



Retirement Information

Are You Getting Ready to Retire?

It is our hope that this information will be used by you and your family in helping to plan your retirement future. Should you or your family have any additional questions concerning LAGERS you may visit our website, www.molagers.org, or contact us at 1-800-447-4334.

When May I Retire?

A LAGERS member may retire once they are vested and have reached their regular retirement age.

- **Vesting:** 5 Years (60 months) of service within the LAGERS system
- **Regular Retirement**
 - General Employees: Age 60
 - Fire Fighters and Police Officers: Age 55

Should the member wish to retire before the above ages, there is an early retirement available. A vested LAGERS member may retire up to 5 years before his or her regular retirement age.

- **Early Retirement**
 - General Employees: Age 55
 - Fire Fighters and Police Officers: Age 50

If the member decides to retire early, their monthly benefit will be reduced by one half of 1% per month the member is younger than his or her regular retirement age (6% per year).

There is an alternate unreduced retirement provision (if elected by the political subdivision) called the Rule of 80:

- Member may retire with an unreduced benefit when his or her age + credited service = 80

When Do I File My Retirement Application?

Your retirement application must be filed with LAGERS not less than 30 days nor more than 90 days before the date you wish the monthly retirement benefits to begin.

For Example:

If you want to retire December 1, LAGERS must receive your application for retirement prior to November 1.

LAGERS monthly benefits are paid on the 1st of every month for the month. Your effective date of retirement must be the 1st of a month.

How Do I Initiate My Benefits?

1. Complete an Application for Retirement (LRS-8) or apply online through the myLAGERS web portal.
 - It is very important that the application information is completed in its entirety.
 - You can obtain the form or access myLAGERS from www.molagers.org
2. Send LAGERS a copy of your birth certificate.

Once we receive your application for retirement with your birth certificate, we will forward salary and service information to your employer for verification.

After we receive verification from your employer, we will compute the amounts payable under each payout option and forward this information to you on the Election of Allowance Option (LRS-9) form.

If you do not have a copy of your birth certificate, the following forms of identification to prove your date of birth are acceptable to the system:

- **Baptismal Certificate:** A copy can be obtained from the church where you were baptized. It should give a date of birth and date of baptism
- **School or College Record:** Such records may have originated while you were attending school (must include date of birth)
- **Military Discharge Paper:** This should be the official discharge document (DD 214)
- **Passport:** A copy of the original passport may be submitted

If you elect payout Option A or B, a copy of the following must be submitted to LAGERS:

- Spouse's Birth Certificate (or one of the above forms identification)
- Marriage Certificate

LAGERS Contact Information

Missouri Local Government Employees Retirement System

701 W. Main St. P.O. Box 1665

Jefferson City, MO 65102

www.molagers.org

(800) 447-4334

How Do I Estimate My Life Allowance?

All LAGERS benefits are calculated using the same formula:

$$\text{Benefit Factor} \times \text{Final Average Salary} \times \text{Years of Credited Service} = \text{Monthly Benefit Payable for Life}$$

Benefit Factor

The Benefit Factor is a percentage ranging from 1%-2.5% that is elected by the local governing body of a LAGERS subdivision.

Benefit Programs Available:

Life Programs:

L-1 (1.00%)	L-12 (1.75%)
L-3 (1.25%)	L-6 (2.00%)
L-7 (1.50%)	L-11 (2.50%) Available to non-Social Security members only
L-9 (1.60%)*	

Life & Temporary (LT) Programs:

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

The temporary benefit is payable from retirement date until age 65. If an employer has an LT(62) the additional allowance is payable until age 62. The temporary benefit is **not** payable on disability retirements, survivor retirements, or to employees leaving LAGERS covered employment before they are age eligible to retire.

*The L-9 and the LT-10(65) are no longer available for new elections.

Final Average Salary

The Final Average Salary can be either a 5 year (60 months) or 3 year (36 months) average, whichever is elected by the local governing body of a LAGERS subdivision.

3 Year: Based on the member's highest consecutive 36 months of gross salary from the member's last 120 months of employment

5 Year: Based on the member's highest consecutive 60 months of gross salary from the member's last 120 months of employment

Example:

2012	\$ 36,720	3 Year Final Average Salary \$108,000 / 36 Months = \$3,000
2011	36,000	
2010	35,280	
2009	34,602	5 Year Final Average Salary \$176,525 / 60 Months = \$2,942
2008	33,923	
2007	33,260	
2006	32,606	
2005	31,700	
2004	31,100	
2003	30,600	

Can I get an estimate of my retirement allowance?

LAGERS encourages all members approaching retirement to request a benefit estimate by contacting LAGERS or create your own on the myLAGERS web portal.

Post Retirement Adjustment

Missouri state law provides for a post retirement adjustment for LAGERS retirees. The following criteria apply to the LAGERS post retirement adjustment:

- May not exceed a 4% increase in any given year
- Based on the Consumer Price Index (CPI)
- LAGERS Board meets annually to determine the post retirement adjustment
- Given on October 1st of every year
 - Member must be retired for 12 consecutive months including an October 1st to be eligible for their first adjustment.

Direct Deposit

LAGERS has the capability to deposit a member's monthly allowance directly to his or her checking / savings account. To initiate this process, the member must complete the Electronic Funds Transfer (EFT) Authorization form. The form will be sent in the retirement packet after a member applies for a retirement or it can be accessed on our website: www.molagers.org

(PLUS) Partial Lump Sum Feature

The Partial Lump Sum Feature allows the member to receive a partial lump sum of the allowance coupled with a reduced monthly allowance.

- Equal to 24 Life Allowance Payments. Paid within 90 - 150 days after retirement
 - Does not include any temporary amount payable with Life and Temporary plans
- If elected, reduces monthly benefit by approximately 16%
 - Reduction is adjusted for age of the retiring member
- All payout options (Life, A, B, or C) still apply and can be chosen with or without the Partial Lump Sum
- Subject to all applicable taxes if not rolled over.

Example: Life (Plus) - assumes monthly allowance of \$1,125

$$\begin{aligned}\text{Monthly Allowance} &= \text{Life Allowance} \times 84\% \text{ (age 60)} \\ 1,125 \times 84\% &= \$945 \text{ per month for life}\end{aligned}$$

$$\begin{aligned}\text{Partial Lump Sum} &= \text{Life Allowance} \times 24 \\ \$1,125 \times 24 &= \$27,000\end{aligned}$$

What Payout Options Are Available?

A LAGERS member has several options for payment of their monthly benefit. **The payout option cannot be changed by the retiree or beneficiary once the payout option is selected and the allowance becomes payable.**

For all of the following examples assume: L-7 (1.50%) Benefit Program, \$3,000 Final Average Salary, 25 Years of Service Credit and Age 60

Life Allowance

This payment option pays the greatest monthly amount to the member, but continues only through the member’s lifetime. The monthly allowance stops once the member passes away. If at the date of death, the member has not received all of his or her employee contributions, the remaining contributions, plus interest, will be refunded to the member’s beneficiary (or estate).

Example:
1.50% x \$3,000 x 25 Years = \$1,125 payable for the lifetime of the member

Option A

This payment option provides a reduced monthly allowance (85% of the Life Allowance) for the member’s lifetime. If the ages of the member and the member’s spouse differ, the 85% is adjusted 0.75% for each year of age difference, either up or down. Once the member passes away, their spouse is eligible to receive a portion (75%) of the benefit the member was receiving payable for the remainder of the spouse’s lifetime.

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

Option B

This payment option provides a reduced monthly allowance (90% of the Life Allowance) for the member’s lifetime. If the ages of the member and the member’s spouse differ, the 90% is adjusted 0.50% for each year of age difference, either up or down. Once the member passes away, their spouse is eligible to receive a portion (50%) of the benefit the member was receiving payable for the remainder of the spouse’s lifetime.

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

Under both Option A and Option B the member **cannot change their designation of primary beneficiary after the benefit becomes effective**. The member must designate their primary beneficiary (only one person) before the effective date of their retirement. The member’s primary beneficiary, under Option A and Option B, must be either their spouse who has been married to the member for two or more years immediately preceding their effective date of retirement or another person age 40 or older at the effective date of retirement that has been receiving more than one-half support from the member, for at least the two years immediately preceding retirement.

Pop-Up Provision

If the primary beneficiary predeceases the member under Option A or Option B, upon notification to the system, the member’s monthly benefit will revert back to full Life Allowance amount. The member’s full benefit will continue for the remainder of his or her lifetime and no monthly benefits would become payable to another person upon the member’s death.

Is My Monthly Benefit Taxable?

LAGERS benefits are subject to Federal income taxes. Whether your benefit is subject to state income taxes will depend on the state in which you live, your adjusted gross income, and/or your filing status. LAGERS will withhold for Federal and Missouri state income taxes only, per your instructions. If a portion of your benefit is your employee contributions, that portion is not taxable. LAGERS staff cannot provide suggestions or advice on specific tax concerns nor recommend withholdings, and suggest you contact a trusted tax advisor.

What Payout Options Are Available? (Continued)

Option C

This option reduces the member's monthly allowance (95% of the Life Allowance) and is payable for the member's lifetime with the added provision that if the member were to pass away before receiving 120 monthly payments that his or her designated primary beneficiary will receive the same monthly allowance until a total of 120 payments have been made. If the member lives longer than 10 years (120 months) following their retirement, he or she would continue to receive their monthly benefit until their death, but the beneficiary will receive no monthly benefits.

Example:

$$\begin{array}{rclcl} \text{Life Allowance} & \times & 95\% & = & \text{Member's Allowance} \\ \$1,125 & \times & 95\% & = & \$1,068.75 \end{array}$$

If the member passes away before 120 monthly payments have been made, the designated beneficiary will receive this monthly benefit until 120 monthly payments have been made.

If the member lives longer than 10 years past retirement, he or she will receive this monthly benefit until they pass away, but the beneficiary would not receive a benefit.

Unlike Options A and B, the member may change his or her beneficiary designation under Option C at any time after retirement. If the member and the primary beneficiary pass away before all 120 payments have been made, the remaining payments will be made to the primary beneficiary's estate, unless the member designated a contingent beneficiary. If the member designated a contingent beneficiary and he or she is living at the time of the primary beneficiary's death, he or she will be paid the remainder of the 120 monthly payments. If no beneficiaries are living at the time of the member's death during the 120 month period, the remainder of the 120 months payments will be paid to the member's estate.

Option D

This option is a lump sum payment to retirees when the reserve value of their allowance at the time of retirement is less than \$10,000. Retirees with a reserve value greater than \$10,000 are NOT eligible for Option D. If a retiree chooses Option D, they forfeit any form of a monthly benefit from LAGERS.

Work After Retirement

A LAGERS member has several options for working after retirement while receiving their full monthly benefit:

- A member may work full-time or part-time for any non-LAGERS employer (i.e. private sector)
- A member may work part-time for the same employer from which he or she is receiving a monthly benefit.
 - Part-time is defined as working under the Annual Hours Required for Coverage elected by a subdivision's governing body when it joined LAGERS (1500, 1250, or 1000 hours per year)
- A member may work part time for a different LAGERS employer
- A member may work full-time for a different LAGERS employer:
 - Member must have a one-month break in employment before start of new employment
 - Once re-employed, the member will begin to accrue service towards a new monthly benefit
 - After 12 consecutive months with the new LAGERS employer, the member is "re-vested" and eligible for an additional monthly allowance

Public Safety Only:

Withholding of Health & Long Term Care Premiums

Certain public safety retirees have the option to deduct health insurance and long term care premiums directly from their LAGERS retirement benefits. LAGERS will withhold from your retirement benefit and forward your premiums directly to your medical care plan. Up to \$3,000 of premiums that are withheld on your behalf do not need to be included in your taxable income.

**The definition of eligible public safety officers is included in federal law (42 U.S.C 3796b(9)). Generally they are individuals who served a public agency in of the following official capacities:*

- An individual involved in crime and juvenile delinquency control or reduction, the enforcement of the criminal laws (including juvenile), including but not limited to police, corrections, probation, parole, and judicial officers
- Professional firefighter
- Officially designated public employee members of a rescue squad or ambulance crew
- Chaplains serving in a police or fire department

To learn more about this provision and to determine if and how it might affect your individual situation, LAGERS recommends that you contact a qualified tax professional.