions), they 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.

# What Happens If I Leave Employment?

Not all LAGERS members work for a LAGERS employer until the day they retire. If you are considering leaving LAGERS covered employment prior to retirement age, you may have several different options for handling your benefit. Your options will depend on your *vesting status* and *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 benefit on this service*
- 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:**

- Defer 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 he has less than 10 years of service and is more than 10 years from retirement age. This option permanently forfeits any possible future benefit on this credited service.*

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

- Delay 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 benefit to delaying your benefit.***



## **I was not vested 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 benefit based on that service should you become vested.

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 within 10 years of termination with your former 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**

A vested member who is returning to LAGERS covered employment will continue to accrue toward their benefit 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- LAGERS views Lump Sums as a payment in full of your earned benefit. If you took a lump sum, you have already received a benefit for your previous employment.

***See Working for More Than One LAGERS Employer, page 15***

# 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 a monthly benefit.

The amount of benefit, 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 used in the benefit calculation is 'extended' as if member would have worked until age 60.	Accrued credited service earned up to date of disability is used in the benefit calculation.
Benefit is payable for life.	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 attending 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.*

# Survivors Benefits

In the event that a member should pass away prior to retiring, additional monthly survivors' benefits may be payable to eligible beneficiaries. Survivors' benefits are payable on vested and non-vest 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, the 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 cause the death. Definition of a spouse is defined by the Missouri State Constitution.*

## What is Payable?

An eligible spouse would receive a lifetime monthly benefit based on Option A payout option (See page 31).

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 use credited service that is extended as if the member would have worked until age 60.

*If you have no eligible spouse or dependent children, no monthly benefit is payable. Any 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 state statute addressing whether or not a LAGERS monthly benefit is divisible as a marital asset. That determination is made by the family court in each case.

## **Can an ex-spouse receive a monthly benefit 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 benefit. In any case, LAGERS will only pay to a member. The only exception to this is that a member receiving an allowance 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.*

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## **What happens if I elect a spousal retirement payout option, and then I get a divorce?**

When a LAGERS member elects a payout option for retirement, the payout 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, elects Option A or B, divorces, and re-marries, 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.*

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# Planning for Your Future

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

## Resources

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**Website-** [www.molagers.org](http://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 payout 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!

**Employee Meetings-** A LAGERS representative would be happy to visit your employer and give a presentation on how your benefits work. 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 payout options, taxes, COLAs, Social Security, and many other issues affecting retirees.

***Nearing retirement? It may be time to pick up a Retirement Handbook. Ask your employer for a copy or visit our website to download today!***

# 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.

# 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.*



**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.

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

**Deferred Benefit** - A benefit that is guaranteed to be payable in the future to a vested member who is no longer working in the LAGERS system, but is not yet age eligible to begin drawing a benefit.

**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.

**Dependent Child**- A child is considered 'dependent' until death, marriage, or attainment of age 18, unless continuously enrolled in higher education up to age 23. The maximum age limit may be waived for a child found to be totally incapacitated by a court of competent jurisdiction for as long as such incapacity exists.

*\*\*A dependent child also must be either a biological child or child who has been legally adopted by the member.*

**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.

# Glossary

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**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.

**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.

# Member 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.