



**Rules of
Retirement Systems**
**Division 20—Missouri Local Government Employees’
Retirement System (LAGERS)**
Chapter 4—Actuarial Assumptions

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Title 16—RETIREMENT SYSTEMS
Division 20—Missouri Local
Government Employees' Retirement
System (LAGERS)
Chapter 4—Actuarial Assumptions

16 CSR 20-4.010 Actuarial Assumptions

PURPOSE: This rule complies with the provisions of section 70.605.14., RSMo 1986, regarding the adoption of mortality and other tables of experience relative to employees.

(1) The investment return rate used in making the valuations is seven and twenty-five hundredths percent (7.25%) per year, compounded annually. This rate of return is not the assumed real rate of return. The real rate of return is the rate of investment return in excess of the inflation rate. Considering other financial assumptions, the seven and twenty-five hundredths percent (7.25%) investment return rate translates to an assumed real rate of return of three and seventy-five hundredths percent (3.75%). Adopted 2011.

(2) The mortality table used in evaluating allowances to be paid is one hundred five percent (105%) of the 1994 Group Annuity Mortality Table setback zero (0) years for men and zero (0) years for women. Adopted 2011.

(3) The probabilities of retirement with an age and service allowance are shown in Table 1, included herein. Adopted 2011.

(4) The probabilities of withdrawal from service together with individual pay increase assumptions are shown in Table 2, included herein. Adopted 2011.

(5) Total active member payroll is assumed to increase three and fifty hundredths percent (3.5%) per year, which is the portion of the individual pay increase assumptions attributable to inflation. In effect, this assumes no change in the number of active members per employer. Adopted 2011.

(6) An individual entry-age normal cost method of valuation is used in determining age and service allowance actuarial liabilities and normal cost. Adopted 1986.

(7) The actuarial valuation computations are made by or under the supervision of a Member of the American Academy of Actuaries (MAAA).



Table 1

**PERCENT OF ELIGIBLE ACTIVE MEMBERS RETIRING
WITHIN THE NEXT YEAR**

Ages	Without Rule of 80 Eligibility				With Rule of 80 Eligibility			
	General*		Police*	Fire*	General		Police	Fire
	Men	Women			Men	Women		
50			3.0%	2.5%	15%	15%	25%	25%
51			3.0	2.5	15	15	25	15
52			3.0	2.5	15	15	15	15
53			3.0	2.5	15	15	15	15
54			3.0	2.5	15	15	15	15
55	2.5%	3.0%	10	15	15	15	15	15
56	2.5	3.0	10	15	15	15	15	15
57	2.5	3.0	10	10	15	15	15	15
58	2.5	3.0	10	15	15	15	15	15
59	2.5	3.0	10	15	15	15	15	20
60	10	10	10	20	15	15	15	30
61	10	10	10	10	15	15	25	30
62	25	15	25	30	30	15	30	45
63	25	15	20	30	30	15	30	45
64	20	15	20	25	30	20	30	45
65	25	20	100	100	30	25	100	100
66	25	25			30	25		
67	20	20			30	25		
68	20	20			30	25		
69	20	15			30	25		
70	100	100			100	100		

***First 5 years of retirement pattern only apply to early retirement. Early retirement rates are also applicable if Rule of 80 is adopted.**



Table 2

All Divisions
Separations from Active Employment Before Age & Service Retirement
& Individual Pay Increase Assumptions

Sample Ages	Years of Service	Percent of Active Members Separating within the Next Year						Pay Increase Assumptions for an Individual Employee	
		Death ¹		Other				Fire	Others ²
		Men	Women	General		Police	Fire		
ALL	0			18.00%	21.00%	18.00%	8.00%		
	1			16.00	20.00	17.00	7.00		
	2			14.00	16.00	16.00	6.00		
	3			11.00	13.00	13.00	6.00		
	4			9.00	12.00	12.00	5.00		
25	5 & Over	0.03%	0.02%	7.50	10.70	10.10	5.00	8.6%	6.8%
30		0.03	0.02	6.50	9.40	8.00	4.00	6.7	6.0
35		0.06	0.04	5.10	7.20	6.10	2.80	5.4	5.5
40		0.08	0.05	3.80	5.50	4.70	2.20	4.7	5.0
45		0.11	0.08	3.00	4.20	3.60	1.80	4.4	4.5
50		0.16	0.13	2.40	3.40	1.80	1.00	4.1	4.1
55		0.27	0.20	1.80	2.50	1.00	0.50	3.9	3.9
60		0.51	0.38	1.00	1.20	0.00	0.00	3.8	3.8
65		0.96	0.73	0.00	0.00	0.00	0.00	3.5	3.5

1 General, Police, Fire
2 General, Police

AUTHORITY: section 70.605.14, RSMo Supp. 2011. Original rule filed Dec. 29, 1975, effective Jan. 8, 1976. Amended: Filed July 1, 1977, effective Oct. 13, 1977. Amended: Filed Oct. 31, 1979, effective Feb. 11, 1980. Amended: Filed Sept. 9, 1985, effective Dec. 15, 1985. Rescinded and readopted: Filed Aug. 3, 1987, effective Nov. 23, 1987. Amended: Filed Feb. 16, 1999, effective July 30, 1999. Amended: Filed Sept. 26, 2011, effective March 30, 2012.*

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**Original authority 70.605, RSMo 1967, amended 1974, 1992, 2000, 2003.*

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