



Understanding Your LAGERS Benefit



MISSOURI LAGERS
A Secure Retirement for All

What You Receive from LAGERS

LAGERS provides:

- Guaranteed, protected lifetime income
- A stable benefit not affected by market swings
- A plan that doesn't require you to be an investment expert



How LAGERS Fits in Your Financial Picture

Personal Savings

Social Security

LAGERS Benefit

How It Works

Your LAGERS benefit is designed to replace income in retirement.

The longer you work, the MORE you receive from LAGERS!



How It Works: Benefit Calculation

Benefit Multiplier

(Benefit Program)

A percent chosen by your employer ranging from 1% to 2.5% which coordinates with a particular "Benefit Program."

How Much You Make

(Final Average Salary)

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 called "Final Average Salary."

How Long You Work

(Credited Service)

The years and months you work in a LAGERS covered position called "Credited Service." This may also include service you earned before your employer joined the system.

$$1.5\% \times \$4,000 \times 25 \text{ Years} = \$1,500$$



How It Works: Income Replacement

The longer you work, the larger your LAGERS benefit

$1.50\% \times 5 = 7.5\%$ of your pre-retirement income

$1.50\% \times 10 = 15\%$

$1.50\% \times 15 = 22.5\%$

$1.50\% \times 20 = 30\%$

$1.50\% \times 25 = 37.5\%$



How It Works: Employer Elected Benefits

Your employer has elected its own benefit levels

L-1 $1.00\% \times 20 = 20\%$ of your pre-retirement income

L-3 $1.25\% \times 20 = 25\%$

L-7 $1.50\% \times 20 = 30\%$

L-12 $1.75\% \times 20 = 35\%$

L-6 $2.00\% \times 20 = 40\%$



How It Works: Employer Elected Benefits

You employer has elected its own benefit levels

LT-4(65) $2.00\% \times 20 = 40\%$ to age 65
 $1.00\% \times 20 = 20\%$ at age 65

LT-5(65) $2.00\% \times 20 = 40\%$
 $1.25\% \times 20 = 25\%$

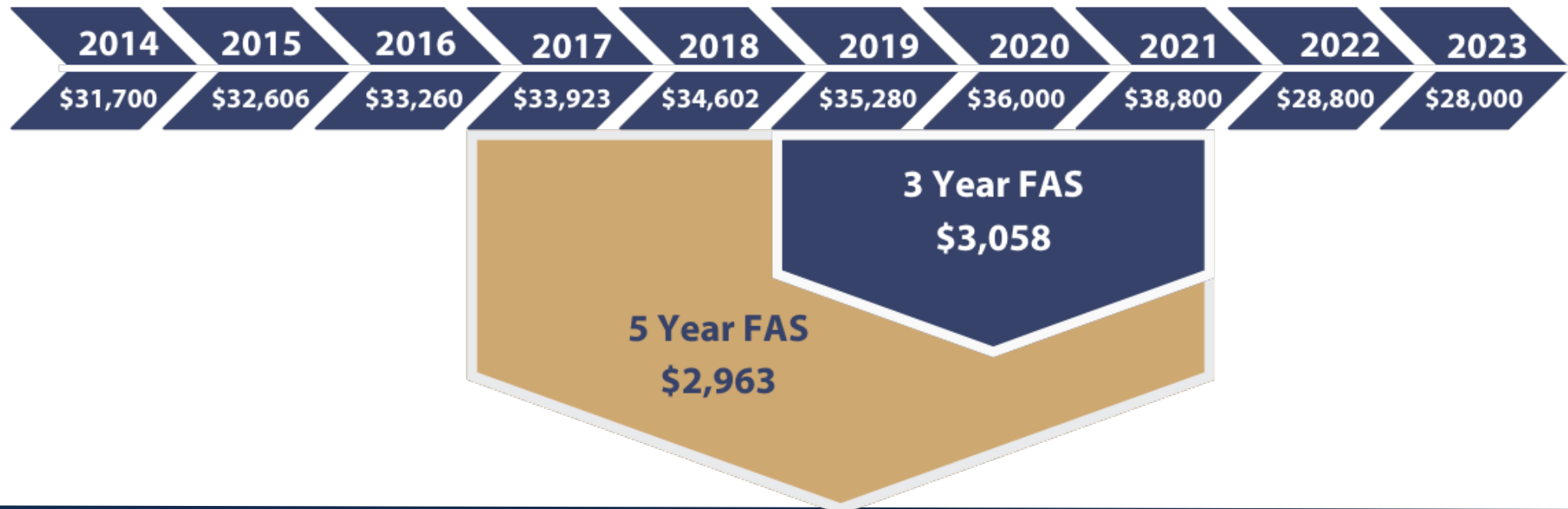
LT-8(65) $2.00\% \times 20 = 40\%$
 $1.50\% \times 20 = 30\%$

LT-14(65) $2.00\% \times 20 = 40\%$
 $1.75\% \times 20 = 35\%$



How It Works: Final Average Salary

Final Average Salary is calculated using the average from the highest consecutive 36 or 60 months from your last 120 months of credited service.



How It Works: Employee Contributions

Employers have the option to require employees to contribute to LAGERS to assist with funding the benefit.

Employees may contribute 0%, 2%, 4%, or 6%.

Contributions:

- Are guaranteed to be paid back to you or beneficiary
 - Including any purchase of service assets
- Are After Tax
- Earn Interest



How It Works: Eligibility

Vesting: 60 months/5 Years of Credited Service

Eligibility for Normal Retirement:

- 60 for General Employees
- 55 for Police, Fire, Public Safety Employees*

You may draw your benefit up to 5 years early with a reduction

**Public safety is an employer election for EMS personnel, Jailers, and First Responder Telecommunicators. If not elected, retirement age for these groups is 60.*



How It Works: Eligibility

Eligibility for Rule of 80 Retirement:

Once your age plus the number of years of credited service equals 80, you may retire with full benefits.

Age at Hire	Service Credit	+	Rule of 80 Age	=	80
20	30	+	50	=	80
25	27.5	+	52.5	=	80
30	25	+	55	=	80
40	20	+	60	=	80



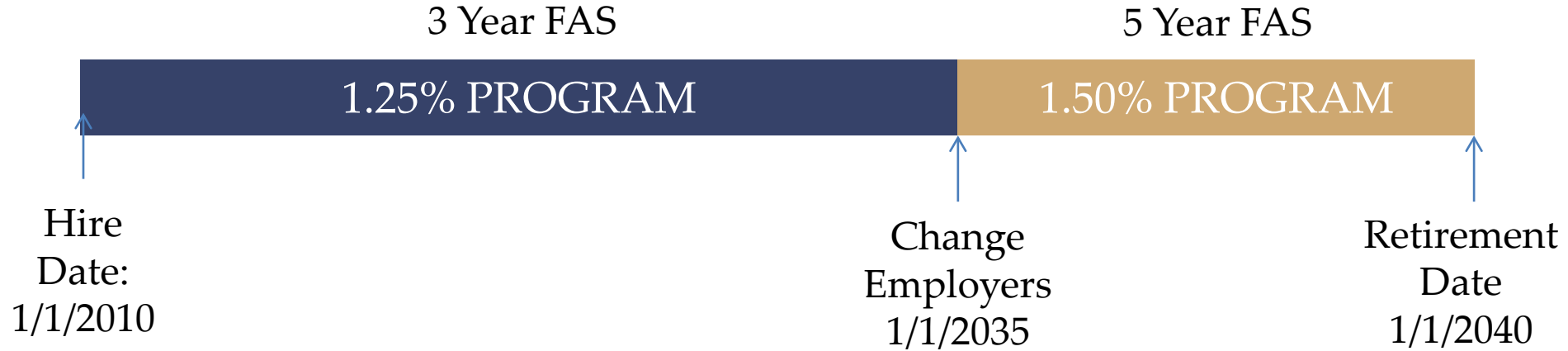
How It Works: Eligibility

Eligibility for Rule of 80 Retirement:

- It does not affect your benefit amount; it only affects when you are eligible to begin drawing.
- Only eligible if you go directly from working into retirement.
- The Rule of 80 age does not apply to deferred retirements.
- You are not required to retire when you reach this age.
- If your Rule of 80 age is greater than normal, you can retire at normal retirement eligibility age.



Work for Multiple LAGERS Employers



Benefit Calculation

$$1.25\% \times \$3058 \times 25 \text{ Years} = \$955.63$$

$$1.50\% \times \$2963 \times 5 \text{ Years} = \underline{\$222.23}$$

$$\text{Lifetime benefit} = \underline{\underline{\$1,177.86}}$$

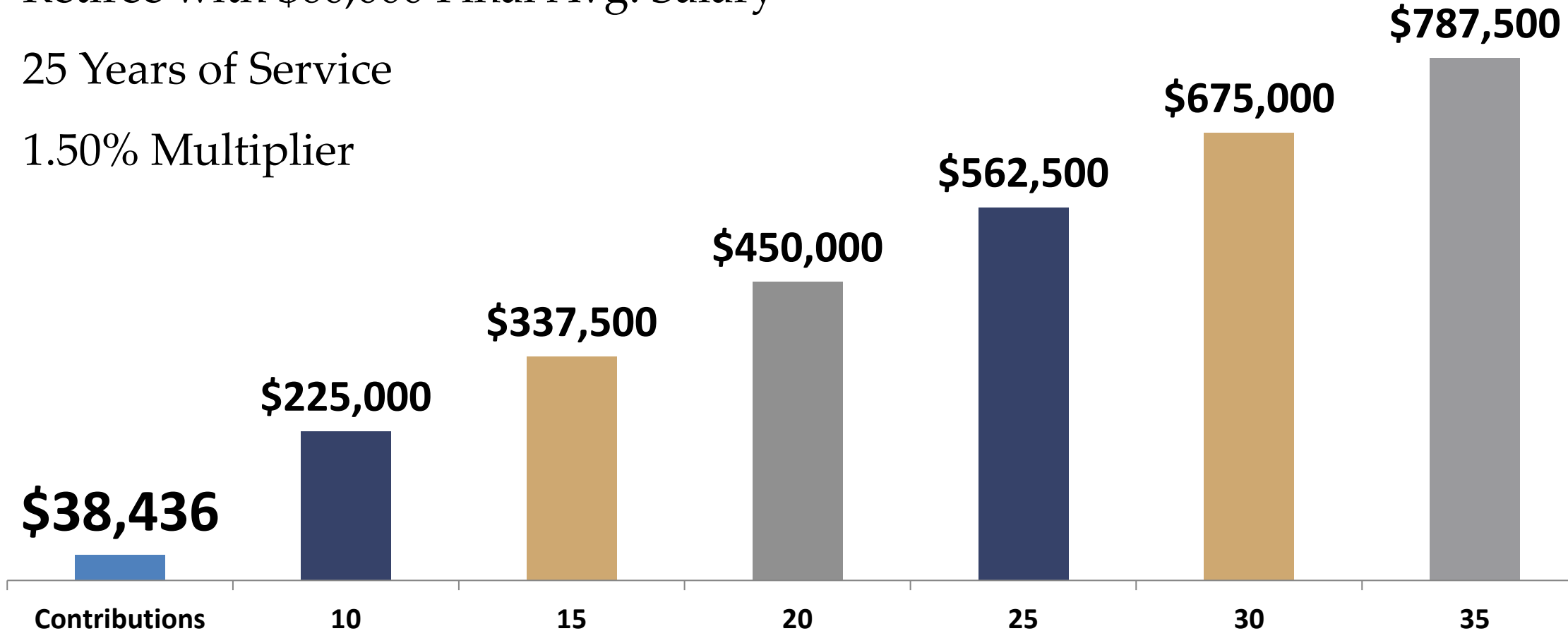


The Value of Your LAGERS Benefit

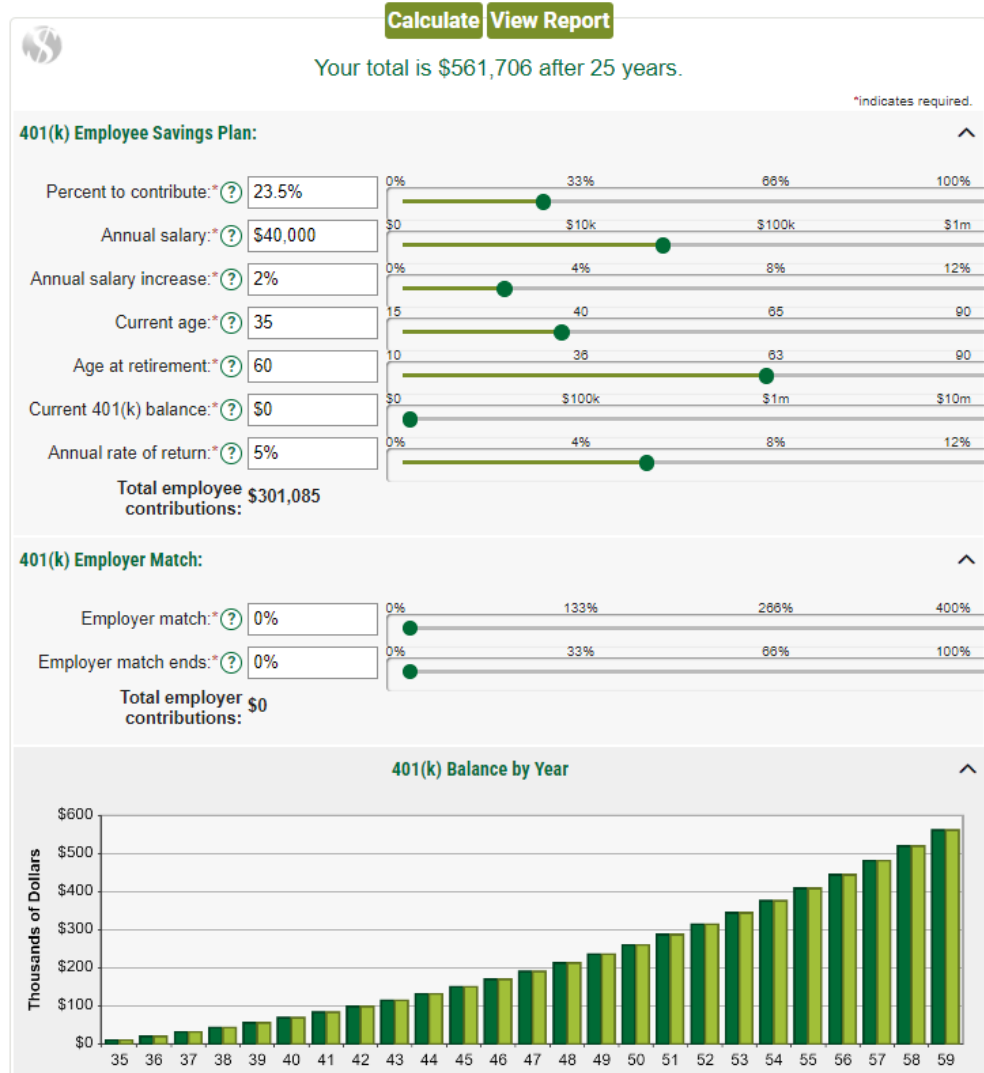
Retiree with \$60,000 Final Avg. Salary

25 Years of Service

1.50% Multiplier



The Value of Your LAGERS Benefit



Example: Over a 25-year retirement, your LAGERS benefit may pay you **\$562,500** in benefits. In order to save this on **your** own, you would need to save **23.5%** of your monthly salary, every month, for your entire career.

Source:

<https://www.360financialliteracy.org>



Don't Forget!

LAGERS Disability & Survivor Benefits

An employee may be eligible for disability or survivor benefits

- There is a disability approval process
- The amount of the benefit will depend on the nature of the disability or death
- Want to learn more? Go to the Disability & Survivor Benefits breakout session



Stay Connected!

Website: www.molagers.org

- Your myLAGERS account
- Online Events

Email: info@molagers.org

Phone: 1-800-447-4334

Office Hours:
Monday-Friday
7:30 a.m. – 4:00 p.m.





Employer Reporting Panel



MISSOURI LAGERS
A Secure Retirement for All



Financial Management Overview

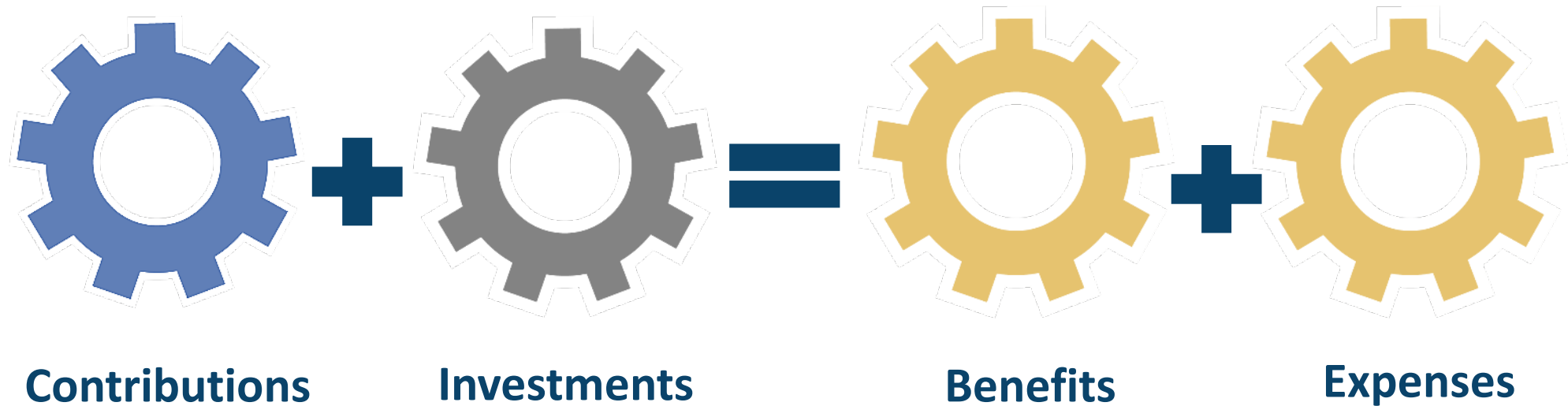


MISSOURI LAGERS
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LAGERS FUNDING

A decorative graphic consisting of a thick dark blue horizontal line. In the center of this line is a downward-pointing triangle. Below the dark blue line are two thinner, parallel gold-colored horizontal lines that extend across the width of the page, with a small gap between them in the center where the triangle is located.

PENSION FUNDING FORMULA



LAGERS SOURCES OF FUNDING

Investment
Returns

Employer
Contributions

Member
Contributions



On average over the last 5 years

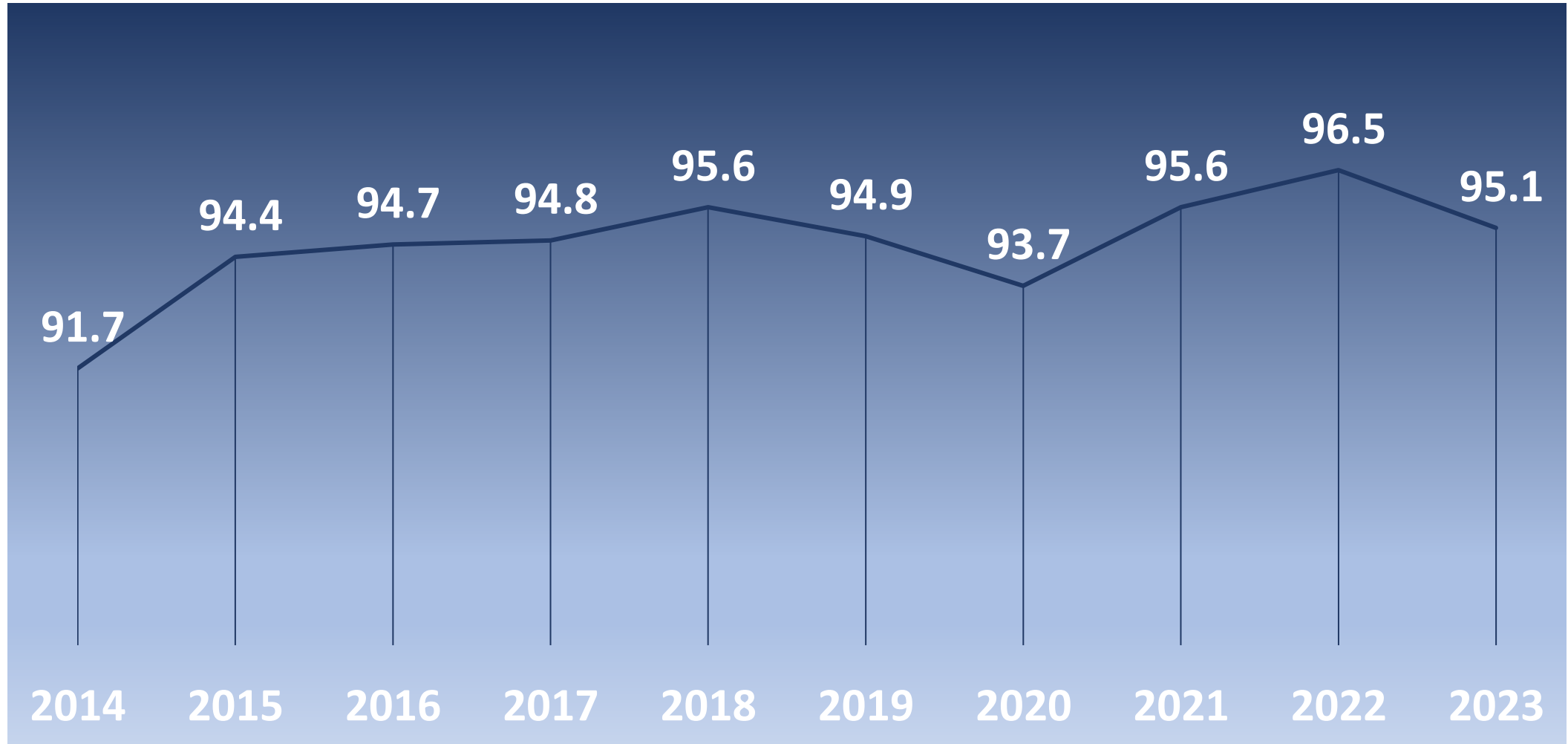


FUNDING POLICY OBJECTIVES

- Maintain adequate assets
- Maintain stable employer contribution rates
- Maintain public policy goals of accountability and transparency
- Monitor material risks
- Promote intergenerational equity
- Review investment return assumption
- Continue progress of systematic reduction of unfunded actuarial accrued liabilities



LAGERS FUNDING PROGRESS



ACTUARIAL ASSUMPTIONS

DEMOGRAPHIC

- Members that leave employment
- Disabilities for Members
- Retirements of Members
- Salary Increases for Members
- Mortality of Active Members & Retirees

ECONOMIC

- Rate of Return: 7.00% Annually
- Price Inflation: 2.25% Annually
- Wage Inflation: 2.75% Annually
- Payroll Growth: 2.75% Annually



EMPLOYER CONTRIBUTION RATES

Contribution rates are determined by

- Benefits Chosen
- Economic & Demographic Experience at your Employer
- Economic Experience of LAGERS

Actuaries use census data to determine plan costs



WHAT IS CENSUS DATA

Participant Data

- Date of birth
- Date of hire or eligibility
- Date of termination or leave of absence
- Gender
- Wages



LAGERS INVESTMENTS & FINANCIALS



INVESTMENT POLICY OBJECTIVES

- Accumulate the financial reserves necessary to provide retirement benefits for our members
- Achieve a 7% rate of return, net of management fees
- Target a 10% standard deviation



ASSET & LIQUIDITY ALLOCATIONS

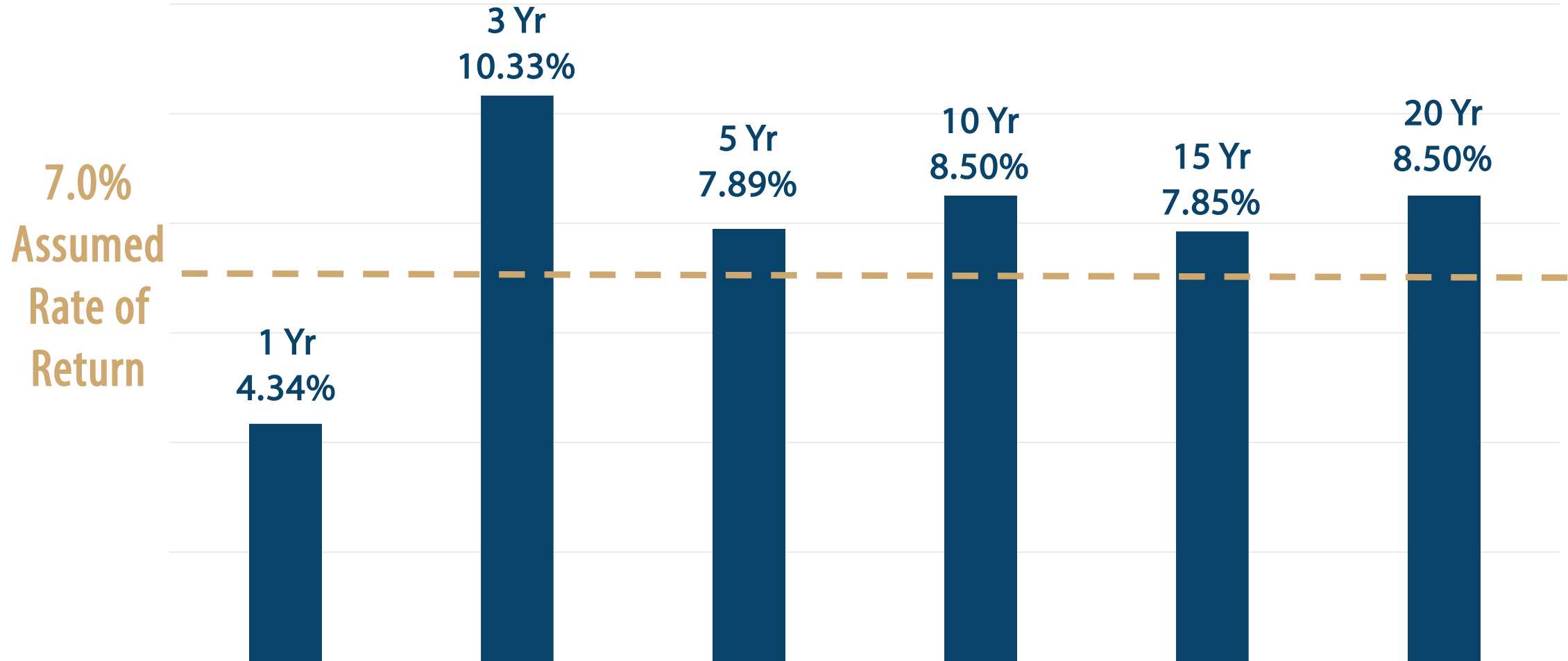
Asset Class	Target Allocation
Equity	39%
Fixed Income	23%
Real Assets	33%
Strategic Assets	7%
Alpha Portfolio	5%
Cash Portfolio	3%
Leverage Portfolio	-10%

Liquidity Time Frame	Target Allocation
Short-Term (< 1 week)	52%
Medium-Term (1 wk – 1 yr)	5%
Long-Term (> 1 year)	43%

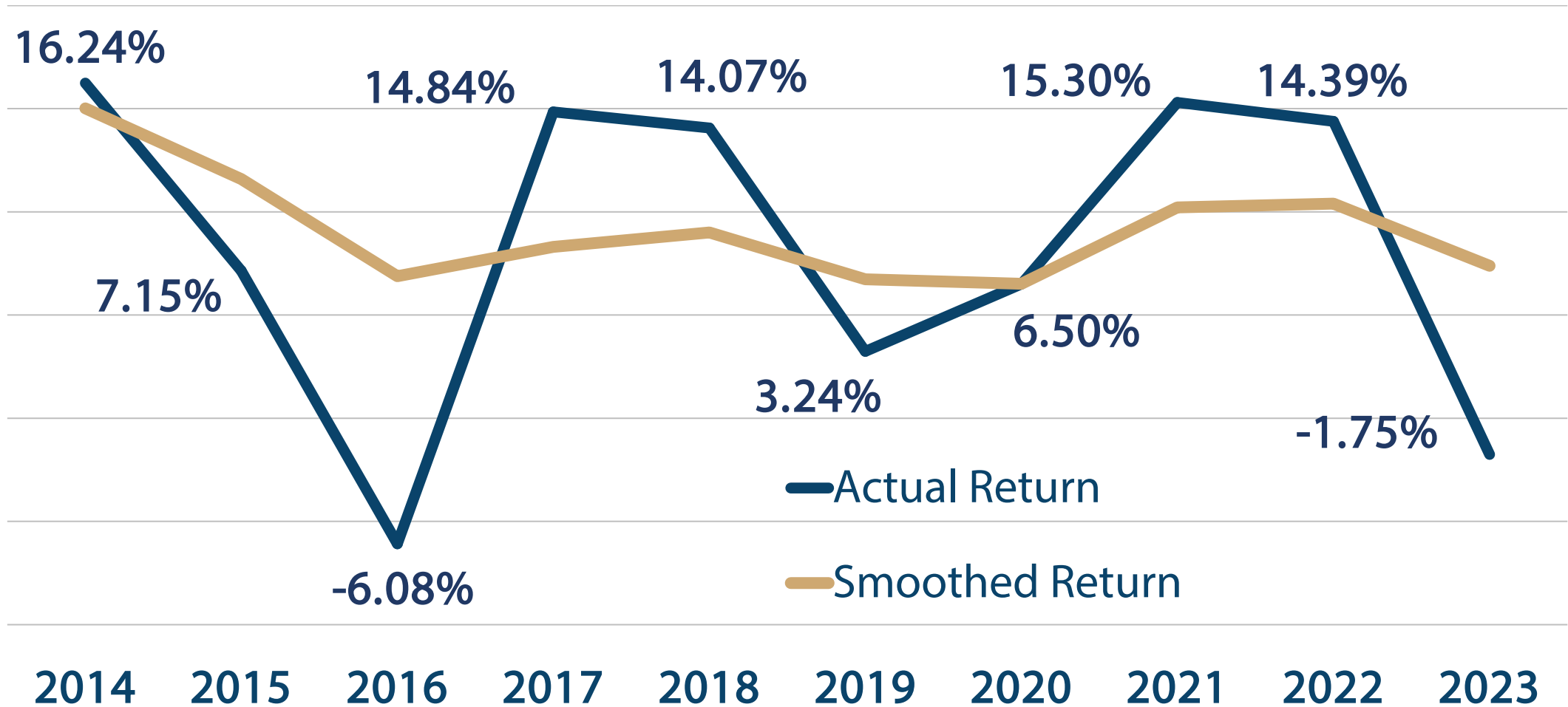


INVESTMENT RETURNS

As of June 30, 2023



SMOOTHED VS. ACTUAL INVESTMENT RETURNS



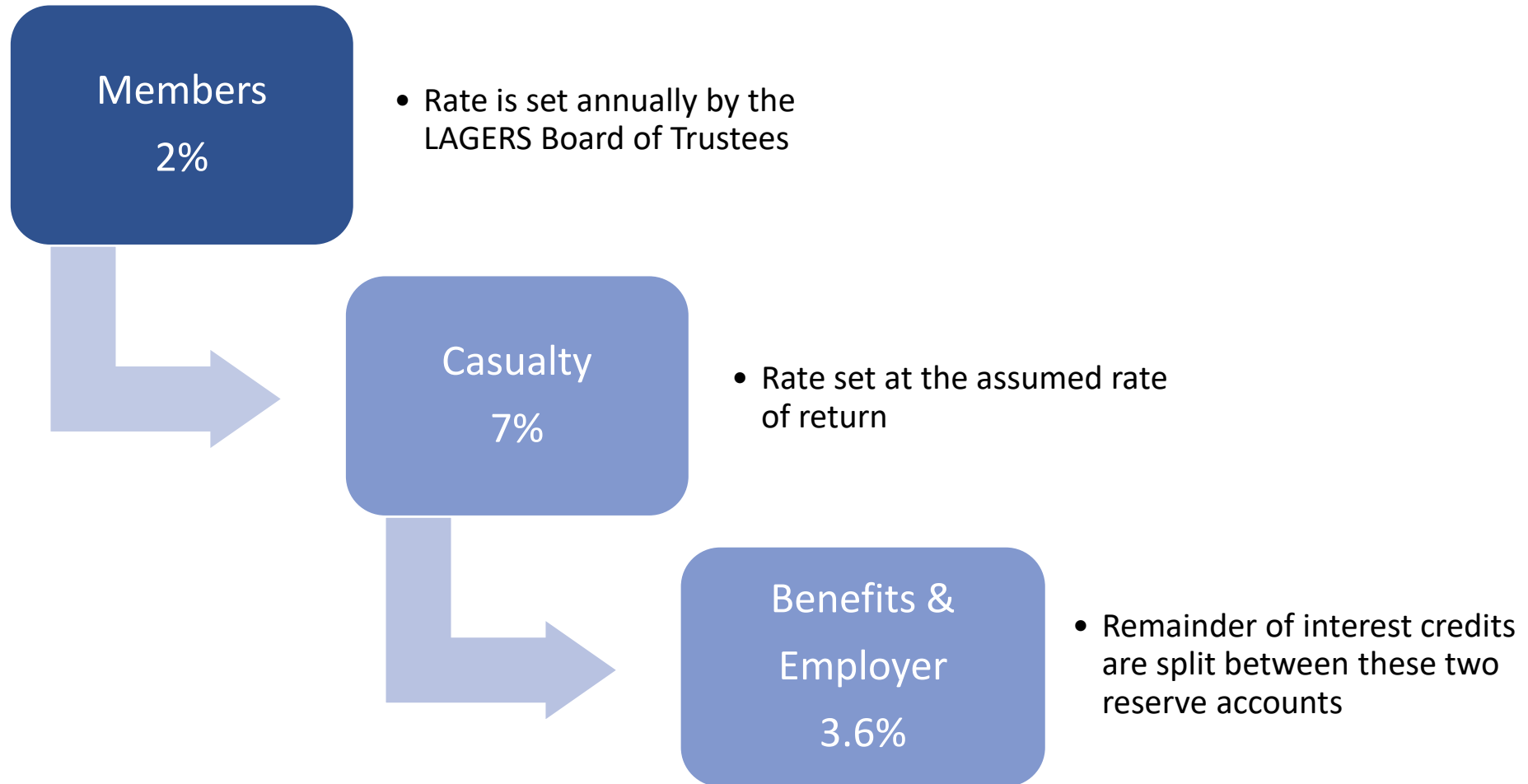
RESERVE ACCOUNTS

LAGERS has 4 Reserve Accounts

Employer \$4.4 Billion 89% Funded	Member \$201.8 Million 100% Funded
Benefit \$5.8 Billion 118% Funded	Casualty \$25.1 Million 100% Funded



INTEREST CREDITS TO RESERVE ACCOUNTS



FINANCIAL STATEMENTS

As of June 30, 2023 (expressed in thousands)

Summary Fiduciary Net Position

Assets	
Cash	\$ 7,351
Receivables	50,178
Prepaid expenses	94
Investments	10,676,547
Invested securities lending collateral	450,609
Capital assets	7,081
Total assets	\$ 11,191,860
Deferred outflow of resources	
Outflow related to pensions	\$ 5,813
Outflow related to OPEB	788
Total deferred outflow of resources	\$ 6,601
Liabilities	
Payables and accrued expenses	\$ 5,086
Collateral of securities on loan	450,609
Line of credit	344,500
Net pension liability	2,316
Net OPEB liability	1,033
Total liabilities	\$ 803,544
Deferred inflow of resources	
Inflow related to pensions	\$ 1,012
Inflow related to OPEB	208
Total deferred inflow of resources	\$ 1,220
Net position restricted for pension benefits	\$ 10,393,697

Summary of Changes in Fiduciary Net Position

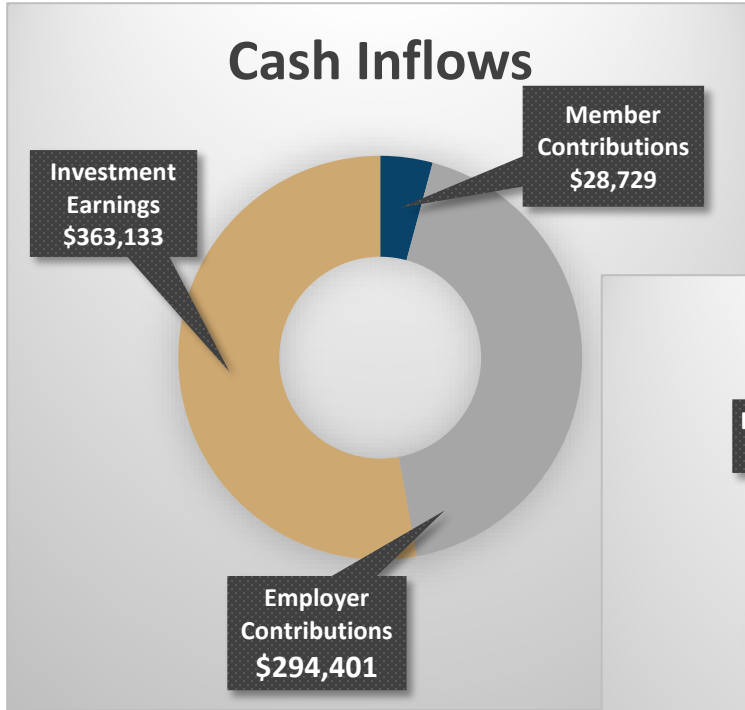
Additions	
Member contributions	\$ 28,729
Employer contributions	294,401
Net investment income	365,090
Net securities lending income (loss)	(1,832)
Total additions	\$ 686,388
Deductions	
Benefit payments	\$ 455,448
Refunds	3,216
Expenses	11,524
Pension expense (gain)	(2,485)
OPEB expense	453
Total deductions	\$ 468,156
Change in net position restricted for pension benefits	\$ 218,232
Beginning net position restricted for pension benefits	\$ 10,175,465
Ending net position restricted for pension benefits	\$ 10,393,697



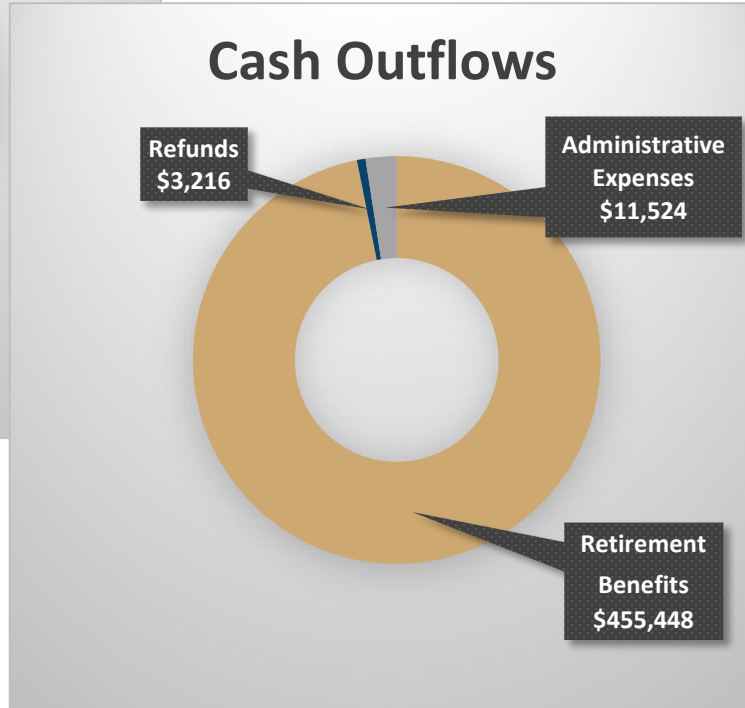
FINANCIAL HIGHLIGHTS

As of June 30, 2023 (expressed in thousands)

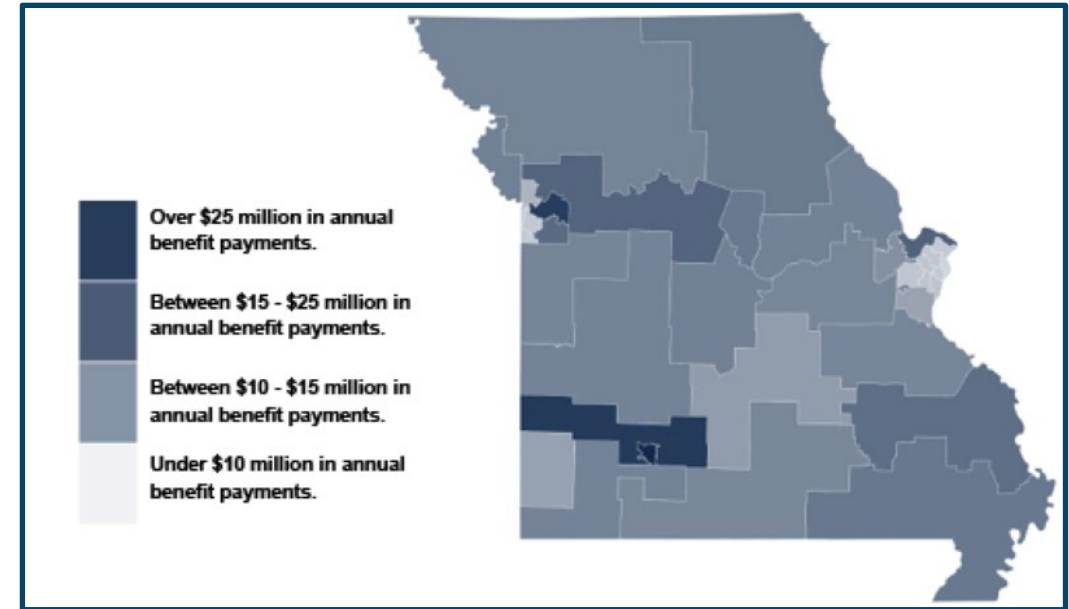
Cash Inflows



Cash Outflows



LAGERS paid out **\$459 million** to **29,536 benefit recipients**, with **92% staying in Missouri**.



QUESTIONS?

