# LAGERS

# Thirty-eighth Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2006


William R. Schwartz
Executive Secretary

Keith E. Hughes
Assistant Executive
Secretary/Comptroller

Pam Hoffman
Assistant Executive
Secretary/Operations



Missouri Local Government
Employees Retirement System
701 West Main Street
P.O. Box 1665
Jefferson City, Missouri 65102
(573) 636-9455
(800) 447-4334

# Table of Contents

# Administrative Organization

## Administrative Organization — Board

The board operates with the assistance of four committees, appointed by the chairperson: administrative, disability, investment and legislative.

| Administrative Committee | Disability Committee | Investment Committee | Legislative Committee |
| --- | --- | --- | --- |
| Victor Gragg* | Nancy Yendes* | Robert Ashcroft* | Bob West* |
| Robert Ashcroft | Frank Buck | Victor Gragg | Frank Buck |
| Jane Dueker | Jane Dueker | Arby Todd | Jane Dueker |
| Bob West | Arby Todd | Bob West | Nancy Yendes |

*Committee Chairperson

## Administrative Organization — Staff

William R. Schwartz, CEBS, CGFM
Executive Secretary

Pam Hoffman, CPA, CGFM, RPA
Assistant Executive Secretary/
Operations

Keith E. Hughes, CEBS, CGFM
Assistant Executive Secretary/
Comptroller

William T. Ackerman
Chief Counsel

Sue Bielecki
Benefit Specialist III

Misty Brazzell
Accounts Analyst II

Tammy Burlbaw
Benefit Specialist I

Brian K. Collett, CFA
Chief Investment Officer

Judy Doyen
Benefits Clerk

Tami Jaegers
Benefit Specialist I

Jeff Kempker
Public Relations Specialist

Leslie Loar
Administrative Assistant

Erin Stieferman
Accounts Analyst I

Mike Vandelicht
IT Manager

Darlene Wallis
Benefit Specialist II

Robert Wilson
Manager of Member Services

Paula Woolery
Accounts Analyst I

## Consulting Services

**Actuary**
Gabriel, Roeder, Smith
and Company
Mita D. Drazilov
Judith A. Kermans
Southfield, MI

**Auditor**
Williams Keepers, LLC
Certified Public Accountants
Michael J. Oldelehr
Jefferson City, MO

**Board Governance**
Cortex Applied Research, Inc.
John Por
Toronto, Canada

**Data Processing**
Quality Computer
Systems, Inc.
Cathy Young
Columbia, MO

**Legal Counsel**
Armstrong Teasdale, LLP
Attorneys at Law
J. Kent Lowry
Sherry Doctorian
Jefferson City, MO

**Medical Advisors**
P.A. Boyer, M.D.
Anddrew Matera, M.D.
J.S. Sanders, M.D.

For a list of investment professionals, see page 28.

# Certificate of Achievement

## Certificate of Achievement for Excellence in Financial Reporting

Presented to

Missouri

Local Government Employees

Retirement System

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

GOVERNMENT FINANCE OFFICERS ASSOCIATION OF THE UNITED STATES AND CANADA CORPORATION SEAL CHICAGO

President

Executive Director

# PPCC Achievement Award

## Public Pension Coordinating Council
### Public Pension Standards
### *2005 Award*

Presented to

**Missouri Local Government Employees Retirement System**

In recognition of meeting professional standards for plan design and administration as set forth in the Public Pension Standards.

*Presented by the Public Pension Coordinating Council, a confederation of*

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

# Letter of Transmittal

William R. Schwartz, CEBS
Executive Secretary

Missouri Local Government Employees Retirement System
701 West Main, P.O. Box 1665, Jefferson City, Missouri 65102
Telephone (573) 636-9455 • 800-447-4334 • FAX (573) 636-9671
www.molagers.org
William R. Schwartz, CEBS, Executive Secretary

August 25, 2006

The Board of Trustees
Missouri Local Government
Employees Retirement System
Jefferson City, Missouri 65102

The Annual Report of the Missouri Local Government Employees Retirement System (LAGERS) for the fiscal year ended June 30, 2006, is submitted herewith. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, rests with the management of the system. This comprehensive report is divided into five sections: an Introductory Section which contains the administrative organization, the Certificate of Achievement for Excellence in Financial Reporting, the PPCC Achievement Award, a Letter of Transmittal and Chairman's Report; a Financial Section which contains an Independent Auditors' Report, management's discussion and analysis, and the financial statements of the system; an Investment Section which contains a Chief Investment Officer's Report, investment policy, investment performance, and various investment schedules; an Actuarial Section which contains an Actuary's Certification Letter and the results of the annual actuarial valuation; and a Statistical Section which includes significant data pertaining to the system. I trust that you and the members of the system will find this annual report helpful in understanding your public employees retirement system — a system which continues to maintain a strong and positive financial future.

The LAGERS system was established in 1967 consisting of 10 employers and has subsequently expanded to include 531 political subdivisions of the state. A listing of the current employers begins on page 48.

ACCOUNTING SYSTEMS AND REPORTS

This report was prepared to conform with the principles of governmental accounting and reporting as put forth by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants.

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the LAGERS system for its comprehensive annual financial report for the fiscal year ended June 30, 2005. LAGERS has received this prestigious award for its annual report in each of the last twenty-eight years.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. We believe this report continues to conform to the Certificate of Achievement Program requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

Transactions of the LAGERS system are reported on the accrual basis of accounting. Our internal accounting controls are carefully designed to provide reasonable assurance regarding the safekeeping and reliability of all financial records.

REVENUES

The collection of employer and employee contributions, as well as income from investments, provide the reserves needed to finance retirement benefits. Contributions and investment income for fiscal year 2006 totaled $396,589,175. This amount includes realized and unrealized gains/losses. Contribution rates remain substantially the same.

EXPENSES

The principle purpose for which LAGERS was created was to provide retirement annuities, survivor benefits, and total and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the plan, refund of contributions to terminated employees, and the cost of administering the system. Expenses for fiscal year 2006 totaled $116,072,452, an increase of 9% over fiscal year 2005 expenses. The increase in expenses resulted primarily from monthly payments to the additional number of retirees and partial lump-sum payments to retirees.

INVESTMENTS

The investments of the LAGERS system are governed primarily by an investment authority known as the "prudent person rule". The prudent person rule establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the fund. The prudent person standard states that fiduciaries shall discharge their duties solely in the interest of the fund participants and beneficiaries and with the degree of diligence, care, and skill which prudent men and women would ordinarily exercise under similar circumstances in a like position. By permitting further diversification of investments within a fund, the prudent person standard may enable a fund to reduce overall risk and increase returns. A summary of the asset allocation can be found on page 23 of this report.

The prudent person rule permits the fund to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment advisors. The statement of investment policy outlines the responsibility for the investment of the fund and the degree of risk that is deemed appropriate for the fund. Investment advisors are to execute the investment policy in accordance with the statutory authority, the Board policy and their respective guidelines, but are to use full discretion within the policy and guidelines. For fiscal year 2006, investments provided a 9.2% rate of return. The LAGERS annualized rate of return over the last three years was 12.6% and 8.9% over the last ten years.

FUNDING

A pension fund is well funded when it has enough money in reserve to meet all expected future obligations to participants. The LAGERS funding objective is to meet long term benefit promises through contributions that remain approximately level as a percent of member payroll. The greater the level of funding, the larger the ratio of assets accumulated to the actuarial accrued liability and the greater the level of investment potential. At June 30, 2006 the system has a funded status of 95%. The advantage of a well funded plan is that the participants can look at assets that are committed to the payment of benefits. A detailed discussion of funding is provided in the Actuarial Section of this report.

PROFESSIONAL SERVICES

Professional consultants are appointed by the Board of Trustees to perform professional services that are essential to the effective and efficient operation of LAGERS. An opinion from the certified public accountant and the actuary are included in this report. The consultants appointed by the Board are listed on page 3 of this report.

ACKNOWLEDGMENTS

The compilation of this report reflects the combined effort of the LAGERS staff under the leadership of the Board of Trustees. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the funds of the system.

The report is being mailed to all employer members of the system. They form the link between LAGERS and its membership. Their cooperation contributes significantly to the success of LAGERS. We hope the employers and their employees find this report informative.

On behalf of the Board of Trustees, I would like to take this opportunity to express my gratitude to the staff, the advisors, and to the many people who have worked so diligently to assure the successful operation of the system.

Respectfully submitted,

William R. Schwartz

William R. Schwartz, CEBS, CGFM
Executive Secretary

# Chairperson's Report

J. Robert Ashcroft
Chairperson
Employer Trustee
Term Expires 12-31-2009

Missouri Local Government Employees Retirement System
*701 West Main, P.O. Box 1665, Jefferson City, Missouri 65102*
*Telephone (573) 636-9455 • 800-447-4334 • FAX (573) 636-9671*
**www.molagers.org**
*William R. Schwartz, CEBS, Executive Secretary*

August 25, 2006

To all LAGERS members:

I am pleased to present the 2006 Comprehensive Annual Financial Report. This report provides a detailed view of the financial and actuarial status of your retirement system.

For the third consecutive year the LAGERS portfolio delivered solid returns, exceeding the actuarial investment return rate of 7.5%. The LAGERS portfolio recorded a 1-year return of 9.2%. The Board has further diversified the portfolio into new asset classes that will reduce the volatility of future returns.

With LAGERS history of consistent funding and above average investment performance, the system continues to present a strong aggregate 95% funding ratio. In fact, 74% of the groups that were evaluated had decreasing contribution rates for the upcoming 2007 fiscal year. This is quite a testament to the system, as existing employers continue to upgrade benefits and 14 new employers joined LAGERS this last year. The Board of Trustees reviewed the actuarial assumptions as part of a regular 5-year review and adopted modest changes to the demographic assumptions to reflect actual experience of the system. The LAGERS Board of Trustees remains committed to provide secure retirement benefits via a defined benefit retirement plan.

The LAGERS Board of Trustees had one change in its composition this year. In January, the Board of Trustees welcomed Mr. Arby Todd as an elected member trustee from the City of Lee's Summit. Mr. Todd replaces Ms. Tara Calvin, who served the Board faithfully for 5 years and served as chairperson of the Legislative Committee for 4 of those years. The many hours provided by all the LAGERS Board members are greatly appreciated in making LAGERS one of the premier and most sound public pension plans in the country.

I appreciate the opportunity of serving as your Chairman and thank you for your continued interest and support. Your Board will continue to endeavor to provide a quality retirement program while ensuring the financial integrity of the system.

Respectfully,

J. Robert Ashcroft

J. Robert Ashcroft, Chairperson
LAGERS Board of Trustees

# Board of Trustees

**Nancy Yendes**
Vice Chairperson
Member Trustee
Springfield
Term Expires 12-31-2008

**Frank Buck**
Employer Trustee
Cameron
Term Expires 12-31-2008

**Jane Dueker**
Citizen Trustee
St. Louis
Term Expires 12-31-2007

**Victor D. Gragg**
Employer Trustee
Mid-Continent Library
Term Expires 12-31-2006

**Arby Todd**
Member Trustee
Lee's Summit
Term Expires 12-31-2009

**Bob West**
Member Trustee
Independence
Term Expires 12-31-2006

# Independent Auditors' Report

WILLIAMS KEEPERS LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS
3220 West Edgewood, Suite E • Jefferson City, MO 65109 • 573/635-6196 • 573/635=8394 fax
JEFFERSON CITY
COLUMBIA
MEXICO

The Board of Trustees
Missouri Local Government
Employees Retirement System
Jefferson City, Missouri 65102

We have audited the accompanying statement of plan net assets of the Missouri Local Government Employees Retirement System (the System) as of June 30, 2006, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Missouri Local Government Employees Retirement System at June 30, 2006, and the changes in plan net assets for the year then ended, in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 11 and 12 and the schedules of funding progress and employer contributions on pages 19 and 20 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. The required supplementary information is the responsibility of management of the System. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information, for the year ended June 30, 2006. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information included on page 21 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the System. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory, investment, actuarial and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Williams-Keepers LLC

August 25, 2006

# Management's Discussion and Analysis

Management is pleased to present this overview and analysis of the financial activities of the Missouri Local Government Employees Retirement System (LAGERS) for the year ended June 30, 2006. We encourage readers to consider the information presented in conjunction with the Letter of Transmittal on page 6 of this report, the financial statements, required supplementary information, and supplementary information.

**Required Financial Statements**

LAGERS, an agent multiple-employer public employee retirement system, prepares its financial statements on an accrual basis in accordance with U.S. generally accepted accounting principles promulgated by the Government Accounting Standards Board. The Statement of Plan Net Assets indicates the net assets available to pay future benefits and provides a snapshot at a particular point in time. The Statement of Changes in Plan Net Assets provides a view of the current year's additions and deductions from net assets. The Notes to the Financial Statements are necessary for a full understanding of the financial statements. The Required Supplementary Information and related disclosures present the historical funding status of LAGERS.

**Financial Analysis of LAGERS**

The funding ratio (actuarial value of assets divided by the actuarial accrued liability) is computed on the last day of February each year in conjunction with the annual valuation of the system. Below are the most recent results:

| 2006 | 2005 | 2004 |
|---|---|---|
| 95.3% | 95.1% | 95.9% |

This ratio gives an indication of how well LAGERS' funding objective is being met. LAGERS 12.6% return for the past 3 years continues to exceed the actuarial investment rate of return of 7.5% creating a sound financial position for the fund. LAGERS' actuary uses a five-year smoothed market-related value to determine the actuarial value of assets. The smoothing prevents extreme volatility in employer contribution rates due to short-term fluctuations in the investment markets.

**Comparative Financial Statements**

**Statement of Plan Net Assets**

LAGERS provides retirement, death, and disability benefits to employees of participating political subdivisions. The table on the following page is a summary of LAGERS Plan Net Assets (in millions) as of June 30.

# Management's Discussion and Analysis

continued

| **Assets** | **2006** | **2005** | **% Change** |
|---|---|---|---|
| Cash | $ 2 | $ 1 | 100% |
| Receivables | 20 | 16 | 25 |
| Investments | 4,101 | 3,900 | 5 |
| Fixed Assets | 2 | 2 | 0 |
| Total Assets | $ 4,125 | $ 3,919 | 5 |
| **Liabilities** | 656 | 731 | (10) |
| Total Plan Net Assets | $ 3,469 | $ 3,188 | 9 |

This table presents a $281 million increase in net assets. The increase in investments reflects the strong equity markets this past year which resulted in a 9.2% annualized return. As a pension fund LAGERS must retain a long-term investment horizon and the table below presents the returns for such time frames.

| | **3 Years** | **5 Years** | **10 Years** |
|---|---|---|---|
| Annualized Returns | 12.6% | 6.7% | 8.9% |

**Statement of Changes in Plan Net Assets**

| **Additions** | **2006** | **2005** | **% Change** |
|---|---|---|---|
| Member contributions | $ 7 | $ 8 | (12)% |
| Employer contributions | 116 | 104 | 12 |
| Net investment income | 274 | 343 | (20) |
| Total additions | $ 397 | $ 455 | (13) |
| **Deductions** | | | |
| Benefit payments | $ 111 | $ 101 | 10 |
| Refunds | 2 | 4 | (50) |
| Administrative expenses | 3 | 2 | 50 |
| Total deductions | $ 116 | $ 107 | 8 |
| Changes in net assets available for benefits | $ 281 | $ 348 | (19) |

Additions to fund benefits are accumulated through contributions and investment income. Employer contributions increased slightly reflecting the number of employers that upgraded retirement benefits this past year and 14 new employers participating in the system. LAGERS net investment income decreased from the superior markets of 2005, while still achieving strong returns in the equity markets. The LAGERS portfolio continues to deliver consistent returns over longer investment horizons. Benefit payments continue to escalate as LAGERS fulfills its mission of providing retirement benefits to the membership. This amount will continue to escalate as the demographics of the LAGERS population continues to mature.

# Statement of Plan Net Assets

June 30, 2006

| | | |
|---|---|---|
| **Assets** | | |
| Cash | | $ 1,894,890 |
| Receivables: | | |
| Member | $ 632,196 | |
| Employer | 11,160,388 | |
| Accrued interest and dividends | 8,083,940 | |
| Total receivables | | 19,876,524 |
| Investments at fair value: | | |
| Short-term investments | $ 154,077,011 | |
| Government bonds | 562,125,322 | |
| Corporate bonds | 149,544,932 | |
| Mortgage and asset-backed securities | 311,487,021 | |
| Domestic stocks | 1,246,901,071 | |
| Global stocks | 791,943,457 | |
| Alternative investments | 230,745,833 | |
| Total investments | | 3,446,824,647 |
| Invested securities lending collateral | | 654,118,519 |
| Office building, equipment and fixtures, net of accumulated depreciation of $726,995 | | 2,087,750 |
| Total assets | | $ 4,124,802,330 |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 1,783,169 | |
| Collateral for securities on loan | 654,118,519 | |
| Total liabilities | | $ 655,901,688 |
| Net assets held in trust for pension benefits | | $ 3,468,900,642 |

(A schedule of funding progress is presented on page 20.)

*See accompanying notes to financial statements.*

# Statement of Changes in Plan Net Assets

Year Ended June 30, 2006

| | | Reserves | | | | |
|---|---|---|---|---|---|---|
| | Total | Member | Employer | Benefit | Casualty | Income (Expense) |
| **Additions:** | | | | | | |
| Contributions: | | | | | | |
| Member | $ 7,189,700 | $ 7,189,700 | — | — | — | — |
| Employer | 115,550,424 | — | $ 108,931,050 | — | $ 6,619,374 | — |
| Total contributions | $ 122,740,124 | $ 7,189,700 | $ 108,931,050 | — | $ 6,619,374 | — |
| Investment income: | | | | | | |
| Interest income | $ 26,227,295 | — | — | — | — | $ 26,227,295 |
| Dividend income | 42,587,004 | — | — | — | — | 42,587,004 |
| Other income (loss) | (389,552) | — | — | — | — | (389,552) |
| Net appreciation in fair value of investments | 211,569,736 | — | — | — | — | 211,569,736 |
| Total investment income | $ 279,994,483 | — | — | — | — | $ 279,994,483 |
| Less investment expenses | 7,772,345 | — | — | — | — | 7,772,345 |
| Net investment income | $ 272,222,138 | — | — | — | — | $ 272,222,138 |
| Securities lending income | $ 26,530,772 | — | — | — | — | $ 26,530,772 |
| Less securities lending expenses: | | | | | | |
| Borrower rebates | 24,332,875 | — | — | — | — | 24,332,875 |
| Management fees | 570,984 | — | — | — | — | 570,984 |
| Total securities lending expenses | $ 24,903,859 | — | — | — | — | $ 24,903,859 |
| Net securities lending income | $ 1,626,913 | — | — | — | — | $ 1,626,913 |
| Total additions | $ 396,589,175 | $ 7,189,700 | $ 108,931,050 | — | $ 6,619,374 | $ 273,849,051 |
| **Deductions:** | | | | | | |
| Benefits Paid: | | | | | | |
| Annuity benefits | $ 111,023,777 | — | $ 3,163,903 | $ 107,859,874 | — | — |
| Refunds | 2,289,098 | $ 2,289,098 | — | — | — | — |
| Total benefits paid | $ 113,312,875 | $ 2,289,098 | $ 3,163,903 | $ 107,859,874 | — | — |
| Administrative expenses | $ 2,759,577 | — | — | — | — | $ 2,759,577 |
| Total deductions | $ 116,072,452 | $ 2,289,098 | $ 3,163,903 | $ 107,859,874 | — | $ 2,759,577 |
| **Other changes in reserves:** | | | | | | |
| Annuities awarded | — | $ (3,900,741) | $ (110,805,528) | $ 117,526,792 | $ (12,819,280) | $ 9,998,757 |
| Earnings allocated | — | 2,733,221 | 247,432,630 | 150,876,124 | 1,314,478 | (402,356,453) |
| Total other changes in reserves | — | $ (1,167,520) | $ 136,627,102 | $ 268,402,916 | $ (11,504,802) | $ (392,357,696) |
| **Net increase (decrease)** | $ 280,516,723 | $ 3,733,082 | $ 242,394,249 | $ 160,543,042 | $ (4,885,428) | $ (121,268,222) |
| **Net assets held in trust for pension benefits at June 30, 2005** | $ 3,188,383,919 | $ 76,227,341 | $1,578,261,097 | $ 984,079,933 | $ 16,843,078 | $ 532,972,470 |
| **Net assets held in trust for pension benefits at June 30, 2006** | $ 3,468,900,642 | $ 79,960,423 | $1,820,655,346 | $1,144,622,975 | $ 11,957,650 | $ 411,704,248 |

*See accompanying notes to financial statements.*

# Notes to Financial Statements

Year Ended June 30, 2006

## (1) Plan Description

The Missouri Local Government Employees Retirement System (LAGERS) was established in 1967 and is administered in accordance with RSMo. 70.600-70.755. LAGERS is an agent multiple-employer, statewide public employee retirement plan for units of local government which is legally separate and fiscally independent of the state of Missouri. Responsibility for the operation and administration of the plan is vested in the LAGERS Board of Trustees which is elected by the membership. At June 30, 2006, there were 531 participating political subdivisions in the system. Any political subdivision in Missouri may elect to have its full-time general, police and fire employees covered by LAGERS. At June 30, 2006, LAGERS membership consisted of the following:

| | General | Police | Fire | Total |
|---|---|---|---|---|
| Retirees and beneficiaries currently receiving benefits: | 9,622 | 1,767 | 605 | 11,994 |
| Terminated employees entitled to benefits but not yet receiving them: | 767 | 150 | 26 | 943 |
| Active employees: | 25,757 | 6,705 | 1,710 | 34,172 |
| Total | 36,146 | 8,622 | 2,341 | 47,109 |

LAGERS provides retirement, death and disability benefits to employees of participating political subdivisions. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program then in effect for their political subdivision. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance.

If the political subdivision participates under the contributory plan, each member contributes 4% of gross salary. If an employee leaves covered employment or dies before attaining 5 years of credited service, accumulated employee contributions are refunded to the employee or designated beneficiary. Each participating employer is required by statute to contribute the remaining amounts necessary to finance the coverage of its own employees. Benefit and contribution provisions are fixed by state statute and may be amended only by action of the state legislature.

## (2) Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of Accounting:**

The financial statements were prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

**Method Used to Value Investments:**

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Bonds and stocks traded on a national or international exchange are valued at the reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Fair values for alternative investments in timberland represent net asset value estimates provided by the general partner's administrators or portfolio managers and are compared to independent appraisals. Investments that do not have an established market are reported at estimated fair value.

**Office Building, Equipment and Fixtures:**

The office building, equipment and fixtures, which are presented at cost, are depreciated on the straight-line method over the estimated useful lives of the related assets, which have an original cost of $500 or greater. The estimated useful lives are as follows: building - 25 years, furniture - 8 years, and equipment - 3 years.

## (3) Cash, Investments and Securities Lending

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a financial institution failure, LAGERS deposits may not be returned. The deposits are held in one financial institution with a balance of up to $100,000 insured by the Federal Desposit Insurance Corporation (FDIC). LAGERS mitigates custodial credit risk for deposits by requiring the bank to pledge securities in an amount over the FDIC insured amount at least equal in market value to 100% of the aggregate amount of the deposits. These securities are required to be delivered to a third party institution mutually agreed upon by the bank and LAGERS.

# Notes to Financial Statements

continued

**Investment Policies:**
The Missouri Revised Statutes prescribes the "prudent person rule" as LAGERS investment authority. The rule requires LAGERS to make investments with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims. Within the "prudent person" framework, the Board of Trustees adopts investment guidelines for LAGERS investment managers that are included within the respective management agreements. The Investment Section contains a summary of these guidelines.

**Investment Summary:**
The following table presents the summary of LAGERS investments by type at June 30, 2006.

| | |
|---|---|
| Short-term investments | $ 154,077,011 |
| Government bonds | 562,125,322 |
| Corporate bonds | 149,544,932 |
| Mortgages & asset backed securities | 311,487,021 |
| Domestic stocks | 1,246,901,071 |
| Global stocks | 791,943,457 |
| Alternative investments | 230,745,833 |
| Total | $ 3,446,824,647 |

**Custodial Credit Risk for Investments:**
The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, LAGERS will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. As of June 30, 2006, investments in the amount of $3,728,706 were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in LAGERS name.

**Concentration of Credit Risk:**
Concentration of credit risk is the risk of loss that may be attributed to the magnitude of a government's investment in a single issue. External investment management firms manage the fixed income portfolio. LAGERS investment guidelines require diversified portfolios with no single issue being greater than 5% of the portfolio, except for obligations of the U.S. government or its agencies. As of June 30, 2006, no single issue exceeds 5% of the portfolio, excluding U.S. government securites.

**Credit Risk:**
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to LAGERS. At June 30, 2006, 45% of the fixed income portfolio represents obligations that are not guaranteed by the U.S. government. Below is a list of fixed income credit qualities.

| Quality Rating | |
|---|---|
| AAA/U.S. governments | $703,079,047 |
| AA | 132,014,663 |
| A | 70,903,463 |
| BBB | 82,979,966 |
| BB | 31,255,979 |
| Not rated | 2,924,157 |
| Total Credit Risk Debt | $1,023,157,275 |

**Interest Rate Risk:**
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of a debt instrument's exposure to a change in interest rates and the related sensitivity of market price to parallel shifts in the yield curve. It uses the present value of cash flows, weighted for those cash flows as a percentage of the instruments' full price. LAGERS benchmarks the fixed income portfolio to the Lehman Aggregate Bond Index. At June 30, 2006, the effective duration of the Lehman Aggregate Bond Index was 4.8 years, whereas, the LAGERS fixed income portfolio had an effective duration of 8.4 years.

| Investment | Fair Value | Effective Duration Rate |
|---|---|---|
| Government bonds | $562,125,322 | 11.3 years |
| Corporate bonds | 149,544,932 | 5.5 years |
| Mortgage & asset-backed securities | 311,487,021 | 3.9 years |
| Total | $1,023,157,275 | |

# Notes to Financial Statements

continued

**Foreign Currency Risk:**
The international portfolio is constructed on the principles of diversification, quality, value and growth. Risk of loss arises from changes in currency exchange rates. LAGERS external managers may or may not hedge the portfolio's foreign currency exposures with currency forward contracts depending upon their views on a specific foreign currency relative to the U.S. dollar. Currency trading may not be used for speculative purposes. LAGERS exposure to foreign currency risk as of June 30, 2006 was as follows:

| | |
|---|---|
| Foreign Equities | |
| Australian dollar | $ 8,817,516 |
| British pound sterling | 151,331,183 |
| Canadian dollar | 3,609,817 |
| Danish krone | 4,647,587 |
| Euro | 189,621,474 |
| Hong Kong dollar | 26,300,835 |
| Hungarian forint | 1,756,074 |
| Japanese yen | 112,004,882 |
| Mexican Peso | 713,738 |
| Norwegian krone | 7,676,882 |
| Singapore dollar | 5,689,228 |
| South African rand | 5,010,017 |
| South Korean won | 12,628,438 |
| Swedish krona | 15,354,832 |
| Swiss franc | 40,626,433 |
| United States dollar | 151,590,721 |
| Total Foreign Equities | $ 737,379,657 |
| Foreign Fixed Income | |
| British pound sterling | $ 35,963,757 |
| Canadian dollar | 15,596,958 |
| Euro | 21,863,471 |
| Swedish krona | 7,306,541 |
| United States dollar | 9,017,956 |
| Total Fixed Income | $ 89,748,683 |
| Total Foreign Currency | $ 827,128,340 |

**Derivatives:**
LAGERS enters into forward foreign exchange contracts primarily to minimize the short-term impact of foreign currency fluctuations on the asset and liability positions of foreign investments. Certain external portfolio managers have been authorized to hold forward contracts solely for hedging purposes. LAGERS could be exposed to risk if the counterparties to the contracts are unable to meet the terms of their contracts. LAGERS seeks to minimize risk from counterparties by establishing minimum credit quality standards and maximum credit limits. As of June 30, 2006, LAGERS did not have any forward contracts outstanding.

LAGERS buys and sells futures contracts for portfolio interest rate yield enhancement and as a hedge against interest rate risk, which is the exposure to the possibility of financial loss caused by fluctuations in short-term interest rates. Should interest rates move unexpectedly, LAGERS may not achieve the anticipated benefits of this strategy and may realize a loss.

Financial futures represent an off-balance sheet obligation as these contracts are cash settled daily. The market value for the various contracts in the portfolio as of June 30, 2006 is $142,420,439.

**Securities Lending Program:**
LAGERS participates in a securities lending program administered by Northern Trust Company (the custodian) in accordance with the provisions of RSMo. 70.745. Brokers who borrow the securities provide collateral usually in the form of cash, valued at 102 percent and 105 percent for domestic and international securities, respectively. There are no restrictions on the amount of securities that can be lent at one time. At June 30, 2006, the term to maturity of the investment of the securities lent is matched with the term to maturity of the cash collateral. These loans can be terminated on demand by either the lender or the borrower. LAGERS cannot pledge or sell non-cash collateral unless the borrower defaults. The following represents the balances relating to the securities lending transactions (in thousands) at June 30, 2006:

| Securities Lent | Underlying Securities | Securities Collateral Value | Cash Collateral Value |
|---|---|---|---|
| U.S. government & agency securities | $360,207 | $104,812 | $261,148 |
| U.S. equities | 305,412 | 13,500 | 297,215 |
| U.S. corporate sec. | 969 | – | 992 |
| Global equities | 92,240 | – | 94,763 |
| Total | $758,828 | $118,312 | $654,118 |

The lending agent provides indemnification if the borrowers fail to return the underlying securities (and if the collateral is inadequate to replace the securities lent) or fails to pay income distributions. There were no violations of legal or contractual provisions and no borrower or lending agent default losses to the security lending agent. LAGERS had no credit risk as a result of its securities lending program as the collateral held exceeded the market value of securities lent.

## (4) Contributions

(a) Each participating unit of local government is obligated by state law to make all required contributions to the plan based upon an annual actuarial valuation.

(b) LAGERS is a pension plan covering substantially all employees of participating units of local government in the state. Each participating unit of

# Notes to Financial Statements

continued

government is obligated by state law to make all required contributions to the plan. The required contributions are actuarially determined using the individual entry-age actuarial cost method. There are no long-term contracts for contributions to the plan. All liabilities are amortized over a period of 30 years or less, with a minimum amortization period of 15 years. Administrative costs of LAGERS are financed through investment earnings of the system.

(c) Employee contributions are determined at the election of the governing body of the local subdivision. Should the governing body elect to participate in the contributory plan, all employees shall contribute 4 percent of gross salary. The governing body may elect to participate in the non-contributory plan which would result in no employee contributions.

(d) The state statutes require LAGERS to maintain five separate reserves which are funded and described below:

Member Reserve Fund — The fund in which member contributions and interest credits are accumulated, and from which transfers are made for retirements and refunds, as applicable. The balance at June 30, 2006 was $79,960,423.

Employer Reserve Fund — The fund in which employer contributions and interest credits are accumulated, and from which transfers are made to pay applicable benefits. The balance at June 30, 2006 was $1,820,655,346.

Benefit Reserve Fund — The fund from which all retirement, disability and survivor benefits are paid. At the time of retirement, this fund receives the necessary transfers to pay such benefits. All retired individuals and the assets of this fund become the sole responsibility of the LAGERS Board of Trustees and result in no further liabilities to the previous employers. The balance at June 30, 2006 was $1,144,622,975.

Casualty Reserve Fund — The fund in which the employer contributions and interest credits are accumulated and from which transfers are made to pay for members retired as a result of disability. The balance at June 30, 2006 was $11,957,650.

Income-Expense Reserve Fund — The fund which accumulates the investment income and pays the administrative expenses of the system. This fund provides for the transfer of investment credits to the other reserves of the system. The balance at June 30, 2006 was $411,704,248.

## (5) Retirement Plan

The LAGERS' Staff Retirement Plan is a single-employer defined benefit pension plan administered by the LAGERS Board of Trustees. The plan provides retirement, death and disability benefits to LAGERS' employees and beneficiaries. The plan document is controlled by the LAGERS Board of Trustees. The LAGERS Board of Trustees issues a publicly available financial report that includes financial statements and required supplementary information for the Staff Retirement Plan. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, MO 65102.

The contribution requirements of the plan members and the employer are governed by the plan document, which may be amended by the LAGERS Board of Trustees. Plan members do not contribute toward the retirement plan. The employer is required to contribute an actuarially determined rate; the current rate is 16.30 percent of annual covered payroll.

For 2006, 2005, and 2004, the employer's respective annual pension cost was $151,207, $179,071 and $150,009 for the Staff Retirement Plan and was equal to the required and actual contributions. The annual required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age actuarial cost method. For 2006, an additional employer contribution of $300,000 was made by the Board of Trustees. The actuarial assumptions included (a) 7.5 percent investment rate of return and (b) projected salary increase ranging from 4 to 8 percent per year. Both (a) and (b) include an inflation component of 4 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2004 was 15 years.

# Notes to Financial Statements

continued

## LAGERS Staff Retirement Plan (RSI)

### Schedule of Funding Progress

| Valuation Date | Actuarial Value of Assets | Entry Age Actuarial Accrued Liability | Unfunded Accrued Liability (UAL) | Funded Ratio | Annual Covered Payroll | UAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 6-30-04 | $2,570,466 | $3,141,215 | $ 570,749 | 81.8% | $ 759,167 | 75.2% |
| 6-30-05 | 2,831,531 | 3,542,101 | 710,570 | 79.9 | 915,683 | 77.6 |
| 6-30-06 | 3,423,682 | 3,832,544 | 408,862 | 89.3 | 1,026,117 | 39.8 |

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Employer Contributions

| Year Ended June 30 | Annual Required Contribution | Percentage Contributed |
|---|---|---|
| 2001 | $ 82,716,566 | 100% |
| 2002 | 85,712,344 | 100 |
| 2003 | 84,574,502 | 100 |
| 2004 | 94,205,597 | 100 |
| 2005 | 104,282,742 | 100 |
| 2006 | 115,550,424 | 100 |

## REQUIRED SUPPLEMENTARY INFORMATION (cont.)

### Schedule of Funding Progress

| Valuation Date | Actuarial Value of Assets | Entry Age Actuarial Accrued Liability | Unfunded Accrued Liability (UAL) | Funded Ratio | Annual Covered Payroll | UAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 2-28-01 | $2,395,912,598 | $2,302,816,630 | $(93,095,968) | 104.0% | $ 808,959,105 | —% |
| 2-28-02 | 2,623,610,917 | 2,613,087,737 | (10,523,180) | 100.4 | 875,061,292 | — |
| 2-28-03 | 2,603,872,640 | 2,700,198,619 | 96,325,979 | 96.4 | 932,953,679 | 10.3 |
| 2-29-04 | 2,808,907,263 | 2,929,171,779 | 120,264,516 | 95.9 | 989,446,058 | 12.2 |
| 2-28-05 | 2,984,489,211 | 3,139,260,243 | 154,771,032 | 95.1 | 1,031,415,223 | 15.0 |
| 2-28-06 | 3,224,173,714 | 3,383,152,937 | 158,979,223 | 95.3 | 1,082,344,535 | 14.7 |

The information presented in the required supplementary schedules was determined as part of the annual actuarial valuations. Additional information as of the latest actuarial valuation follows:

Valuation date ........ 2-28-06

Actuarial cost method ........ Individual entry-age

Amortization method ........ Closed for all periods in excess of 15, upon attainment of 15 years liabilities are amortized over an open 15-year period

Remaining amortization period ........ Varies between 15 and 30 years, by employer

Asset valuation method ........ 5-year smoothed market

Actuarial assumptions:

Investment rate of return* ........ 7.5%

Projected salary increases* ........ 4.0% - 8.0%

*Includes inflation component of ........ 4.0%

Cost-of-living adjustment ........ Contingent upon investment return, with a maximum of the lower of 4% or cumulative CPI since retirement

# Operating Expenses

## Administrative Expenses
Year Ended June 30, 2006

| | | |
|---|---|---|
| **Personal Services:** | | |
| Staff salaries | $ 888,127 | |
| Social Security | 62,970 | |
| Staff retirement plan | 437,325 | |
| Insurance | 201,147 | |
| Total Personal Services | | $ 1,589,569 |
| **Professional Services:** | | |
| Actuarial services | $ 317,528 | |
| Data processing | 126,603 | |
| Audit | 32,200 | |
| General counsel | 38,735 | |
| Medical advisors & consultant | 62,065 | |
| Board governance | 47,754 | |
| Total Professional Services | | 624,885 |
| **Communications:** | | |
| Public information | $ 31,551 | |
| Printing | 44,231 | |
| Telephone | 21,659 | |
| Postage | 73,734 | |
| Meetings and travel | 76,118 | |
| Total Communications | | 247,293 |
| **Miscellaneous:** | | |
| Utilities | $ 39,411 | |
| Insurance premiums | 60,763 | |
| Equipment maintenance | 3,749 | |
| Office supplies | 34,412 | |
| Building maintenance | 30,300 | |
| Depreciation | 129,195 | |
| Total Miscellaneous | | 297,830 |
| Total Administrative Expenses | | $ 2,759,577 |

## Investment Expenses
Year Ended June 30, 2006

| | | |
|---|---|---|
| **Investment Manager Fees:** | | |
| Equity managers | $ 5,009,892 | |
| Fixed income managers | 1,200,557 | |
| Alternative managers | 1,025,570 | |
| Total Investment Manager Fees | | $ 7,236,019 |
| **Other Investment Expenses:** | | |
| Investment custodial services | $ 360,563 | |
| Internal investment expenses | 175,763 | |
| Total Other Investment expenses | | 536,326 |
| Total Investment Expenses | | $ 7,772,345 |
| Total Securities Lending Management Fees | | $ 570,984 |

*See accompanying independent auditors' report.*

# Chief Investment Officer's Report

Missouri Local Government Employees Retirement System

*701 West Main, P.O. Box 1665, Jefferson City, Missouri 65102*
*Telephone (573) 636-9455 • 800-447-4334 • FAX (573) 636-9671*
**www.molagers.org**
*William R. Schwartz, CEBS, Executive Secretary*

August 25, 2006

Dear LAGERS Members:

The year 2006 was the year of continued diversification for the LAGERS' investment portfolio. This diversification will promote enhanced returns and lower risk. Further diversification was acheived in three categories: Investment Type, Style and Approach. Additions to Investment Types diversification included: Emerging Markets Equities, Global Equities, Global Bonds, Treasury Inflation-Protected Securities (TIPS) and Commodities. Additions to Investment Styles were: Core Plus Bonds and Small Cap Equities. Furthermore, some new Investment Approaches were added: Quantitative, Country Overlay and Portable Alpha.

Thanks to exceptional active-portfolio management, a dedicated long-term investment strategy, and the growth in the world economy, LAGERS' investment portfolio reached $3.4 billion in total assets for the year ending June 30, 2006. The return on these assets was 9.2% for fiscal year 2006, which is well above our long-term actuarial assumed rate of return of 7.5%. However, this performance was just shy of our investment policy benchmark of 9.6%. Although we slightly underperformed our policy benchmark, I am extremely proud of what has been accomplished this year. We progressed toward our long-term goals through this continued diversification in the investment portfolio. The steps that were implemented will, in the long-term, help outperform our policy benchmark with a lower risk profile. For the year, we reported a .4% underage from our policy benchmark while well outperforming the actuarial assumed rate to continue to strengthen our long-term investment returns.

LAGERS continues to focus on outperforming the policy benchmark with mostly active management at a reasonable price. LAGERS' total investment advisor fees are aproximately .2%. The 9.2% annual rate of return places LAGERS' investment performance in the 47th percentile, or about median, of other large public pension plans for the fiscal year.

Our assets continue to be well diversified among the world markets in stocks, bonds and alternative assets. This well-diversified portfolio has a:

- 9.2% return for the short-term of one year,
- 12.6% return for three years,
- 6.7% return for five years, and
- 8.9% return for ten years.

In all of these periods, except for short-term, the portfolio has exceeded the policy benchmark returns. For the long-term of 10 years, the excess return is 1.6% or 1.4% net of fees. With an actuarial assumed rate of return at 7.5%, we have been exceeding this rate on average for the last 10 years by 1.4% or 1.2% net of fees by adhering to our disciplined strategy. *(These returns were calculated by our custodian, Northern Trust, in accordance with AIMR Performance Presentation Standards.)*

The long-term success of LAGERS' portfolio will be determined by our risk-aware asset allocation, which we continually analyze and fine tune, as needed. Current allocations among asset classes are based on short and long-term goals, liability needs and market conditions. As part of our routine discipline, an actuarial evaluation is performed annually, and we continually monitor the portfolio for needed adjustments due to the current market conditions. Given LAGERS' current conservative investment structure, we will continue to meet our long-term obligations to members and retirees.

Sincerely,

Brian K. Collett

Brian K. Collett, CFA
Chief Investment Officer

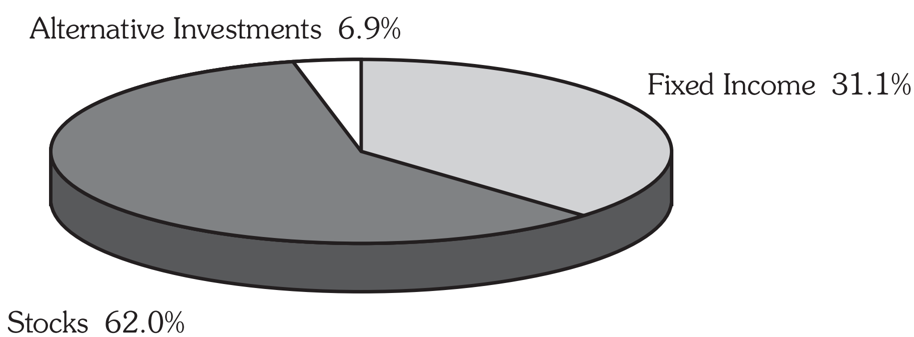
# Asset Allocation

| Asset Class by Holdings | June 30, 2006 Market Value | June 30, 2006 % of Total Market Value | June 30, 2005 Market Value | June 30, 2005 % of Total Market Value |
|---|---|---|---|---|
| Fixed Income: | | | | |
| Governments | $ 562,125,322 | 16.4 % | $ 515,880,971 | 16.2 % |
| Corporates | 149,544,932 | 4.3 | 190,875,730 | 6.0 |
| Mortgage Backs & Asset Backs | 311,487,021 | 9.0 | 272,022,398 | 8.6 |
| Short-term Investments | 48,894,364 | 1.4 | 73,831,155 | 2.5 |
| Fixed Income | $ 1,072,051,640 | 31.1 % | $1,052,610,254 | 33.3 % |
| Stocks: | | | | |
| Domestic: | | | | |
| Large-Cap[1] | $ 645,790,801 | 18.7 % | $ 629,690,344 | 19.9 % |
| Mid-Cap[2] | 389,134,823 | 11.3 | 540,668,052 | 17.0 |
| Small-Cap[3] | 235,438,063 | 6.8 | 106,192,156 | 3.3 |
| Global | 866,244,810 | 25.2 | 664,324,095 | 20.9 |
| Stocks | $ 2,136,608,497 | 62.0 % | $1,940,874,647 | 61.1 % |
| Alternative Investments: | $ 238,164,510 | 6.9 % | $ 177,300,041 | 5.6 % |
| Total Assets | $ 3,446,824,647 | 100.0 % | $3,170,784,942 | 100.0 % |

1. Companies with market capitalization above $14.9 billion
2. Companies with market capitalization between $2 billion and $14.9 billion
3. Companies with market capitalization below $2 billion

**ASSET ALLOCATION-ASSET CLASS**

as of June 30, 2006



# Investment Policy

### Investment Policy

The LAGERS Board of Trustees, operating within the "prudent person" framework, has adopted a Statement of Investment Policy and Objectives for the investment managers and others who serve in a fiduciary capacity to the fund. A summary of that policy follows. For a complete copy of the investment policy, please contact the LAGERS office.

## Investment Goals

The goal of the fund shall be to achieve a total real rate of return of at least 3 percent per annum over the Consumer Price Index as measured over a market cycle. As this is a long-term projection and investments are subject to short term volatility, the main investment review focus of the Trustees and investment staff will be towards the Total Fund, and each money manager will be judged on performance relative to asset class and benchmark relative performance over a full market cycle. Each manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style and add incremental value after costs.

The Trustees have established the following asset-mix guidelines for the Pension Fund:

| Asset Class | Pension Fund Guidelines |
|---|---|
| Equity Investments | 62.0% |
| Fixed-Income Investments | 30.5% |
| Alternative Asset Investments | 7.0% |
| Cash | 0.5% |

The Pension Fund's total return should exceed the total return of an index composed as follows:

| | |
|---|---|
| 62.0% | MSCI All County World Index (non-hedged) |
| 22.5% | Lehman Brother Aggregate Bond Index |
| 5.5% | Lehman Brothers Global Bond Index |
| 2.5% | Treasury Inflation-Protected Securities Index |
| 5.0% | NCREIF Southern Timberland Index |
| 2.0% | Dow Jones AIG Commodity Index |
| 0.5% | 90 Day T-Bill |

The time period for this objective is one market cycle (usually 3-5 years).

## General Fixed Income Portfolio Guidelines

### Diversification

The diversification of the fixed income securities held in the portfolio among sectors and issuers is the responsibility of the investment manager. No single company's securities shall represent more than 5% of the portfolio at the time of purchase, unless otherwise allowed within individual managers' investment guidelines. (This does not apply to obligations of the U.S. Government or its agencies.)

### Portfolio Quality

Fixed income securities shall not be rated less than investment grade by a nationally recognized rating agency unless otherwise specified for a specific manager.

If specific managers are given international flexibility, the same quality restrictions apply unless otherwise specified for a specific manager.

Money market instruments shall have a minimum quality rating comparable to an A bond rating and commercial paper shall be rated A1/P1/F1 or D1 unless held in a diversified short-term commingled fund.

In the event of a bond's downgrade below investment grade, the Board shall be notified in writing and the manager shall respond to the event in the way deemed most prudent for the Fund by the manager.

### Performance Objectives

Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the following are the performance expectations for the portfolio:

> The total return of the portfolio should rank above median performance in a universe of managed fixed-income portfolios.
>
> The total return of the fixed income composite should exceed the return of the Lehman Brothers Aggregate Bond Index.
>
> The goal of the fixed income portfolio shall be to achieve a total annualized real rate of return of at least 2% over the Consumer Price Index as measured over a market cycle.

## General Equity Portfolio Guidelines

### Diversification

The diversification of the equity securities held in the portfolio among sectors and issuers is the responsibility of the investment manager. No single company's securities shall represent more than 5% of the portfolio at the time of purchase, unless otherwise allowed within individual managers' investment guidelines.

# Investment Policy

continued

### Style Adherence
The most important feature any individual manager brings to a multi-manager portfolio is style adherence. Quarterly, fundamental portfolio characteristics and style benchmark comparisons will be monitored for adherence to a manager's identified style.

### Performance Objectives
Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

The total return of each portfolio should rank above median performance in a universe of equity managers of comparable mandate or style.

The total return of the equity composite should exceed the total return of the Russell 3000 Index, and rank above median in a universe of equity style peers.

The total return of the international equity composite should exceed the total return of the MSCI All Country World Index ex US (non-hedged) and rank above median in a universe of equity style peers.

The total return of the global equity composite should exceed the total return of the MSCI All Country World Index (non-hedged) and rank above median in a universe of equity and style peers.

The total return of the combined domestic, international, and global equity composites should exceed the total return of a weighted index consisting of the MSCI All Country World Index (non-hedged).

The goal of the equity portfolio shall be to achieve a total annualized real rate of return of at least 5% over the Consumer Price Index as measured over a market cycle.

### Allowable Options Program
An investment manager may purchase or sell both call and put options on common stock held in the System's portfolio and on stock indexes, subject to Board approval of guidelines submitted by each investment manager, which outline the procedures the manager will follow in hedging the System's portfolio.

## Alternative Asset Guidelines

### Eligible Holdings
The porfolio will be invested exclusively in Alternative Assets, as described in the "Permissible Investments" section.

### Diversification of Timberland
The diversification of the timberland held in the portfolio is the responsibility of the investment manager.

### Performance Objectives of Timberland
Primary emphasis is to be placed on relative rates of return. Over a cycle (usually 3-5 years), the following are the performance expectations for the portfolio:

The total return of the portfolio should rank above median performance in a universe of managed timberland portfolios.

The total return of the timberland composite should exceed the return of the NCREIF Southern Timberland Index.

The goal of the timberland portfolio shall be to acheive a total annualized real rate of return of at least 4% over the Consumer Price Index as measured over a market cycle.

### Diversification of Commodities
The diversification of the commodities held in the portfolio is the responsibility of the investment manager.

### Performance Objectives of Commodities
Primary emphasis is to be placed on relative rates of return. Over a market cycle (usually 3-5 years), the following are the performance expectations for the portfolio:

The total return of the portfolio should rank above median performance in a universe of managed commodities portfolios.

The total return of the commodities portfolio should exceed the return of the Dow Jones AIG Commodity Index.

The goal of the Commodities portfolio shall be to acheive a total annualized real rate of return of at least 5% over the Consumer Price Index as measured over a market cycle.

## Securities Lending Guidelines
The custodian may lend any eligible securities, such as U.S. and non-U.S. equities, corporate bonds and U.S. and non-U.S. government securities. The custodian shall have full discretion over the selection of borrowers and shall continually review credit worthiness of potential borrowers through adequate analysis of all material provided to them.

All loans shall be fully collateralized with cash, government securities or irrevocable bank letters of credit. Collateralization of such loans shall be 102% domestic/105% international of the market value of the loaned securities plus accrued income for U.S. and non-U.S. loans, respectively. Such collateralization procedures should be marked-to-market daily.

# Investment Results

## INVESTMENT RESULTS*

**Periods Ending June 30, 2006**

| | 1 Year | 3 Years | 5 Years | 10 Years |
|---|---|---|---|---|
| **Total Portfolio:** | | | | |
| LAGERS | 9.2 % | 12.6 % | 6.7 % | 8.9 % |
| LAGERS Custom Index | 9.6 % | 11.4 % | 5.6 % | 7.3 % |
| Actuarial Assumed Rate of Return | 7.5 % | 7.5 % | 7.5 % | 7.3 % |
| Median Public Fund | 10.0 % | 12.2 % | 7.0 % | 8.9 % |
| Consumer Price Index (CPI) | 4.3 % | 3.4 % | 2.7 % | 2.6 % |
| **Fixed Income Portfolio:** | | | | |
| LAGERS | (3.6) % | 2.8 % | 6.1 % | 6.9 % |
| Lehman Aggregate Index | (0.8) % | 2.1 % | 5.0 % | 6.2 % |
| **Domestic Stock Portfolio:** | | | | |
| LAGERS | 10.3 % | 15.5 % | 5.0 % | 9.7 % |
| Russell 3000 Index | 9.6 % | 12.6 % | 3.5 % | 8.5 % |
| Standard & Poor's 500 Index | 8.6 % | 11.2 % | 2.5 % | 8.3 % |
| **Global Stock Portfolio:** | | | | |
| LAGERS | 29.5 % | 24.9 % | 12.2 % | 9.3 % |
| MSCI's All Country Index | 18.6 % | 18.3 % | 6.9 % | 7.3 % |
| **Alternative Portfolio:** | | | | |
| LAGERS Timber Portfolio | (4.5) % | 3.3 % | 2.9 % | 6.1 % |
| NCREIF Timberland South Index | 10.2 % | 7.2 % | 3.6 % | 8.2 % |

* Investment results and other measures are calculated in accordance with CFA institute, GIPS and BAI standards. Monthly rates of return are dollar-weighted, based on fully accrued, trade-dated transactions and asset positions. Returns for periods longer than one month are time-weighted rates, calculated by linking the monthly dollar-weighted rates together.

# Largest Holdings

## Largest Bond Holdings (By Market Value)

June 30, 2006

| | Par | Bonds | Market Value |
|---|---|---|---|
| 1) | $ 265,007,000 | U.S. Treasury Bonds due 11-15-2027 - Rating AAA | $ 86,486,359 |
| 2) | 49,551,000 | U.S. Treasury Bonds 6.125% due 8-15-2029 - Rating AAA | 55,094,518 |
| 3) | 115,763,000 | U.S. Treasury Bonds due 11-15-2021 - Rating AAA | 51,123,603 |
| 4) | 23,990,000 | U.S. Treasury Bonds 5.25% due 11-15-2028 - Rating AAA | 23,877,535 |
| 5) | 19,128,000 | U.S. Treasury Notes 6.125% due 11-15-2027 - Rating AAA | 21,134,948 |
| 6) | 19,196,000 | U.S. Treasury Bonds 5.375% due 2-15-2031 - Rating AAA | 19,527,438 |
| 7) | 17,350,000 | U.S. Treasury Bonds 5.25% due 2-15-2029 - Rating AAA | 17,274,094 |
| 8) | 15,000,000 | U.S. Treasury Inflation Index Notes 2.00% due 1-15-2016 - Rating AAA | 14,538,422 |
| 9) | 11,200,000 | U.S. Treasury Bonds 6.25% due 5-15-2030 - Rating AAA | 12,685,747 |
| 10) | 31,737,000 | U.S. Treasury Bonds due 8-15-2025 - Rating AAA | 11,567,184 |

## Largest Stock Holdings (By Market Value)

June 30, 2006

| | Shares | Stock | Market Value |
|---|---|---|---|
| 1) | 525,517 | Exxon Mobil | $ 32,240,468 |
| 2) | 410,762 | Citigroup | 19,815,159 |
| 3) | 553,650 | Royal Bank Scotland | 18,206,778 |
| 4) | 621,219 | GlaxoSmithKline | 17,361,020 |
| 5) | 317,485 | Bank America | 15,271,029 |
| 6) | 327,500 | JP Morgan | 13,755,000 |
| 7) | 380,588 | Verizon | 12,745,892 |
| 8) | 234,140 | Novartis | 12,653,117 |
| 9) | 225,800 | Procter & Gamble | 12,554,480 |
| 10) | 578,795 | Nokia | 11,811,617 |

*Note: Space and cost restrictions make it impractical to print the entire investment portfolio in this report. However, a portfolio listing is available for review at the system's office.*

# Schedule of Advisors

## Investment Advisors

### Equity

Aronson & Johnson & Ortiz
Philadelphia, Pennsylvania

Brandywine Asset Management
Wilmington, Delaware

Dimensional Fund Advisors
Santa Monica, California

INTECH Investment Management
Palm Beach Gardens, Florida

Hansberger Global Investors
Fort Lauderdale, Florida

INVESCO Capital Management
Atlanta, Georgia

Panagora Asset Management
Boston, Massachusetts

Systematic Financial Management
Teaneck, New Jersey

Turner Investment Partners
Berwyn, Pennsylvania

Wells Capital Management
Menomonee Falls, Wisconsin

### Custodian

Northern Trust Company
Chicago, Illinois

### Fixed Income

Barclays Global Investors
San Francisco, California

Fidelity Management Trust Company
Boston, Massachusetts

Hoisington Investment Management
Austin, Texas

Pacific Investment Management Company
Newport Beach, California

### Alternative

Pacific Investment Management Company
Newport Beach, California

RMK Timberland Group
Atlanta, Georgia

### Custodian

Northern Trust Company
Chicago, Illinois

# Schedule of Advisor Fees

| Investment Advisors: | Fair Value of Assets at 6-30-06 | Fees Paid |
|---|---|---|
| Aronson+Johnson+Ortiz | $ 110,882,332 | $ - |
| Barclays Global Investors | 250,707,485 | 120,000 |
| Brandywine Global Investment | 300,879,888 | 1,125,619 |
| Chartwell Investment Partners | - | 133,372 |
| Dimensional Fund Advisors | 66,883,970 | 122,103 |
| Fidelity Management Trust Company | 209,878,963 | 139,709 |
| Hansberger Global Investors | 315,842,823 | 740,000 |
| Hoisington Investment Management | 298,998,849 | 422,640 |
| INTECH Investment Management | 179,010,698 | 88,454 |
| Invesco Global Asset | 319,908,630 | 600,000 |
| Northern Trust | 31,271,894 | 44,998 |
| Pacific Investment Management Company | 349,264,986 | 518,271 |
| PanAgora Asset Management | 161,693,488 | 8,632 |
| RMK Timberland Group | 172,012,836 | 991,340 |
| Rockwood Capital Advisors | - | 34,167 |
| Systematic Financial Management | 208,910,990 | 630,000 |
| Turner Investment Partners | 191,790,706 | 866,714 |
| Wells Capital Management | 278,886,109 | 650,000 |
| **Total** | $ 3,446,824,647 | $ 7,236,019 |

*Fees are netted against trust fund income.

| Other Investment Payments: | |
|---|---|
| Northern Trust Company, Custody | $ 360,563 |
| Internal investment expenses | 175,763 |
| **Total** | $ 536,326 |

| Other Expenses: | |
|---|---|
| Northern Trust Company, Securities Lending | $ 570,984 |

# Brokerage Schedules

### Schedule of Domestic Brokerage Commissions

| Broker Name | Shares | Commissions | Per Share |
|---|---|---|---|
| Goldman Sachs | 11,427,479 | $ 345,340 | $ .03 |
| Broadcort | 8,314,036 | 326,174 | .04 |
| *Investment Tech | 9,750,339 | 156,808 | .02 |
| Cap Institutional | 2,583,163 | 118,741 | .05 |
| Liquidnet | 5,326,350 | 109,494 | .02 |
| BNY Esi | 2,447,580 | 104,895 | .04 |
| Deutsche Bank | 5,144,173 | 99,338 | .02 |
| Cantor Fitzgerald | 2,722,430 | 73,519 | .03 |
| Jones & Assoc. | 2,378,615 | 70,987 | .03 |
| *Northern Trust | 1,378,605 | 66,555 | .05 |
| B Trade | 3,860,123 | 65,364 | .02 |
| Sanford Bernstein | 1,537,952 | 62,309 | .04 |
| *J. P. Morgan | 1,541,840 | 62,098 | .04 |
| Lehman Brothers | 1,378,370 | 56,481 | .04 |
| Jeffries & Co. | 2,146,533 | 55,628 | .03 |
| Morgan Stanley | 1,427,263 | 55,624 | .04 |
| UBS | 1,394,464 | 51,910 | .04 |
| Citigroup | 1,335,590 | 51,637 | .04 |
| *Bear Stearns | 1,181,630 | 49,378 | .04 |
| Veritas | 1,594,300 | 47,829 | .03 |
| Wachovia | 1,057,755 | 45,059 | .04 |
| Credit Suisse | 1,979,441 | 43,958 | .02 |
| Citation | 1,008,872 | 43,001 | .04 |
| *Merrill Lynch | 1,040,197 | 35,940 | .03 |
| Raymond James | 780,234 | 31,564 | .04 |
| Pacific Crest | 761,400 | 30,566 | .04 |
| Morgan Keegan | 708,730 | 28,479 | .04 |
| Pulse Trading | 1,368,064 | 26,996 | .02 |
| Rochdale | 893,225 | 26,797 | .03 |
| Banc America | 627,812 | 26,368 | .04 |
| Midwest Research | 566,745 | 25,765 | .05 |
| White Cap | 2,372,207 | 24,103 | .01 |
| Bridge Trading | 526,165 | 22,501 | .04 |
| McDonald | 481,660 | 21,951 | .05 |
| Autranet | 542,507 | 21,700 | .04 |
| Robert W Baird | 492,750 | 20,370 | .04 |
| All other brokerage firms ($20,000 or less) | 12,912,699 | 390,652 | .03 |
| Total | 96,991,298 | $ 2,895,883 | $ .03 |

* These firms have been selected by the Board of Trustees to participate in a commission recapture program. For the fiscal year ended June 30, 2006, the commission recapture program resulted in $584,086 being rebated directly to LAGERS.

**Schedule of International Brokerage Commissions**

| Broker Name | Shares | Dollar Volume | Commissions | Basis Points |
|---|---|---|---|---|
| Merrill Lynch | 7,058,464 | $ 81,732,809 | $ 134,040 | 16.4 |
| *Societe Generale | 1,191,660 | 27,540,734 | 54,241 | 19.7 |
| CSFB | 3,463,856 | 32,173,815 | 54,183 | 16.8 |
| Citigroup | 1,306,923 | 31,200,761 | 53,774 | 17.2 |
| Deutsche | 2,493,607 | 26,659,947 | 51,437 | 19.3 |
| Morgan Stanley | 1,646,432 | 34,113,576 | 50,959 | 14.9 |
| UBS | 809,567 | 24,623,145 | 46,482 | 18.9 |
| Goldman Sachs | 4,175,503 | 22,909,679 | 41,382 | 18.1 |
| Fuji | 3,348,860 | 27,797,328 | 39,721 | 14.3 |
| Alex Brown & Sons | 845,135 | 17,033,875 | 35,731 | 21.0 |
| Fox Pitt | 899,355 | 16,900,278 | 27,821 | 16.5 |
| Kleinwort | 2,183,650 | 17,432,994 | 23,627 | 13.6 |
| *HSBC | 1,405,800 | 12,903,667 | 21,766 | 16.9 |
| Banco | 666,544 | 10,547,377 | 21,108 | 20.0 |
| ABN Amro | 3,766,500 | 7,823,019 | 17,963 | 23.0 |
| Nomura | 1,330,630 | 10,068,112 | 15,796 | 15.7 |
| Union Bank | 1,065,095 | 9,648,659 | 13,932 | 14.4 |
| Enskilda | 278,253 | 6,153,057 | 12,311 | 20.0 |
| Daiwa | 267,250 | 7,723,163 | 11,534 | 14.9 |
| Salomon Brothers | 736,928 | 7,624,765 | 11,395 | 14.9 |
| Lehman Brothers | 372,287 | 6,754,280 | 10,923 | 16.2 |
| *J P Morgan | 5,214,500 | 6,820,477 | 10,774 | 15.8 |
| Credit Lyonnais | 907,800 | 5,164,825 | 10,685 | 20.7 |
| *Bear Stearns | 813,029 | 8,432,767 | 10,485 | 12.4 |
| All other brokerage firms ($10,000 or less) | 8,256,489 | 49,605,274 | 62,949 | 12.7 |
| Total | 54,504,117 | $ 509,388,383 | $ 845,019 | 16.6 |

# Actuary's Certification Letter

**GABRIEL, ROEDER, SMITH & COMPANY**
**CONSULTANTS & ACTUARIES**
One Towne Square • Suite 800 • Southfield, Michigan 48076 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

August 25 , 2006

The Board of Trustees
Missouri Local Government
Employees Retirement System
Jefferson City, Missouri 65102

The fundamental financial objective of LAGERS is to establish and receive contributions which:

- when expressed as percents of active member payroll, will remain approximately level from generation to generation of local citizens, and
- when combined with present assets and future investment return will be sufficient to meet the financial obligations of LAGERS to present and future retirees and beneficiaries.

To test how well the fundamental objective is being achieved, annual actuarial valuations are made. These valuations adjust employer contribution rates, up or down as the case may be, for differences in the past year between assumed financial experiences and actual financial experiences. In addition, these valuations determine the reserve strength of each employer group.

Using data as of February 28, 2006, separate actuarial valuations were made for 865 employer groups. The data was reviewed in the aggregate by the actuary for internal and year to year consistency and reasonableness prior to use in the actuarial valuation process. It was also summarized and tabulated in order to analyze trends. Summary information about the resulting new employer contribution rates is shown in the Comprehensive Annual Financial Report.

Assumptions concerning future experience are needed for computing employer contribution rates. As time passes and actual experience develops, assumed and actual experience is compared. From time to time one or more of the assumptions about the future are changed by the Board after consulting with the actuary. The last major changes were in economic assumptions, and these were first used in the 2001 valuations. Minor changes were made to the non-economic assumptions for use in the 2006 valuations, based on the 2000-2005 study of LAGERS experience. The assumptions comply with the requirements of Statement 25 of the Governmental Accounting Standards Board.

The current benefit structure is outlined in the actuarial section of the Comprehensive Annual Financial Report. We provided the information used in the supporting schedules in the actuarial section and the Schedule of Funding Progress in the financial section, as well as the employer contribution rates that were the basis for the annual required contributions shown in the Schedule of Employer Contributions in the financial section.

On the basis of the 2006 valuations, it is our opinion that LAGERS continues in sound condition in accordance with actuarial principles of level cost financing.

Respectfully submitted,

Mita D. Drazilov

Mita D. Drazilov, A.S.A

Judith A. Kermans

Judith A. Kermans, E.A.

# Summary of Actuarial Assumptions

1. The investment return rate used in making the valuations was 7.5% per year, compounded annually. This rate of return is not the assumed real rate of return. The real rate of return is the portion of total investment return which is more than the wage inflation rate. Considering wage inflation recognition of 4%, the 7.5% investment return rate translates to an assumed real rate of return of 3.5%. Adopted 2001.
2. The mortality table used to evaluate mortality among active members was the RP-2000 Combined Healthy Table. It was assumed that 50% of pre-retirement deaths would be duty related. Adopted 2006.
3. The mortality table used in evaluating allowances to be paid was the 1971 Group Annuity Mortality Table projected to 2000, set back 1 year for men and 7 years for women. The disability post-retirement rates were equal to the standard rates set forward 10 years. Adopted 2001.
4. The probabilities of withdrawal from service, together with individual pay increase assumptions, are shown in Schedule 1. Adopted 2006.
5. The probabilities of retirement with an age and service allowance are shown in Schedule 2. Adopted 2006.
6. Total active member payroll is assumed to increase 4% a year, which is the portion of the individual pay increase assumptions attributable to wage inflation. In effect, this assumes no change in the number of active members per employer. Adopted 1987.
7. An individual entry-age normal cost method of valuation was used in determining age and service allowance normal costs and the allocation of actuarial present values between service rendered before and after the valuation date. Actuarial gains and losses reduce or increase the unfunded liability and are amortized over the remaining amortization period. Adopted 1987.
8. Present assets (cash and investments at 2-28-06) are valued using smoothing techniques of market value over a five-year period. Funding value is not permitted to deviate from market value by more than 20%. Adopted 2003.
9. The data about persons now covered and about present assets were furnished by the system's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.
10. The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (M.A.A.A.).

**SCHEDULE 1**

**Withdrawal From Active Employment Before Age & Service Retirement and Individual Pay Increase Assumptions**

| Sample Ages | Years of Service | Percent of Active Members Separating Within Next Year: General Members – Men | General Members – Women | Police | Fire | Percent Increase In Individual's Pay During Next Year#* |
|---|---|---|---|---|---|---|
| All | 0 | 19.0% | 21.0% | 18.5% | 8.0% | |
| | 1 | 16.0 | 19.0 | 16.5 | 7.0 | |
| | 2 | 12.0 | 15.0 | 14.5 | 6.0 | |
| | 3 | 10.0 | 12.0 | 12.5 | 6.0 | |
| | 4 | 8.0 | 11.0 | 11.0 | 5.0 | |
| 25 | 5 & Over | 7.7 | 11.0 | 10.7 | 4.4 | 7.3% |
| 30 | | 6.8 | 9.6 | 9.0 | 3.8 | 6.5 |
| 35 | | 5.4 | 7.9 | 6.9 | 3.1 | 6.0 |
| 40 | | 4.2 | 6.6 | 5.5 | 2.5 | 5.5 |
| 45 | | 3.5 | 5.0 | 4.4 | 1.8 | 5.0 |
| 50 | | 3.0 | 4.3 | 3.5 | 1.0 | 4.6 |
| 55 | | 2.3 | 3.0 | 1.0 | 0.5 | 4.4 |
| 60 | | 1.2 | 1.4 | 0.0 | 0.0 | 4.3 |
| 65 | | 0.0 | 0.0 | 0.0 | 0.0 | 4.0 |

*Pay increase rates for fire employees differ slightly.

#Individual pay increase rates relate to all years of service.

# Summary of Actuarial Assumptions

continued

## SCHEDULE 2

### Percent of Eligible Active Members Retiring Within Next Year Without Rule of 80 Eligibility

| Retirement Ages | General Members Men | General Members Women | Retirement Ages | Police* | Fire* |
|---|---|---|---|---|---|
| 55 | 2% | 3% | 50 | 3% | 3% |
| 56 | 2 | 3 | 51 | 3 | 3 |
| 57 | 2 | 3 | 52 | 3 | 3 |
| 58 | 2 | 3 | 53 | 3 | 3 |
| 59 | 2 | 3 | 54 | 3 | 3 |
| 60 | 10 | 10 | 55 | 10 | 20 |
| 61 | 10 | 10 | 56 | 10 | 20 |
| 62 | 25 | 20 | 57 | 10 | 10 |
| 63 | 25 | 20 | 58 | 10 | 10 |
| 64 | 20 | 15 | 59 | 10 | 15 |
| 65 | 25 | 20 | 60 | 10 | 20 |
| 66 | 25 | 20 | 61 | 10 | 15 |
| 67 | 20 | 20 | 62 | 30 | 30 |
| 68 | 20 | 20 | 63 | 15 | 25 |
| 69 | 20 | 15 | 64 | 20 | 30 |
| 70 | 100 | 100 | 65 | 100 | 100 |

### Percent of Eligible Active Members Retiring Within Next Year With Rule of 80 Eligibility

| Retirement Ages | Men | Women | Police | Fire |
|---|---|---|---|---|
| 50 | 20% | 20% | 25% | 25% |
| 51 | 15 | 20 | 25 | 25 |
| 52 | 15 | 20 | 20 | 25 |
| 53 | 15 | 20 | 20 | 25 |
| 54 | 15 | 20 | 20 | 25 |
| 55 | 15 | 20 | 20 | 25 |
| 56 | 15 | 15 | 20 | 25 |
| 57 | 15 | 15 | 10 | 10 |
| 58 | 15 | 15 | 25 | 15 |
| 59 | 15 | 15 | 20 | 10 |
| 60 | 20 | 25 | 30 | 20 |
| 61 | 20 | 20 | 25 | 15 |
| 62 | 35 | 20 | 30 | 45 |
| 63 | 35 | 20 | 25 | 35 |
| 64 | 35 | 20 | 50 | 70 |
| 65 | 35 | 30 | 100 | 100 |
| 66 | 35 | 35 | | |
| 67 | 35 | 30 | | |
| 68 | 25 | 25 | | |
| 69 | 35 | 35 | | |
| 70 | 100 | 100 | | |

*First 5 years of retirement only apply to early retirement.

# Actuarial Valuation Data

## Participating Employers and Active Members

| Valuation Date | Number of Participating Employers | Number of Valuation Groups | Active Members Number | Active Members Annual Payroll | Active Members Average Pay | Active Members % Increase | Inflation Increase % (CPI) |
|---|---|---|---|---|---|---|---|
| 2-28-01 | 463 | 777 | 26,423 | $ 808,959,105 | $ 30,616 | 4.0% | 3.5% |
| 2-28-02 | 477 | 791 | 27,328 | 875,061,292 | 32,021 | 4.6 | 1.1 |
| 2-28-03 | 486 | 803 | 27,809 | 932,953,679 | 33,549 | 4.8 | 2.1 |
| 2-29-04 | 499 | 828 | 28,761 | 989,446,058 | 34,402 | 2.5 | 1.7 |
| 2-28-05 | 514 | 846 | 29,281 | 1,031,415,223 | 35,225 | 2.4 | 3.8 |
| 2-28-06 | 527 | 865 | 29,940 | 1,082,349,535 | 36,151 | 2.6 | 3.6 |

## Retirant and Beneficiary Data

| Year Ended | Added to Rolls No. | Added to Rolls Annual Allowances* | Removed from Rolls No. | Removed from Rolls Annual Allowances | Rolls End of Year No. | Rolls End of Year Annual Allowances | % Increase in Annual Allowances | Average Annual Allowances |
|---|---|---|---|---|---|---|---|---|
| 2-28-01 | 816 | $ 8,094,550 | 330 | $2,026,823 | 9,180 | $57,989,017 | 11.7% | $ 6,317 |
| 2-28-02 | 806 | 9,203,832 | 385 | 2,191,355 | 9,601 | 65,001,494 | 12.1 | 6,770 |
| 2-28-03 | 870 | 9,313,332 | 364 | 2,545,321 | 10,107 | 71,769,505 | 10.4 | 7,101 |
| 2-29-04 | 898 | 10,540,515 | 399 | 2,844,252 | 10,606 | 79,465,768 | 10.7 | 7,493 |
| 2-28-05 | 1,073 | 11,939,122 | 447 | 3,449,898 | 11,232 | 87,954,992 | 10.7 | 7,831 |
| 2-28-06 | 976 | 12,115,168 | 421 | 2,810,718 | 11,787 | 97,259,442 | 10.6 | 8,251 |

*Includes post-retirement adjustments.

Each employer participating in the system is financially responsible for its own liabilities. Accordingly, the aggregate numbers presented on this and the following page are indicative only of the overall condition of the system and are not indicative of the status of any one employer.

# Actuarial Valuation Data

continued

## Short Condition Test

The LAGERS funding objective is to meet long term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to the system are level in concept and soundly executed, the system will pay all promised benefits when due — the ultimate test of financial soundness. Testing for level contribution rates is the long-term test.

A short condition test is one means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with: (1) active member contributions on deposit; (2) the obligations for future benefits to present retired lives; (3) the obligations for service already rendered by active members. In a system that has been following the discipline of level percent of payroll financing, the obligations for active member contributions on deposit (obligation 1) and the obligations for future benefits to present retired lives (obligation 2) will be fully covered by present assets (except in rare circumstances). In addition, the obligations for service already rendered by active members (obligation 3) will be at least partially covered by the remainder of present assets. Generally, if the system has been using level cost financing, the funded portion of obligation 3 will increase over time.

The schedule below illustrates the history of obligation 3 of the system and is indicative of the LAGERS policy of following the discipline of level percent of payroll financing.

| | Entry Age Accrued Liability For | | | | Portion of Accrued Liability Covered by Assets | | |
|---|---|---|---|---|---|---|---|
| Valuation Date | (1) Active Member Contributions | (2) Retirants and Beneficiaries* | (3) Active Members (Employer Financed Portion) | Actuarial Value of Assets | (1) | (2) | (3) |
| 2-28-01 | $ 59,548,771 | $ 916,644,950 | $ 1,326,622,909 | $ 2,395,912,598 | 100% | 100% | 107% |
| 2-28-02 | 62,603,672 | 1,010,156,078 | 1,540,327,987 | 2,623,610,917 | 100 | 100 | 101 |
| 2-28-03 | 66,742,613 | 926,249,428 | 1,707,206,578 | 2,603,872,640 | 100 | 100 | 94 |
| 2-29-04 | 70,562,031 | 1,026,668,962 | 1,831,940,786 | 2,808,907,263 | 100 | 100 | 93 |
| 2-28-05 | 72,252,574 | 1,098,286,478 | 1,968,721,191 | 2,984,489,211 | 100 | 100 | 92 |
| 2-28-06 | 75,835,009 | 1,199,273,243 | 2,108,044,685 | 3,224,173,714 | 100 | 100 | 92 |

*Includes reserve for future benefit increases.

## Employer Contribution Rate Changes

Annual actuarial valuations are conducted by the system to determine employer contribution rates for the ensuing fiscal year of the employer. As of February 28, 2006, there were 865 separate contribution rates determined for the 527 participating political subdivisions in the system. Of these new employer contribution rates, 198 were increases over the previous year and 640 were decreases from the previous year's rate. A six year comparative schedule of contribution rate adjustments is shown below:

| Valuation Date | Decreases | Increases | Unchanged | Total* |
|---|---|---|---|---|
| 2-28-01 | 605 | 75 | 97 | 777 |
| 2-28-02 | 326 | 308 | 157 | 791 |
| 2-28-03 | 202 | 462 | 139 | 803 |
| 2-29-04 | 314 | 378 | 136 | 828 |
| 2-28-05 | 300 | 418 | 128 | 846 |
| 2-28-06 | 640 | 198 | 27 | 865 |

* There are twenty-five groups presently without active members for which dollar contribution rates were computed. They are not included in the totals.

# Employer Contribution Rates

## Life Benefit Programs

| | Number of Valuation Groups | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Contributory Groups | | | | Non-Contributory Groups | | | | |
| | Under 2.00% | 2.00-4.99% | 5.00-7.99% | Over 8.00% | Under 4.00% | 4.00-6.99% | 7.00-9.99% | Over 10.00% | Totals* |
| **Benefit Program L-1** | | | | | | | | | |
| General | 14 | 19 | 19 | 11 | 13 | 11 | 17 | 15 | 119 |
| Police | 6 | 8 | 9 | 2 | 12 | 8 | 4 | 5 | 54 |
| Fire | 0 | 0 | 0 | 2 | 3 | 0 | 0 | 1 | 6 |
| Total: | 20 | 27 | 28 | 15 | 28 | 19 | 21 | 21 | 179 |
| **Benefit Program L-3** | | | | | | | | | |
| General | 8 | 7 | 16 | 11 | 13 | 8 | 11 | 14 | 88 |
| Police | 4 | 6 | 6 | 1 | 8 | 3 | 3 | 7 | 38 |
| Fire | 0 | 1 | 2 | 1 | 0 | 1 | 0 | 2 | 7 |
| Total: | 12 | 14 | 24 | 13 | 21 | 12 | 14 | 23 | 133 |
| **Benefit Program L-6** | | | | | | | | | |
| General | 2 | 3 | 5 | 11 | 1 | 0 | 4 | 37 | 63 |
| Police | 4 | 2 | 4 | 4 | 2 | 1 | 0 | 19 | 36 |
| Fire | 1 | 0 | 0 | 1 | 1 | 0 | 0 | 6 | 9 |
| Total: | 7 | 5 | 9 | 16 | 4 | 1 | 4 | 62 | 108 |
| **Benefit Program L-7** | | | | | | | | | |
| General | 6 | 9 | 13 | 11 | 7 | 23 | 30 | 37 | 136 |
| Police | 8 | 4 | 2 | 3 | 11 | 14 | 17 | 11 | 70 |
| Fire | 0 | 0 | 0 | 1 | 3 | 3 | 3 | 3 | 13 |
| Total: | 14 | 13 | 15 | 15 | 21 | 40 | 50 | 51 | 219 |
| **Benefit Program L-9** | | | | | | | | | |
| General | 3 | 4 | 2 | 2 | 3 | 2 | 6 | 13 | 35 |
| Police | 2 | 1 | 0 | 0 | 2 | 3 | 5 | 6 | 19 |
| Fire | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 3 |
| Total: | 5 | 5 | 2 | 2 | 6 | 5 | 12 | 20 | 57 |
| **Benefit Program L-11** | | | | | | | | | |
| General | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Police | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Total: | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 2 |
| **Benefit Program L-12** | | | | | | | | | |
| General | 0 | 1 | 0 | 1 | 0 | 0 | 1 | 3 | 6 |
| Police | 1 | 0 | 1 | 0 | 1 | 1 | 0 | 1 | 5 |
| Fire | 0 | 0 | 0 | 1 | 1 | 0 | 0 | 0 | 2 |
| Total: | 1 | 1 | 1 | 2 | 2 | 1 | 1 | 4 | 13 |
| Totals* | 59 | 65 | 79 | 63 | 82 | 78 | 102 | 183 | 711 |

* There are twenty-five groups presently without active members for which dollar contribution rates were computed. They are not included in the totals.

# Employer Contribution Rates

continued

## Life and Temporary Benefit Programs

| | Number of Valuation Groups | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Contributory Groups | | | | Non-Contributory Groups | | | | |
| | Under 2.00% | 2.00-4.99% | 5.00-7.99% | Over 8.00% | Under 4.00% | 4.00-6.99% | 7.00-9.99% | Over 10.00% | Totals* |
| **Benefit Program LT-4(65)** | | | | | | | | | |
| General | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 1 | 2 |
| Police | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total: | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 2 | 3 |
| **Benefit Program LT-5(62)** | | | | | | | | | |
| General | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 1 | 4 |
| Police | 0 | 0 | 0 | 0 | 1 | 1 | 0 | 1 | 3 |
| Fire | 0 | 0 | 0 | 0 | 0 | 1 | 0 | 0 | 1 |
| Total: | 0 | 0 | 0 | 0 | 1 | 3 | 2 | 2 | 8 |
| **Benefit Program LT-5(65)** | | | | | | | | | |
| General | 1 | 1 | 0 | 0 | 1 | 4 | 1 | 1 | 9 |
| Police | 0 | 0 | 1 | 1 | 3 | 0 | 2 | 0 | 7 |
| Fire | 0 | 0 | 0 | 2 | 2 | 0 | 0 | 2 | 6 |
| Total: | 1 | 1 | 1 | 3 | 6 | 4 | 3 | 3 | 22 |
| **Benefit Program LT-8(62)** | | | | | | | | | |
| General | 1 | 1 | 1 | 0 | 0 | 2 | 0 | 2 | 7 |
| Police | 2 | 0 | 0 | 0 | 0 | 1 | 0 | 1 | 4 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | 3 |
| Total: | 3 | 1 | 1 | 0 | 0 | 3 | 1 | 5 | 14 |
| **Benefit Program LT-8(65)** | | | | | | | | | |
| General | 0 | 3 | 0 | 3 | 0 | 2 | 13 | 17 | 38 |
| Police | 0 | 1 | 1 | 0 | 1 | 5 | 6 | 9 | 23 |
| Fire | 0 | 0 | 0 | 0 | 1 | 1 | 3 | 6 | 11 |
| Total: | 0 | 4 | 1 | 3 | 2 | 8 | 22 | 32 | 72 |
| **Benefit Program LT-10(65)** | | | | | | | | | |
| General | 0 | 0 | 1 | 2 | 1 | 1 | 1 | 9 | 15 |
| Police | 0 | 0 | 1 | 0 | 2 | 0 | 0 | 4 | 7 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3 | 3 |
| Total: | 0 | 0 | 2 | 2 | 3 | 1 | 1 | 16 | 25 |
| **Benefit Program LT-14(65)** | | | | | | | | | |
| General | 0 | 0 | 0 | 1 | 0 | 0 | 3 | 2 | 6 |
| Police | 0 | 1 | 0 | 0 | 1 | 0 | 0 | 1 | 3 |
| Fire | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 |
| Total: | 0 | 1 | 0 | 1 | 1 | 0 | 3 | 4 | 10 |
| Totals* | 4 | 7 | 5 | 10 | 13 | 19 | 32 | 64 | 154 |

* There are twenty-five groups presently without active members for which dollar contribution rates were computed. They are not included in the totals.

# Summary of Plan Provisions

## PURPOSE

The Missouri Local Government Employees Retirement System (LAGERS) is a body corporate created and governed by the State of Missouri to provide retirement, survivors and disability benefits to the state's local government employees in the most efficient and economical manner possible. As such, LAGERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the General Assembly and bears a fiduciary obligation to the State of Missouri, the taxpayers and the public employees who are its beneficiaries.

This summary of LAGERS plan provisions is included for informational purposes only. System eligibility requirements and benefits provisions are determined pursuant to Chapter 70, RSMo. and LAGERS Administrative Rules, 16 CSR 20. Accordingly, members, retirees, beneficiaries, and participating political subdivisions are urged to contact LAGERS before making any decisions related to matters included in the following summary.

## ADMINISTRATION

The statutes provide that the administration of LAGERS be vested in a seven member Board of Trustees. Three of these trustees are "Member Trustees" who must be participating members of the system. Three members of the Board are "Employer Trustees" who must be members of the governing body of a member subdivision, but who do not personally participate in LAGERS. The statutes which govern LAGERS require that an Annual Meeting be held in the last calendar quarter of each year. Each participating political subdivision is to conduct a secret ballot election allowing each member in that subdivision to vote to elect a "member" delegate to the Annual Meeting. The governing body may then select one of their own, or another person acting in their behalf, to serve as "employer" delegate for the subdivision. All Member and Employer Trustees are elected by their respective delegates at the LAGERS Annual Meeting. The remaining Board member is a "Citizen Trustee" appointed by the governor, who can be neither a member nor employer. A complete listing of the current Board of Trustees is included on page 9.

The management of LAGERS is vested in an Executive Secretary who is appointed by the Board and serves at their pleasure. The Executive Secretary acts as advisor to the Board on all matters pertaining to the system and, with the approval of the Board, contracts for professional services and employs the remaining staff needed to operate the system. A listing of the LAGERS staff and advisors is included on page 3.

## NORMAL RETIREMENT

A member may retire with an age and service allowance after completing: 1.) at least 5 years of credited service, and 2.) attaining his minimum service retirement age. This minimum service retirement age is 60 for general members and 55 for law enforcement or fire personnel.

A participating LAGERS subdivision may, by a majority vote of the governing body, select an alternate unreduced retirement for employees whose age and service total 80 or more. This provision also requires 5 years of credited service.

## FINAL AVERAGE SALARY

Final average salary is the average of a member's monthly pay during the period of 60 consecutive months of credited service producing the highest monthly average, which is contained within the 120 consecutive months of credited service immediately preceding retirement. For most members, this is the last 5 years of employment.

A participating LAGERS subdivision may, by majority vote of the governing body, elect to have their future retirants' benefits calculated using a 36 month final average salary period.

## CREDITED SERVICE

Credited service is a combination of the prior service a member accrued prior to his employer joining LAGERS and the membership service he accrues after that date. Because LAGERS is a state-wide retirement system with hundreds of member subdivisions, credited service can be a combination of service with several employers.

## AGE AND SERVICE ALLOWANCE

This is the normal retirement benefit and is payable monthly for the lifetime of a member. It equals a specified percent of a member's final average salary multiplied by his number of years of credited service. Each employer elects the percent applicable to his members from ten available programs: L-1 (1% for life); L-3 (1.25% for life); LT-4(65) (1% for life, 1% to age 65); LT-5(65) (1.25% for life, .75% to age 65); L-6 (2% for life); L-7 (1.5% for life); LT-8(65) (1.5% for life, .5% to age 65); L-12 (1.75% for life); LT-14(65) (1.75% for life, .25% to age 65); and L-11 (2.5% for life – non-OASDI coverage only). All LT programs denoted LT(62) extend temporary benefits to age 62, rather than age 65. These benefit programs can be changed by majority vote of the subdivision's governing body, but not more often than biennially.

# Summary of Plan Provisions

continued

**EARLY RETIREMENT**

A member in service may retire with an early retirement benefit after completing: 1.) at least 5 years of credited service, and 2.) attaining age 55 if a general member or age 50 for a law enforcement or fire member. The early retirement benefit is computed in the same manner as an age and service allowance but reduced by ½ of 1% for each month the retirant is younger than his minimum service retirement age.

**DEFERRED RETIREMENT**

If a member leaves LAGERS covered employment before attaining his early retirement age, but after completing 5 or more years of service, he becomes eligible for a deferred allowance; provided he lives to his early retirement age and does not withdraw his accumulated contributions, if applicable. Deferred members with less than 10 years of credited service and greater than 10 years until their minimum service retirement age may be eligible for a lump-sum payment. Any deferred benefit paid prior to the member attaining his minimum service retirement age will be reduced ½ of 1% for each month the retirant is younger than his minimum service retirement age.

**NON-DUTY DISABILITY BENEFIT**

A member with 5 or more years of credited service who becomes totally and permanently disabled from performing his job from other than duty connected causes is eligible for a non-duty disability benefit computed in the same manner as an age and service allowance, based upon his service and salary to time of disability.

**DUTY DISABILITY BENEFIT**

A member who becomes totally and permanently disabled from performing his job from a duty related injury or disease is eligible for a duty disability benefit computed in the same manner as an age and service allowance, but based upon the years of service the member would have completed had he continued in LAGERS covered employment to age 60. Continuing medical examinations are required to confirm the disability once per year for the first 5 years and once every 3 years thereafter until reaching the minimum service retirement age.

**SURVIVORS BENEFIT, NON-DUTY DEATH**

Upon the death of a member who had completed at least 5 years of credited service, his eligible surviving dependents receive the following benefits: 1.) the surviving spouse receives an allowance equal to the Option A allowance (joint and 75% survivor benefits) computed upon the deceased member's service and salary to time of death. If no spouse benefit is payable, the dependent children under age 18 (23 if they are full-time students) each receive an equal share of 60% of an age and service allowance computed upon the deceased member's service and salary to time of death.

**SURVIVORS BENEFIT, DUTY DEATH**

If a member's death was the natural and proximate result of a personal injury or disease arising out of and in the course of his actual performance of duty as an employee, the spouse is eligible for a duty death benefit computed in the same manner as an age and service allowance, but based upon the years of service the member would have completed had he continued in LAGERS covered employment to age 60. The surviving spouse receives an allowance equal to the Option A allowance (joint and 75% survivor benefits). If no spouse benefit is payable, the dependent children under age 18 (23 if they are full-time students) each receive an equal share of 60% of the life allowance computed for the deceased.

**POST RETIREMENT ADJUSTMENT**

All retired members are eligible for an annual post retirement adjustment beginning the October first twelve months after the effective date of their allowance. The adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year. The Board of Trustees determines annually the amount of the post retirement adjustment subject to the 4% maximum or the increase in the Consumer Price Index.

**OPTIONAL FORMS OF PAYMENT**

When a LAGERS member makes application for retirement, his benefits are calculated in several optional forms and he selects the one that best fits his retirement needs. This election of an optional form of payment is made immediately prior to the receipt of the first benefit check and once the election is made, it is irrevocable. The options are as follows:

LIFE OPTION: This is the largest payment available to a retirant. Upon the death of the retirant monthly payments cease. If the member has not withdrawn at least his accumulated contributions before death, a refund of the balance of his account is made to his beneficiary of record.

OPTION A: This is a continuing spouse option which allows the retirant to receive less (85% if spouse age is the same) of the Life Option with the provision that the surviving spouse will receive 75% of the member's benefit for the remainder of his or her lifetime.

OPTION B: This option is also a continuing spouse option similar to Option A except the percentages are slightly changed. Under Option B, the retirant would receive a higher benefit (90% of the Life Option if spouse is the same age) with the surviving spouse receiving 50% of the member's benefit for the remainder of his or her lifetime.

OPTION C: The final of the four options is referred to as a "ten-year certain" option. As with the other options, the benefit (95% of the Life Option) is payable for the lifetime of the member but with an added provision that the system will make at least 120 monthly payments. If the employee lives over 10 years after retirement, monthly payments will cease upon his death.

PARTIAL LUMP SUM FEATURE (PLUS): This feature provides the option to elect a partial lump sum distribution of the monthly retirement benefit, coupled with a reduced future monthly benefit. The lump sum distribution would be equal to 24 monthly payments of the life allowance amount (does not include any temporary allowance payable under a Life and Temporary plan) at time of retirement. The lump sum payment would result in a reduction (approximately 16 percent) of the retiree's future monthly benefit adjusted for age. All the current options (Life, Option A, Option B and Option C) still apply and may be elected with or without the partial lump sum feature.

**MEMBER CONTRIBUTIONS**

Political subdivisions may participate in LAGERS under either a contributory or non-contributory plan. If the subdivision participates under the contributory plan, each member contributes 4% of his gross salary, beginning after he has completed sufficient employment for 6 months of credited service. If a member leaves LAGERS covered employment before an allowance is payable upon his behalf, his accumulated contributions are refunded to him. If he dies prior to accruing 5 or more years of credited service, his accumulated contributions are refunded to his designated beneficiary(s) unless a duty-related death benefit is payable. If the subdivision participates under the non-contributory plan, the employing political subdivision pays the entire cost, while the members make no contributions.

Local governments participating in LAGERS are permitted, if the governing body elects, to grant refunds of members' contributions after two years of participation in the system under the non-contributory option. The cost of this option would be borne by the governmental unit.

**EMPLOYER CONTRIBUTIONS**

The statutes require each employer to contribute the remaining amounts above that contributed by their members to finance the benefits that political subdivision has promised their employees through their participation in LAGERS. These employer contributions are determined annually by the system's retained actuary and are based upon level-percent-of-payroll funding principles so that the contribution rates do not have to increase over decades of time. A chart showing the employer contribution rates for all LAGERS employers is included on pages 37-38 of this report.

**LEAVE OF ABSENCE**

In the event a member is given a leave of absence by his LAGERS employer for the purpose of continuing education, this leave is considered as credited service provided the leave is certified in writing to the system and does not exceed two years.

For a member who enters the U.S. Armed Forces during a period of compulsory military service, the service actually required can be counted as service credit provided the individual again becomes a member of the system within one year after receiving an honorable discharge. During all leaves, the member's account is credited with the regular rate of interest where applicable.

In the event a member becomes totally, but not permanently disabled from performing his job because of a job-related injury and begins receiving worker's compensation, the member will also receive credited service toward the LAGERS benefit while so disabled.

**REDEPOSITS**

When a member chooses to take a refund of the accumulated contributions, the member forfeits the credited service standing to his account with the system for which the member was required to make contributions. If the member is reemployed in a position covered by the system within ten years from the time membership last terminated, the member has the option to repay to the system the amount refunded, plus any regular interest thereon, and reinstate the service previously forfeited.

# Change in Net Assets

| | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| **Additions:** | | | | | |
| Member contriburtions | $ 7,189,700 | $ 8,298,846 | $ 7,786,865 | $ 7,265,502 | $ 6,584,052 |
| Employee contributions | 115,550,424 | 104,282,742 | 94,205,597 | 84,574,502 | 85,712,344 |
| Net investment income | 223,849,051 | 342,286,798 | 395,664,373 | 39,384,943 | (122,127,213) |
| Total additions to plan net assets | $396,589,175 | $454,868,386 | $497,656,835 | $131,224,947 | $(29,830,817) |
| **Deductions:** | | | | | |
| Benefits | $111,023,777 | $100,540,484 | $ 87,054,856 | $ 73,193,238 | $ 65,506,362 |
| Refunds | 2,289,098 | 3,967,389 | 3,361,153 | 2,186,992 | 1,730,345 |
| Administrative expenses | 2,759,577 | 2,466,270 | 2,750,653 | 2,176,278 | 1,936,418 |
| Total deductions from plan net assets | $116,072,452 | $106,974,143 | $ 93,166,662 | $ 77,556,508 | $ 69,173,125 |
| **Change in net assets** | $280,516,723 | $347,894,243 | $404,490,173 | $ 53,668,439 | $(99,003,942) |

| | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|
| **Additions:** | | | | | |
| Member contributions | $ 5,586,937 | $ 5,700,921 | $ 5,360,440 | $ 5,000,924 | $ 4,727,745 |
| Employee contributions | 82,716,566 | 78,070,076 | 76,488,624 | 85,069,153 | 60,032,669 |
| Net investment income | (117,944,880) | 335,913,087 | 209,219,790 | 293,840,936 | 242,932,530 |
| Total additions to plan net assets | $(29,641,377) | $419,684,084 | $291,068,854 | $383,911,013 | $307,692,944 |
| **Deductions:** | | | | | |
| Benefits | $ 59,301,632 | $ 56,708,986 | $ 47,357,928 | 41,429,429 | $ 37,142,864 |
| Refunds | 2,318,561 | 2,785,828 | 3,187,642 | 4,174,861 | 4,848,467 |
| Administrative expenses | 1,700,087 | 1,565,544 | 1,598,870 | 1,599,502 | 1,509,482 |
| Total deductions from plan net assets | $ 63,320,280 | $ 61,060,358 | $ 52,144,440 | $ 47,203,792 | $ 43,500,813 |
| **Change in net assets** | $(92,961,657) | $358,623,726 | $238,924,414 | $336,707,221 | $264,192,131 |

# Interest Credits to Reserve Accounts

A retirement system acquires and invests assets as the result of following the financial objective of level contribution rates. The Board of Trustees of LAGERS has the responsibility for seeing that the assets are invested effectively and within the limits imposed by law. The Board retains professional money managers to assist in the investment process and reviews their activities throughout the year. The Board retains other professional firms to provide measurements of investment performance and their reports are also reviewed regularly.

The investment process continues to be volatile because of major disturbances in the economic environment.

Following is a table showing investment credits to the various reserves of the system for the last 10 years.

**Rates of Investment Return Allocated to LAGERS Reserve Accounts**

**Investment Credits as a Percent of Fund Balance**

| Year Ended June 30 | Casualty Reserve | Benefit Reserve | Member Reserve | Employer Reserve | Inflation Percent (CPI) |
|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | |
| 2006 | 7.5 % | 15.3 % | 4.0 % | 15.9 % | 4.3 % |
| 2005 | 7.5 | 7.5 | 4.0 | 7.7 | 2.5 |
| 2004 | 7.5 | 11.4 | 4.0 | 11.8 | 3.2 |
| 2003 | 7.5 | (5.4) | 4.0 | (5.9) | 2.1 |
| 2002 | 7.5 | (15.6) | 4.0 | 0.0 | 1.1 |
| 2001 | 7.0 | 3.1 | 4.0 | 5.8 | 3.3 |
| 2000 | 7.0 | 14.4 | 4.0 | 30.5 | 3.7 |
| 1999 | 7.0 | 5.6 | 4.0 | 15.6 | 2.0 |
| 1998 | 7.0 | 17.0 | 4.0 | 18.0 | 1.7 |
| 1997 | 7.0 | 11.4 | 4.0 | 12.0 | 2.3 |

(A) Casualty Reserve assets are for the non-accrued service portion of disability benefits to future retired lives. The investment percent is the rate set for actuarial purposes.

(B) Benefit Reserve assets are for benefits to present retired lives. The investment credit is the remainder of net investment return after crediting the Casualty Reserve assets. This revised allocation of investment credits is intended to provide the resources for additional benefit increases after retirement.

(C) Member Deposit assets are the contributions of present members. The investment percent, set by the Board, affects amounts payable to members who request a refund. The percent does not affect the monthly benefit of a retiring member.

(D) Employer Reserve assets are for benefits to future retired lives including the accrued service portion of disability benefits. The investment credit is the remainder of the net investment return after crediting the Casualty Reserve assets, followed by a further adjustment for the investment credit to the Member Deposit assets. The Employer Reserve is responsible for covering liability increases resulting from inflation losses. The percentages shown include net realized capital gains on sale of investments.

# Retired Member Data

| Amount of Monthly Benefit | Employee Classification | | | *Type of Retirement | | | | | | | | *Option Selected | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | General | Police | Fire | #40 | #60 | #71 | #72 | #73 | #81 | #82 | #83 | Life | Opt. A | Opt. B | Opt. C |
| DEFERRED | 767 | 150 | 26 | 943 | | | | | | | | | | | |
| $ 1 - $ 100 | 907 | 208 | 35 | | 108 | 21 | 21 | 21 | 476 | 345 | 158 | 539 | 359 | 99 | 153 |
| $ 101 - $ 200 | 1,609 | 301 | 21 | | 136 | 12 | 63 | 35 | 945 | 528 | 212 | 966 | 553 | 147 | 265 |
| $ 201 - $ 300 | 1,251 | 212 | 31 | | 97 | 16 | 67 | 42 | 851 | 275 | 146 | 774 | 408 | 138 | 174 |
| $ 301 - $ 400 | 900 | 197 | 28 | | 68 | 24 | 45 | 28 | 638 | 209 | 113 | 582 | 292 | 146 | 105 |
| $ 401 - $ 500 | 756 | 135 | 40 | | 51 | 25 | 42 | 17 | 540 | 167 | 89 | 488 | 233 | 100 | 110 |
| $ 501 - $ 600 | 608 | 107 | 27 | | 29 | 18 | 40 | 11 | 479 | 110 | 55 | 403 | 165 | 88 | 86 |
| $ 601 - $ 700 | 522 | 91 | 36 | | 25 | 19 | 31 | 6 | 440 | 83 | 45 | 331 | 164 | 74 | 80 |
| $ 701 - $ 800 | 403 | 57 | 31 | | 19 | 33 | 27 | 10 | 314 | 69 | 19 | 260 | 111 | 74 | 46 |
| $ 801 - $ 900 | 358 | 46 | 33 | | 12 | 34 | 21 | 2 | 291 | 49 | 28 | 230 | 102 | 63 | 42 |
| $ 901 - $ 1000 | 304 | 48 | 31 | | 8 | 37 | 17 | 5 | 241 | 52 | 23 | 192 | 94 | 65 | 32 |
| $1001 - $ 1100 | 248 | 36 | 22 | | 8 | 20 | 15 | 1 | 214 | 38 | 10 | 159 | 77 | 40 | 30 |
| $1101 - $ 1200 | 211 | 26 | 31 | | 2 | 26 | 13 | 0 | 189 | 28 | 10 | 122 | 67 | 57 | 22 |
| $1201 - $ 1300 | 198 | 32 | 20 | | 3 | 20 | 4 | 1 | 182 | 29 | 11 | 121 | 53 | 54 | 22 |
| $1301 - $ 1400 | 165 | 33 | 21 | | 7 | 13 | 7 | 0 | 156 | 28 | 8 | 110 | 53 | 39 | 17 |
| $1401 - $ 1500 | 138 | 39 | 16 | | 3 | 15 | 9 | 0 | 143 | 16 | 7 | 92 | 54 | 36 | 11 |
| $1501 - $ 1600 | 122 | 22 | 22 | | 1 | 17 | 3 | 1 | 120 | 18 | 6 | 74 | 44 | 32 | 16 |
| $1601 - $ 1700 | 128 | 22 | 20 | | 2 | 16 | 6 | 0 | 123 | 18 | 5 | 78 | 47 | 37 | 8 |
| $1701 - $ 1800 | 94 | 15 | 24 | | 2 | 7 | 5 | 1 | 100 | 17 | 1 | 62 | 31 | 26 | 14 |
| $1801 - $ 1900 | 82 | 17 | 12 | | 0 | 8 | 1 | 0 | 90 | 11 | 1 | 55 | 21 | 25 | 10 |
| $1901 - $ 2000 | 58 | 13 | 3 | | 0 | 4 | 1 | 0 | 60 | 7 | 2 | 32 | 16 | 21 | 5 |
| OVER $ 2000 | 560 | 110 | 101 | | 5 | 38 | 6 | 2 | 647 | 68 | 5 | 376 | 175 | 157 | 63 |
| **SUBTOTALS** | 10,389 | 1,917 | 631 | 943 | 586 | 423 | 444 | 183 | 7,239 | 2,165 | 954 | 6,046 | 3,119 | 1,518 | 1,311 |
| **TOTALS** | 12,937 | | | 12,937 | | | | | | | | 11,994 | | | |

*See Summary of Plan Provisions for description of retirement and benefit options.

#40—Deferred Retirement

#60—Deceased & Monthly Benefit Payable

#71—Duty Disability Retirement

#72—Non-Duty Disability Retirement

#73—Survivor Payment-Disability Retirement

#81—Normal Retirement

#82—Early Retirement

#83—Survivor Payment-Normal Retirement

# Benefit Expenses by Type

| Benefit Expenses by Type: | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---|---|---|---|---|
| Normal benefits | $106,002,170 | $ 93,500,004 | $ 82,837,171 | $ 69,461,738 | $ 62,209,449 |
| Survivor benefits | 5,021,607 | 7,040,480 | 4,217,685 | 3,731,500 | 3,296,913 |
| Total benefits | $111,023,777 | $100,540,484 | $ 87,054,856 | $ 73,193,238 | $ 65,506,362 |
| Total refunds | $ 2,289,098 | $ 3,967,389 | $ 3,361,153 | $ 2,186,992 | $ 1,730,345 |

| Benefit Expenses by Type: | 2001 | 2000 | 1999 | 1998 | 1997 |
|---|---|---|---|---|---|
| Normal benefits | $ 56,363,449 | $ 54,135,063 | $ 45,063,218 | $ 39,409,695 | $ 35,329,424 |
| Survivor benefits | 2,983,183 | 2,573,923 | 2,294,710 | 2,019,734 | 1,813,440 |
| Total benefits | $ 59,346,632 | $ 56,708,986 | $ 47,357,928 | $ 41,429,429 | $ 37,142,864 |
| Total refunds | $ 2,318,561 | $ 2,785,828 | $ 3,187,642 | $ 4,174,861 | $ 4,848,467 |

# Average Monthly Benefit Payments

| RETIREMENT EFFECTIVE DATES | | YEARS OF CREDITED SERVICE BY CATEGORY | | | | |
|---|---|---|---|---|---|---|
| **For Fiscal Years Ended June 30:** | **5-10** | **10-15** | **15-20** | **20-25** | **25-30** | **30 +** |
| **2006** Average Monthly Benefit | $ 244 | $ 517 | $ 797 | $ 1,121 | $ 1,857 | $ 2,078 |
| Average Final Average Salary | 2,534 | 2,787 | 3,170 | 3,386 | 4,277 | 4,062 |
| Number of Active Retirants | 300 | 114 | 112 | 123 | 111 | 105 |
| **2005** Average Monthly Benefit | $ 198 | $ 465 | $ 755 | $ 1,012 | $ 1,677 | $ 2,137 |
| Average Final Average Salary | 2,422 | 2,693 | 2,963 | 3,118 | 4,094 | 4,115 |
| Number of Active Retirants | 315 | 155 | 124 | 113 | 105 | 90 |
| **2004** Average Monthly Benefit | $ 217 | $ 453 | $ 703 | $ 1,222 | $ 1,699 | $ 2,466 |
| Average Final Average Salary | 2,219 | 2,494 | 2,852 | 3,496 | 3,890 | 4,224 |
| Number of Active Retirants | 303 | 124 | 103 | 91 | 108 | 97 |
| **2003** Average Monthly Benefit | $ 217 | $ 504 | $ 804 | $ 1,281 | $ 1,787 | $ 2,205 |
| Average Final Average Salary | 2,536 | 2,375 | 2,771 | 3,220 | 3,594 | 3,600 |
| Number of Active Retirants | 253 | 120 | 109 | 111 | 84 | 104 |
| **2002** Average Monthly Benefit | $ 257 | $ 472 | $ 697 | $ 1,140 | $ 1,701 | $ 2,238 |
| Average Final Average Salary | 2,092 | 2,376 | 2,432 | 2,934 | 3,512 | 3,723 |
| Number of Active Retirants | 207 | 125 | 104 | 118 | 76 | 93 |
| **2001** Average Monthly Benefit | $ 301 | $ 463 | $ 711 | $ 956 | $ 1,413 | $ 1,796 |
| Average Final Average Salary | 2,171 | 2,249 | 2,478 | 2,727 | 3,079 | 3,103 |
| Number of Active Retirants | 238 | 130 | 100 | 101 | 76 | 70 |
| **2000** Average Monthly Benefit | $ 240 | $ 406 | $ 769 | $ 1,042 | $ 1,397 | $ 2,036 |
| Average Final Average Salary | 2,230 | 2,279 | 2,649 | 2,828 | 3,046 | 3,528 |
| Number of Active Retirants | 154 | 98 | 96 | 95 | 84 | 77 |
| **1999** Average Monthly Benefit | $ 212 | $ 421 | $ 697 | $ 958 | $ 1,430 | $ 2,012 |
| Average Final Average Salary | 1,914 | 1,980 | 2,364 | 2,616 | 3,011 | 3,428 |
| Number of Active Retirants | 156 | 134 | 109 | 107 | 61 | 80 |
| **1998** Average Monthly Benefit | $ 211 | $ 387 | $ 683 | $ 910 | $ 1,490 | $ 2,004 |
| Average Final Average Salary | 2,040 | 1,922 | 2,302 | 2,400 | 3,171 | 3,174 |
| Number of Active Retirants | 165 | 110 | 96 | 79 | 50 | 56 |
| **1997** Average Monthly Benefit | $ 215 | $ 417 | $ 600 | $ 837 | $ 1,406 | $ 2,213 |
| Average Final Average Salary | 1,770 | 1,952 | 1,995 | 2,268 | 2,891 | 3,294 |
| Number of Active Retirants | 159 | 113 | 98 | 86 | 61 | 85 |
| **From July 1, 1996 through June 30, 2006** | | | | | | |
| Average Monthly Benefit | $ 231 | $ 452 | $ 724 | $ 1,057 | $ 1,614 | $ 2,136 |
| Average Final Average Salary | 2,243 | 2,322 | 2,614 | 2,929 | 3,556 | 3,673 |
| Number of Active Retirants | 2,250 | 1,223 | 1,051 | 1,024 | 816 | 857 |

# Participants by Classification

## POLITICAL SUBDIVISIONS

| Year | Cities | Counties | Health Agencies | Special Districts | Libraries | Total |
|---|---|---|---|---|---|---|
| 2006 | 254 | 60 | 56 | 122 | 39 | 531 |
| 2005 | 250 | 60 | 53 | 117 | 37 | 517 |
| 2004 | 249 | 60 | 51 | 110 | 36 | 506 |
| 2003 | 243 | 60 | 50 | 105 | 35 | 493 |
| 2002 | 236 | 60 | 50 | 102 | 34 | 482 |
| 2001 | 231 | 60 | 48 | 95 | 33 | 467 |
| 2000 | 227 | 60 | 46 | 84 | 32 | 449 |
| 1999 | 223 | 60 | 43 | 75 | 31 | 432 |
| 1998 | 214 | 60 | 41 | 70 | 31 | 416 |
| 1997 | 207 | 60 | 39 | 64 | 31 | 401 |

## EMPLOYEE MEMBERS

| Year | Cities | Counties | Health Agencies | Special Districts | Libraries | Total |
|---|---|---|---|---|---|---|
| 2006 | 18,918 | 9,620 | 1,879 | 2,851 | 904 | 34,172 |
| 2005 | 18,722 | 9,282 | 1,625 | 2,743 | 885 | 33,257 |
| 2004 | 18,327 | 9,278 | 1,546 | 2,547 | 870 | 32,568 |
| 2003 | 17,746 | 8,878 | 1,485 | 2,323 | 848 | 31,280 |
| 2002 | 17,266 | 8,623 | 1,473 | 2,365 | 777 | 30,504 |
| 2001 | 16,821 | 8,262 | 1,438 | 2,250 | 758 | 29,529 |
| 2000 | 16,055 | 8,123 | 1,529 | 2,056 | 728 | 28,491 |
| 1999 | 15,701 | 7,963 | 1,502 | 2,030 | 724 | 27,920 |
| 1998 | 15,170 | 7,776 | 1,547 | 1,864 | 707 | 27,064 |
| 1997 | 14,632 | 7,320 | 1,441 | 1,840 | 682 | 25,915 |

# Participating Political Subdivisions

| Cities: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Advance (9) | L-1 | no | 5 | yes | no | 10-2005 |
| Airport Drive (1) | L-7 | no | 3 | no | no | 05-2000 |
| Albany (17) | L-7 | yes | 3 | yes | no | 07-1989 |
| Anderson (9) | L-3 | no | 5 | yes | no | 06-1990 |
| Annapolis (1) | L-7 | no | 3 | yes | no | 07-2001 |
| Arnold (71) | L-6 | yes | 3 | no | no | 01-1984 |
| Ash Grove (7) | L-7 | no | 3 | no | yes | 04-1972 |
| Ashland (13) | L-7 | no | 5 | yes | no | 06-1970 |
| Aurora (69) | L-7 | no | 3 | no | yes | 07-1972 |
| Auxvasse (3) | L-7 | yes | 5 | no | no | 01-1994 |
| Ava (43) | LT-8(65) | no | 3 | no | no | 09-1997 |
| Ballwin (103) | L-3 | no | 3 | no | yes | 11-1969 |
| Belle (6) | L-7 | no | 5 | yes | no | 05-1987 |
| Bellefontaine Neighbors (56) | L-6 | no | 3 | no | no | 07-1968 |
| Bellflower (3) | L-6 | no | 3 | yes | no | 08-1990 |
| Belton (209) | L-9 | no | 3 | no | yes | 02-1974 |
| Bel-ridge (23) | L-1 | no | 5 | yes | no | 02-2002 |
| Berkeley (57) | LT-10(65) | no | 3 | no | no | 07-1968 |
| Bernie (27) | L-3 | no | 3 | no | no | 08-1978 |
| Bethany (32) | L-12 | no | 5 | yes | no | 01-1976 |
| Beverly Hills (6) | L-1 | no | 5 | yes | no | 07-1991 |
| Bevier (4) | L-1 | no | 5 | yes | no | 07-1999 |
| Bland (3) | L-1 | yes | 5 | no | no | 09-1994 |
| Bloomfield (9) | L-1 | no | 5 | no | no | 10-2001 |
| Blue Springs (256) | L-7 | no | 3 | no | yes | 09-1973 |
| Bolivar (64) | L-7 | no | 3 | yes | no | 02-1973 |
| Boonville (90) | L-9 | no | 3 | no | yes | 05-1971 |
| Bourbon (21) | L-1 | no | 3 | no | no | 01-2000 |
| Bowling Green (24) | L-3 | no | 5 | no | yes | 01-1979 |
| Branson (243) | L-6 | no | 3 | yes | no | 01-1978 |
| Braymer (6) | LT-8(62) | no | 3 | yes | no | 12-1970 |
| Brentwood (74) | L-7 | no | 3 | no | yes | 04-1969 |
| Brookfield (46) | L-3 | no | 5 | no | no | 02-1989 |
| Buckner (17) | LT-5(62) | no | 3 | no | no | 10-1987 |
| Buffalo (25) | L-7 | yes | 3 | yes | no | 01-1974 |
| Butler (57) | LT-5(65) | no | 3 | yes | no | 06-1993 |
| Cabool (32) | L-7 | no | 3 | no | yes | 10-1969 |
| Cameron (67) | L-6 | no | 3 | no | no | 07-1968 |
| Campbell (18) | L-1 | no | 5 | yes | no | 02-2005 |
| Canton (23) | L-7 | no | 5 | no | yes | 07-1979 |
| Cape Girardeau (394) | LT-8(65) | no | 3 | no | yes | 02-1973 |
| Carl Junction (29) | L-1 | no | 5 | yes | no | 06-1971 |
| Carthage (58) | L-7 | no | 3 | no | no | 07-1982 |
| Caruthersville (77) | L-1 | no | 5 | no | yes | 01-1979 |
| Centralia (42) | L-7 | no | 5 | no | no | 07-1972 |
| Charleston (53) | L-1 | no | 5 | no | no | 05-1980 |
| Chillicothe (90) | L-7 | no | 3 | no | yes | 05-1978 |
| Clarksville (4) | L-3 | no | 5 | no | no | 10-1974 |

† See Summary of Plan Provisions for benefit program description.
* Charter Member

| Cities: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Clever (3) | L-1 | yes | 5 | yes | no | 07-1998 |
| Clinton (84) | L-1 | no | 5 | no | yes | 02-1972 |
| Columbia (916) | L-6 | yes | 3 | no | yes | 02-1969 |
| Concordia (24) | L-12 | yes | 3 | yes | no | 05-1978 |
| Cool Valley (18) | L-7 | no | 5 | no | no | 07-1972 |
| Crestwood (107) | L-7 | no | 3 | no | yes | 07-1968 |
| Crocker (12) | L-1 | no | 5 | no | no | 09-1988 |
| Crystal City (59) | L-9 | no | 5 | no | yes | 04-1970 |
| Cuba (44) | L-6 | yes | 5 | no | yes | 04-1971 |
| De Soto (61) | L-1 | no | 5 | no | no | 01-1983 |
| Dellwood (26) | L-3 | no | 3 | no | no | 01-1975 |
| Dexter (67) | LT-10(65) | yes | 3 | no | no | 08-1973 |
| Dixon (16) | L-7 | no | 5 | yes | no | 12-2000 |
| Doniphan (22) | L-7 | no | 5 | yes | no | 01-1993 |
| Drexel (5) | L-3 | no | 5 | yes | no | 06-1998 |
| El Dorado Springs (58) | L-12 | no | 3 | no | yes | 07-1975 |
| Eldon (50) | L-1 | no | 5 | yes | no | 05-2005 |
| Ellisville (64) | L-7 | no | 3 | no | no | 08-1971 |
| Elsberry (9) | L-1 | yes | 5 | no | no | 01-1998 |
| Eminence (4) | L-3 | no | 5 | yes | no | 09-1996 |
| Eureka (63) | LT-10(65) | yes | 3 | no | no | 11-1973 |
| Excelsior Springs (132) | L-7 | no | 5 | no | yes | 12-1972 |
| Far Grove (5) | L-1 | no | 5 | yes | no | 09-2005 |
| Farmington (135) | LT-8(65) | yes | 5 | no | no | 02-1969 |
| Fayette (39) | L-3 | yes | 5 | no | yes | 07-1970 |
| Fenton 68) | LT-8(65) | no | 3 | no | yes | 01-1971 |
| *Festus (113) | L-7 | no | 5 | no | yes | 04-1968 |
| Foristell (11) | L-9 | no | 3 | no | no | 10-2003 |
| Forsyth (22) | L-7 | no | 5 | no | yes | 07-1985 |
| Fredericktown (43) | LT-8(62) | yes | 5 | yes | no | 05-1968 |
| Frontenac (57) | LT-8(65) | no | 3 | no | yes | 08-1972 |
| Fulton (191) | L-7 | yes | 5 | no | yes | 08-1968 |
| Gainesville (5) | L-1 | no | 5 | yes | no | 12-1984 |
| Garden City (14) | L-1 | no | 5 | yes | no | 04-1993 |
| Gerald (12) | L-1 | no | 3 | yes | no | 04-2003 |
| Gideon (4) | L-13 | yes | 5 | yes | no | 10-1970 |
| Gladstone (182) | LT-8(65) | yes | 3 | no | yes | 09-1968 |
| Glasgow (15) | L-3 | no | 5 | no | no | 10-1974 |
| Glendale (12) | LT-8(62) | no | 5 | no | yes | 02-1971 |
| Grain Valley (59) | L-7 | no | 5 | no | no | 01-1999 |
| Grandview (202) | LT-5(65) | no | 3 | no | no | 07-1971 |
| Grant City (6) | L-1 | no | 5 | yes | no | 05-1999 |
| Green City (7) | L-1 | no | 5 | no | yes | 04-1988 |
| Hale (2) | L-7 | no | 3 | no | no | 06-1998 |
| Hannibal (81) | LT-14(65) | yes | 5 | no | yes | 11-1969 |
| Hardin (3) | L-1 | no | 3 | yes | no | 02-1997 |
| Harrisonville (120) | LT-14(65) | no | 3 | no | no | 08-1972 |
| Hartville (4) | L-1 | no | 3 | yes | no | 07-2001 |

# Participating Political Subdivisions

| Cities: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Hayti (36) | L-3 | no | 5 | yes | no | 01-1994 |
| Hermann (44) | L-1 | no | 3 | no | no | 09-1980 |
| Higginsville (102) | LT-10(65) | yes | 3 | no | yes | 08-1970 |
| Hillsboro (13) | L-7 | no | 5 | no | no | 07-1980 |
| Holden (17) | L-9 | no | 5 | no | no | 04-1974 |
| Hollister (43) | L-7 | yes | 3 | yes | no | 05-1998 |
| Holts Summit (19) | L-1 | no | 5 | no | no | 01-1998 |
| Houston (31) | L-6 | yes | 3 | no | yes | 05-1971 |
| Huntsville (13) | L-1 | no | 5 | no | no | 05-2001 |
| Independence (1132) | LT-8(65) | no | 3 | no | yes | 11-1968 |
| *Jackson (148) | LT-8(62) | no | 3 | no | yes | 04-1968 |
| Jefferson City (345) | L-6 | yes | 3 | no | yes | 01-1970 |
| Jennings (122) | L-7 | no | 3 | no | no | 09-1968 |
| Jonesburg (5) | L-1 | no | 3 | no | no | 01-1997 |
| Joplin (251) | LT-8(65) | no | 5 | no | no | 01-1973 |
| Kearney (34) | L-7 | no | 3 | no | no | 04-1992 |
| Kennett (91) | L-7 | no | 3 | no | yes | 07-1968 |
| Kimberling City (27) | LT-8(65) | no | 3 | no | no | 03-1994 |
| Kirksville (148) | L-7 | no | 5 | no | yes | 01-1977 |
| Knob Noster (24) | LT-4(65) | yes | 5 | no | no | 02-1999 |
| La Grange (22) | L-7 | no | 3 | no | no | 02-1977 |
| La Plata (22) | L-1 | no | 5 | no | no | 11-1972 |
| Lake Lotawana (16) | L-1 | yes | 5 | no | no | 08-2002 |
| Lake Ozark (40) | L-1 | no | 5 | no | no | 05-2000 |
| Lake Saint Louis (107) | LT-8(65) | yes | 3 | no | yes | 11-1985 |
| Lake Winnebago (8) | L-1 | no | 3 | yes | no | 04-1999 |
| Lamar (66) | L-3 | no | 5 | no | no | 09-1998 |
| Lathrop (12) | L-3 | no | 5 | no | no | 07-1996 |
| Lawson (17) | L-1 | no | 5 | no | no | 08-2001 |
| Lebanon (152) | L-1 | no | 5 | no | no | 11-1984 |
| Lee's Summit (635) | L-6 | no | 5 | no | yes | 04-1970 |
| Liberty (220) | LT-5(65) | no | 5 | no | yes | 07-1970 |
| Licking (14) | L-9 | no | 3 | no | no | 01-1985 |
| Linn (9) | L-1 | no | 5 | no | no | 05-2003 |
| Lockwood (8) | L-9 | no | 3 | no | no | 04-1968 |
| Louisiana (44) | L-3 | no | 5 | no | no | 07-1968 |
| Macon (110) | LT-8(65) | yes | 3 | no | no | 06-1968 |
| Malden (67) | L-6 | no | 5 | yes | no | 07-1976 |
| Mansfield (13) | L-1 | no | 3 | yes | no | 04-2003 |
| Maplewood (34) | L-3 | no | 3 | yes | no | 04-1970 |
| Marceline (31) | L-7 | no | 5 | yes | no | 04-1981 |
| Marionville (6) | L-7 | no | 3 | yes | no | 12-1988 |
| Marshall (201) | L-12 | no | 5 | no | no | 04-1971 |
| Marshfield (33) | LT-10(65) | no | 5 | yes | no | 01-1990 |
| Maryland Heights (190) | L-6 | no | 5 | yes | no | 01-2004 |
| Maryville (34) | L-9 | no | 3 | no | no | 01-1973 |
| Memphis (23) | L-6 | no | 3 | yes | no | 01-1972 |
| Mercer (2) | L-3 | no | 3 | yes | no | 06-1988 |

† See Summary of Plan Provisions for benefit program description.
* Charter Member

| Cities: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| *Mexico (114) | L-6 | yes | 3 | no | no | 04-1968 |
| Milan (15) | L-1 | no | 3 | no | yes | 01-1987 |
| Miner (36) | L-6 | yes | 3 | no | no | 03-1995 |
| Moberly (136) | LT-8(65) | yes | 3 | no | yes | 08-1968 |
| Moline Acres (20) | LT-5(65) | no | 5 | no | no | 04-1974 |
| Monett (123) | LT-10(65) | yes | 3 | no | yes | 03-1978 |
| Montgomery City (25) | L-1 | no | 3 | no | no | 03-1971 |
| Mound City (6) | L-7 | no | 3 | yes | no | 04-1971 |
| Mount Vernon (38) | L-7 | yes | 5 | no | yes | 09-1972 |
| Mountain Grove (54) | LT-8(62) | no | 5 | no | no | 07-1987 |
| Mountain View (45) | L-7 | no | 5 | no | no | 07-1989 |
| Neosho (126) | LT-8(65) | yes | 3 | no | yes | 07-1971 |
| Nevada (133) | LT-8(65) | yes | 5 | no | no | 11-1968 |
| New Madrid (30) | L-6 | no | 3 | yes | no | 08-1968 |
| Nixa (136) | L-6 | no | 5 | yes | no | 01-1990 |
| Norborne (6) | L-1 | no | 5 | yes | no | 09-1969 |
| Normandy (41) | L-3 | no | 5 | no | no | 06-1969 |
| North Kansas City (105) | L-6 | yes | 3 | no | no | 11-1969 |
| Northwoods (32) | L-6 | no | 5 | no | no | 07-1972 |
| O'Fallon (348) | LT-8(65) | no | 5 | no | yes | 02-1975 |
| Oak Grove (56) | L-7 | no | 3 | no | no | 08-1969 |
| Oakland (1) | LT-8(65) | no | 5 | no | no | 04-2004 |
| Odessa (52) | L-7 | no | 3 | no | yes | 07-1975 |
| Osceola (10) | L-1 | no | 3 | yes | no | 09-2001 |
| Owensville (36) | L-9 | yes | 5 | yes | no | 05-1972 |
| Ozark (91) | L-7 | no | 3 | no | yes | 07-1990 |
| Pacific (66) | L-6 | yes | 5 | no | yes | 04-1987 |
| Pagedale (31) | L-3 | no | 5 | no | no | 03-1972 |
| Palmyra (40) | LT-14(65) | yes | 3 | no | no | 04-1968 |
| Paris (17) | L-7 | no | 3 | no | no | 02-1969 |
| Pattonsburg (2) | L-1 | no | 5 | yes | no | 06-1975 |
| Peculiar (33) | LT-8(65) | no | 3 | no | yes | 10-1986 |
| Perry (7) | L-6 | no | 3 | yes | no | 01-1971 |
| Perryville (96) | L-6 | no | 3 | no | yes | 03-1969 |
| Piedmont (22) | LT-5(62) | yes | 3 | no | yes | 08-1974 |
| Pilot Knob (5) | L-7 | no | 3 | yes | no | 06-1992 |
| Pine Lawn (34) | L-1 | no | 5 | no | no | 07-1970 |
| Platte City (35) | L-3 | no | 5 | yes | no | 05-1987 |
| Plattsburg (20) | L-3 | no | 5 | no | yes | 02-1972 |
| Pleasant Hill (60) | L-6 | yes | 3 | no | yes | 05-1978 |
| Poplar Bluff (296) | LT-5(65) | no | 5 | no | yes | 02-1971 |
| Portageville (38) | L-1 | no | 5 | no | no | 09-1996 |
| Potosi (32) | L-7 | no | 3 | no | yes | 04-1973 |
| Princeton (11) | L-9 | no | 5 | yes | no | 01-1973 |
| Ravenwood (1) | L-1 | no | 3 | yes | no | 11-2000 |
| Raymore (102) | L-7 | no | 3 | no | no | 01-1990 |
| Raytown (106) | LT-5(65) | no | 5 | no | no | 07-2003 |
| Richland (27) | L-1 | no | 5 | no | yes | 07-1988 |

# Participating Political Subdivisions

| Cities: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Richmond (71) | L-3 | no | 3 | no | no | 12-1990 |
| Richmond Heights (84) | LT-8(65) | no | 3 | yes | no | 05-1968 |
| Riverside (43) | L-3 | no | 5 | no | no | 01-1997 |
| Riverview (19) | L-3 | no | 5 | yes | no | 08-1989 |
| Rock Hill (15) | L-3 | no | 5 | no | no | 04-1968 |
| Rolla (217) | LT-8(65) | yes | 3 | no | yes | 01-1969 |
| Russellville (2) | L-1 | no | 3 | no | no | 05-1999 |
| Salem (62) | LT-8(65) | yes | 3 | yes | no | 12-1984 |
| Savannah (23) | L-9 | no | 5 | no | yes | 07-1976 |
| Scott City (44) | L-3 | no | 5 | yes | no | 01-1993 |
| Sedalia (131) | L-6 | no | 3 | no | yes | 08-1972 |
| Seneca (14) | L-3 | no | 3 | no | no | 05-1975 |
| Seymour (21) | L-9 | no | 3 | no | no | 04-1996 |
| Shelbina (27) | L-6 | no | 3 | yes | no | 11-1969 |
| *Shrewsbury (61) | LT-5(62) | no | 3 | no | yes | 04-1968 |
| *Sikeston (190) | LT-8(65) | no | 3 | no | yes | 04-1968 |
| Slater (26) | L-7 | no | 5 | no | no | 02-1969 |
| Smithville (49) | L-1 | no | 3 | yes | no | 01-2004 |
| Springfield (948) | L-6 | no | 3 | no | no | 06-1968 |
| St. Ann (102) | L-6 | yes | 3 | yes | no | 06-1968 |
| *St. Charles (462) | LT-8(65) | yes | 3 | no | yes | 04-1968 |
| St. Clair (38) | L-9 | no | 5 | no | yes | 05-1980 |
| St. James (46) | L-9 | no | 3 | yes | no | 06-1974 |
| St. John (55) | L-7 | no | 5 | no | yes | 03-1970 |
| St. Joseph (535) | L-3 | no | 3 | no | no | 04-1970 |
| St. Peters (402) | L-6 | yes | 3 | yes | no | 01-1976 |
| St. Robert (84) | L-3 | no | 3 | yes | no | 04-1983 |
| Ste. Genevieve (40) | LT-8(65) | no | 5 | yes | no | 10-1984 |
| Steelville (19) | L-1 | no | 3 | no | no | 03-1997 |
| Stockton (9) | L-1 | no | 5 | yes | no | 10-1988 |
| Sugar Creek (74) | LT-5(65) | no | 3 | no | yes | 05-1968 |
| Sullivan (71) | L-6 | yes | 3 | no | yes | 03-1972 |
| Sunrise Beach (4) | L-3 | no | 3 | no | no | 06-2005 |
| Sunset Hills (55) | L-7 | no | 3 | no | yes | 10-1972 |
| Sweet Springs (10) | L-1 | yes | 5 | no | yes | 04-1973 |
| Thayer (29) | L-1 | no | 5 | yes | no | 01-1997 |
| Tipton (11) | LT-5(65) | yes | 3 | yes | no | 04-1981 |
| Trenton (50) | L-6 | no | 5 | no | yes | 05-1979 |
| Union (76) | L-6 | no | 3 | no | yes | 01-1974 |
| Unionville (21) | LT-14(65) | yes | 5 | yes | no | 10-1982 |
| Valley Park (22) | L-9 | no | 5 | yes | no | 11-1972 |
| Van Buren (5) | L-1 | no | 5 | no | no | 01-2003 |
| Vandalia (36) | L-1 | no | 5 | no | no | 05-1988 |
| Vienna (4) | L-1 | no | 5 | no | no | 09-2002 |
| Vinita Park (24) | L-7 | no | 3 | no | no | 08-1971 |
| Warrensburg (138) | L-7 | no | 5 | no | yes | 07-1968 |
| Warsaw (31) | L-3 | no | 5 | no | no | 05-1999 |
| Washington (131) | LT-10(65) | yes | 3 | no | no | 01-1971 |

† See Summary of Plan Provisions for benefit program description.
* Charter Member

| Cities: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Waverly (3) | L-1 | no | 5 | yes | no | 10-1986 |
| Waynesville (43) | LT-8(65) | no | 5 | no | yes | 09-1985 |
| Webb City (95) | L-7 | no | 3 | no | no | 03-1975 |
| Wellston (23) | L-1 | no | 5 | yes | no | 07-1971 |
| Wentzville (172) | L-7 | no | 5 | no | no | 02-1973 |
| West Plains (229) | LT-10(65) | yes | 3 | no | no | 02-1973 |
| Weston (11) | L-1 | no | 5 | yes | no | 07-1997 |
| Willard (26) | L-3 | no | 5 | yes | no | 04-2004 |
| Willow Springs (42) | L-7 | no | 5 | no | no | 06-1993 |
| Winchester (3) | LT-5(62) | no | 5 | no | no | 10-1982 |
| Windsor (16) | L-9 | no | 3 | yes | no | 08-1973 |
| Winfield (1) | L-1 | no | 5 | yes | no | 05-2003 |
| Wood Heights (4) | L-3 | no | 3 | yes | no | 01-1999 |
| Woodson Terrace (35) | L-7 | no | 5 | no | yes | 12-1969 |

| Counties: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Adair County (92) | L-7 | no | 5 | no | yes | 03-1977 |
| Andrew County (65) | L-6 | no | 3 | yes | no | 03-1976 |
| Atchison County (50) | L-1 | no | 3 | no | no | 01-1974 |
| Audrain County (101) | L-7 | no | 3 | no | no | 04-1968 |
| Buchanan County (292) | L-6 | no | 5 | no | yes | 06-1971 |
| Butler County (127) | LT-8(65) | yes | 3 | no | yes | 04-1968 |
| Caldwell County (75) | L-1 | no | 5 | yes | no | 01-1984 |
| Callaway County (180) | L-7 | no | 5 | no | yes | 01-1977 |
| Camden County (294) | L-6 | yes | 5 | no | yes | 02-1969 |
| Cape Girardeau County (204) | L-6 | no | 3 | no | yes | 01-1985 |
| Cass County (252) | L-6 | no | 3 | no | yes | 01-1991 |
| Chariton County (45) | L-7 | no | 3 | yes | no | 01-1988 |
| Christian County (231) | L-9 | no | 3 | no | no | 03-1989 |
| Clark County (49) | L-1 | no | 5 | yes | no | 01-1980 |
| Clay County (545) | L-9 | no | 3 | no | yes | 11-1975 |
| Clinton County (67) | L-3 | no | 5 | yes | no | 01-1986 |
| *Cole County (239) | L-7 | no | 5 | no | yes | 04-1968 |
| DeKalb County (31) | L-3 | no | 3 | no | no | 12-1983 |
| Dunklin County (70) | L-3 | no | 3 | yes | no | 01-1969 |
| Franklin County (356) | L-6 | yes | 3 | no | yes | 01-1970 |
| Gasconade County (70) | L-7 | no | 5 | no | yes | 01-1974 |
| Greene County (703) | L-7 | no | 3 | no | yes | 01-1972 |
| Holt County (43) | L-3 | no | 3 | yes | no | 01-1974 |
| Howard County (49) | L-1 | no | 5 | no | no | 06-1976 |

# Participating Political Subdivisions

| Counties: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Howell County (123) | L-6 | yes | 5 | no | yes | 01-1974 |
| Iron County (48) | L-7 | no | 5 | yes | no | 01-1970 |
| Jasper County (261) | L-9 | no | 3 | no | yes | 01-1983 |
| Jefferson County (692) | L-7 | no | 3 | no | yes | 03-1969 |
| Lafayette County (111) | L-7 | no | 3 | yes | no | 01-1970 |
| Lawrence County (81) | L-7 | no | 3 | yes | no | 01-1973 |
| Lewis County (54) | LT-8(65) | no | 3 | no | yes | 11-1974 |
| Livingston County (44) | L-3 | no | 3 | no | no | 12-1988 |
| Macon County (60) | L-3 | no | 5 | yes | no | 01-1990 |
| Marion County (106) | L-7 | no | 3 | no | no | 02-1972 |
| Miller County (114) | L-6 | no | 5 | yes | no | 01-1976 |
| Mississippi County (81) | L-1 | no | 5 | yes | no | 02-1973 |
| Monroe County (51) | L-3 | no | 3 | no | no | 02-1980 |
| Montgomery County (95) | LT-8(62) | no | 3 | yes | no | 02-1973 |
| *New Madrid County (102) | L-6 | yes | 5 | no | yes | 04-1968 |
| Nodaway County (51) | L-3 | no | 5 | yes | no | 07-1973 |
| *Pemiscot County (107) | L-7 | no | 3 | no | yes | 04-1968 |
| Perry County (85) | L-7 | no | 3 | no | yes | 05-1968 |
| Pettis County (119) | L-9 | no | 3 | no | no | 10-1971 |
| Phelps County (147) | L-6 | yes | 3 | yes | no | 01-1969 |
| Pike County (80) | L-6 | yes | 3 | yes | no | 12-1971 |
| Platte County (286) | L-7 | no | 3 | no | no | 01-1974 |
| Ralls County (49) | L-7 | no | 5 | no | yes | 01-1973 |
| Randolph County (92) | L-9 | no | 3 | yes | no | 04-1969 |
| Ray County (95) | L-7 | no | 3 | no | no | 04-1969 |
| Scott County (144) | L-7 | no | 3 | no | yes | 05-1969 |
| Shannon County (67) | L-1 | no | 5 | yes | no | 02-1978 |
| St. Charles County (1054) | LT-8(65) | no | 3 | no | yes | 08-1973 |
| St. Clair County (95) | L-3 | no | 5 | yes | no | 07-1979 |
| St. Francois County (213) | L-7 | no | 3 | yes | no | 10-1969 |
| Ste. Genevieve County (131) | L-7 | no | 3 | yes | no | 05-1970 |
| Stoddard County (72) | L-7 | no | 5 | no | no | 01-1969 |
| Taney County (275) | L-7 | no | 5 | no | yes | 08-1985 |
| Texas County (56) | L-9 | yes | 3 | no | yes | 09-1975 |
| Vernon County (67) | L-3 | no | 3 | no | yes | 01-1969 |
| Wright County (82) | L-12 | yes | 3 | no | no | 12-1981 |

† See Summary of Plan Provisions for benefit program description.
* Charter Member

| Health Agencies: (Employee Memebers) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Adair County Health Department (21) | L-6 | no | 5 | yes | no | 07-1981 |
| Bates County Health Center (8) | L-3 | no | 5 | no | no | 08-1992 |
| Butler County Health Department (43) | L-1 | no | 5 | no | yes | 08-1968 |
| Caldwell County Health Department (7) | LT-8(65) | no | 5 | yes | no | 03-1987 |
| Cape Girardeau Co. Health Dept. (37) | L-7 | no | 3 | no | yes | 01-1987 |
| Carter County Health Center (12) | L-1 | no | 5 | no | no | 06-1978 |
| Chariton County Health Department (7) | L-1 | yes | 5 | yes | no | 05-2006 |
| Clark County Health Department (9) | L-6 | no | 3 | no | yes | 01-1981 |
| Clay County Health Department (65) | L-9 | no | 3 | no | yes | 06-2005 |
| Clinton County Health Department (10) | L-3 | no | 5 | yes | no | 01-1986 |
| Dallas County Health Department (7) | L-1 | no | 5 | no | no | 01-1991 |
| Daviess County Health Department (7) | L-1 | no | 3 | yes | no | 07-2003 |
| Dent County Health Center (7) | L-3 | no | 3 | yes | no | 02-1991 |
| Dunklin County Health Department (15) | LT-10(65) | no | 3 | yes | no | 02-1969 |
| Gasconade Co. Health Department (10) | L-1 | no | 5 | no | yes | 04-1981 |
| Grundy County Nursing Home (94) | L-1 | no | 5 | no | no | 07-2005 |
| Iron County Health Department (11) | L-1 | no | 5 | yes | no | 03-1973 |
| Jefferson County Health Department (59) | L-7 | yes | 3 | no | no | 10-1987 |
| Laclede County Health Center (12) | L-3 | no | 5 | yes | no | 08-1991 |
| Lafayette Co. Health Department (9) | LT-8(65) | no | 3 | yes | no | 01-1982 |
| Lewis County Health Department (12) | L-3 | no | 3 | no | yes | 05-1974 |
| Lincoln County Health Department (22) | L-7 | no | 3 | yes | no | 01-2002 |
| Linn County Health Department (12) | L-7 | no | 3 | yes | no | 05-1993 |
| Livingston Co. Health Department (11) | L-3 | yes | 3 | yes | no | 12-1988 |
| Macon County Health Department (9) | L-7 | yes | 5 | no | no | 08-1974 |
| Madison County Health Department (11) | L-1 | no | 5 | yes | no | 03-1998 |
| Madison Memorial Hospital (219) | L-3 | no | 5 | no | no | 10-1972 |
| Marion County Health Department (26) | L-9 | no | 3 | yes | no | 02-1972 |
| Miller County Health Department (14) | L-3 | no | 5 | yes | no | 01-2001 |
| Mississippi County Health Dept. (13) | L-1 | no | 5 | no | yes | 07-1977 |
| Moniteau County Health Center (6) | L-3 | no | 5 | no | no | 11-1990 |
| Monroe County Health Department (12) | L-3 | no | 5 | no | no | 04-1981 |

# Participating Political Subdivisions

| Health Agencies: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Montgomery Co. Health Department (10) | L-3 | no | 3 | yes | no | 01-1988 |
| Nevada City Hospital (272) | L-3 | no | 5 | no | yes | 09-1970 |
| Nevada City Nursing Home (95) | L-3 | no | 5 | no | yes | 10-1978 |
| New Madrid County Health Department (16) | L-7 | yes | 5 | no | yes | 06-1968 |
| Pemiscot County Health Department (9) | L-7 | yes | 3 | no | yes | 10-1968 |
| Pemiscot County Memorial Hospital (371) | L-7 | yes | 3 | yes | no | 02-1981 |
| Pettis County Health Center (21) | L-9 | no | 3 | yes | no | 01-1987 |
| Pike County Health Department (28) | L-9 | yes | 3 | yes | no | 01-2002 |
| Platte County Health Center (28) | L-7 | no | 3 | no | no | 01-1986 |
| Polk County Health Center (8) | L-1 | no | 3 | yes | no | 02-1991 |
| Pulaski County Health Department (17) | L-6 | yes | 3 | no | yes | 01-1979 |
| Putnam County Health Department (5) | L-7 | yes | 3 | no | no | 03-1995 |
| Ralls County Health Department (14) | L-9 | no | 3 | no | yes | 04-1973 |
| Randolph County Health Department (47) | L-3 | no | 5 | yes | no | 04-1981 |
| Ray County Health Department (8) | L-7 | no | 3 | yes | no | 01-1988 |
| Saline County Health Department (12) | L-1 | no | 3 | yes | no | 03-2005 |
| St. Clair County Health Department (12) | L-1 | no | 5 | yes | no | 01-1981 |
| St. Francois Co. Health Department (25) | L-7 | yes | 3 | yes | no | 01-1983 |
| Sullivan County Health Department (9) | LT-8(65) | no | 3 | no | no | 04-1995 |
| Texas County Health Department (13) | L-7 | no | 5 | no | yes | 07-1987 |
| Vernon County Health Department (5) | L-7 | no | 3 | no | yes | 05-1987 |
| Washington County Health Dept. (12) | L-3 | no | 3 | no | no | 01-1991 |
| Wayne County Health Center (12) | L-3 | yes | 3 | no | no | 05-1996 |
| Webster County Health Department (13) | L-1 | no | 5 | yes | no | 07-1999 |

† See Summary of Plan Provisions for benefit program description.
* Charter Member

| Special Districts: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Adair Co. Water District #1 (6) | L-3 | no | 3 | no | yes | 01-1992 |
| Audrain Handicapped Services (64) | L-7 | no | 5 | no | no | 04-1996 |
| Barton Co. Ambulance District (10) | L-1 | no | 5 | no | no | 10-1998 |
| Boone Co. Group Homes (86) | L-7 | no | 3 | yes | no | 07-2004 |
| Boone Co. Water District #4 (5) | L-7 | no | 3 | no | no | 08-1984 |
| Boone Co. Water District #10 (4) | L-3 | no | 5 | yes | no | 01-1998 |
| Bootheel Regional Planning Comm. (6) | LT-4(65) | yes | 5 | yes | no | 01-2005 |
| Butler Co. Fire Protection Dist. (5) | LT-5(65) | no | 3 | yes | no | 11-1994 |
| Butler Co. Water District #1 (9) | L-7 | no | 3 | yes | no | 07-1995 |
| Butler Co. Water District #3 (3) | L-7 | yes | 3 | yes | no | 03-1995 |
| Callaway Co. Ambulance District (25) | L-9 | yes | 5 | no | no | 01-1996 |
| Callaway Co. Special Services (20) | L-9 | no | 3 | no | no | 07-1996 |
| Callaway Co. Water District #1 (8) | L-11 | no | 3 | no | no | 01-1994 |
| Callaway Co. Water District #2 (13) | L-7 | yes | 3 | no | yes | 02-1985 |
| Cameron Special Road District (4) | L-7 | yes | 5 | no | no | 11-2000 |
| Cape Special Road District (10) | L-6 | no | 5 | no | yes | 09-1981 |
| Carl Junction Special Road District (1) | L-1 | no | 5 | yes | no | 04-2001 |
| Carthage Special Road District (7) | L-3 | no | 3 | yes | no | 05-2000 |
| Carthage Utilities (57) | L-7 | no | 3 | no | no | 07-1982 |
| Central Jackson Co. Fire District #5 (117) | L-6 | no | 5 | no | yes | 09-1973 |
| Chariton Co. E-911 (7) | L-1 | no | 5 | yes | no | 05-2004 |
| Chariton Co. Sheltered Workshop (3) | L-1 | no | 5 | yes | no | 02-2000 |
| Chillicothe Township (3) | L-7 | no | 3 | yes | no | 08-1995 |
| Chillicothe Utilities (58) | L-9 | no | 3 | no | yes | 05-1978 |
| Clarence Cannon Wholesale Water (3) | L-7 | no | 5 | no | no | 10-2004 |
| Clark Co. Water District #1 (7) | L-3 | no | 3 | no | no | 07-2000 |
| Clay Co. Water District #2 (4) | L-3 | no | 3 | yes | no | 12-1984 |
| Cole Co. Water District #2 (7) | L-9 | no | 5 | no | no | 02-1974 |
| Cole Co. Water District #4 (2) | L-7 | no | 5 | no | no | 02-2001 |
| Daviess Co. Ambulance District (2) | LT-10(65) | no | 3 | yes | no | 07-2000 |
| Daviess Co. Water District #1 (3) | L-3 | no | 5 | yes | no | 06-2000 |
| El Dorado Springs Spec. Road District (2) | L-1 | no | 5 | yes | no | 04-1982 |
| Farley Special Road District (1) | L-3 | yes | 3 | no | no | 07-1999 |
| Festus Special Road District (6) | L-7 | no | 5 | no | no | 02-1969 |
| Fort Osage Fire Protection District (58) | L-9 | no | 3 | no | yes | 04-1983 |
| Gasconade Co. 911 (6) | L-1 | no | 5 | no | no | 07-2003 |
| Gasconade Co. SB40 (1) | L-1 | no | 5 | no | no | 07-2001 |
| Greene Co. SB40 (13) | L-6 | no | 3 | no | no | 01-2001 |
| Greene Co. Water District #5 (0) | L-6 | no | 3 | yes | no | 08-1991 |
| Hannibal Public Works (69) | LT-14(65) | yes | 5 | no | yes | 11-1969 |

# Participating Political Subdivisions

| Special Districts: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Harrison Co. Water District #2 (3) | LT-10(65) | no | 3 | no | no | 08-1998 |
| Harry Truman Coor. Council (5) | L-1 | no | 3 | no | no | 07-2005 |
| Higginsville Special Road District (1) | L-7 | no | 3 | yes | no | 05-1970 |
| Hudson Township Spec. Road District (2) | LT-10(65) | no | 5 | no | no | 04-1990 |
| Jackson Co. Water District #1 (16) | L-6 | no | 3 | no | yes | 03-1969 |
| Jasper Co. Sheltered Facilities (13) | L-7 | no | 3 | no | no | 01-2001 |
| Jasper Co. Water District #1 (3) | L-3 | no | 5 | yes | no | 01-2002 |
| Jefferson Co. Water District #1 (12) | L-6 | no | 5 | yes | no | 04-1972 |
| Jefferson Co. Water District #2 (15) | L-6 | no | 5 | yes | no | 01-1983 |
| Jefferson Co. Water District #5 (6) | L-7 | no | 3 | no | no | 01-1987 |
| Jefferson Co. Water District #6 (6) | L-3 | no | 3 | yes | no | 09-1997 |
| Jefferson Co. Water District #7 (6) | L-7 | no | 3 | no | yes | 06-1975 |
| Jefferson Co. Water District #10 (4) | L-3 | no | 5 | yes | no | 02-1989 |
| Jefferson Co. Water District #12 (5) | L-1 | no | 5 | yes | no | 06-2000 |
| Johnson Co. Ambulance District (26) | L-7 | yes | 5 | yes | no | 01-2004 |
| Johnson Co. Fire Prot. District (1) | L-7 | yes | 5 | no | no | 05-2006 |
| Kearney Fire & Rescue (22) | L-7 | yes | 3 | no | no | 01-1997 |
| Kennett Utilities (66) | L-7 | yes | 3 | no | yes | 07-1968 |
| LaPlata Township Special Road Dist. (1) | L-1 | no | 5 | yes | no | 10-1991 |
| Lewis Co. E-911 (7) | L-1 | no | 5 | yes | no | 03-2003 |
| Lewis Co. Water District #1 (2) | L-9 | no | 5 | yes | no | 09-1997 |
| Lexington Special Road District (3) | L-1 | no | 5 | yes | no | 06-2000 |
| Liberty Township (15) | LT-8(65) | yes | 3 | no | no | 06-1995 |
| Lincoln Co. Ambulance District (37) | LT-8(65) | no | 3 | no | no | 02-1990 |
| Linn-Livingston Co. Water District #3 (3) | L-1 | no | 3 | yes | no | 08-1999 |
| Little Dixie Fire Protection Dist. (2) | L-1 | yes | 3 | no | no | 01-2003 |
| Livingston Co. Water District #3 (2) | L-7 | no | 3 | yes | no | 05-1991 |
| Macon Co. Water District #1 (7) | LT-8(65) | yes | 5 | no | no | 11-1990 |
| Madison Co. Council for DD (21) | L-1 | no | 5 | no | no | 04-1998 |
| Madison Co. Water District #1 (2) | L-1 | yes | 3 | no | no | 07-2002 |
| Marion County E-911 (12) | LT-5(65) | no | 5 | no | no | 01-1997 |
| Marshall Special Road District (3) | L-1 | no | 3 | yes | no | 09-1998 |
| Milan Special Road District (3) | L-1 | yes | 3 | no | yes | 01-1991 |
| MO Joint Municipal Elec. Util. Comm. (10) | L-6 | no | 3 | no | no | 01-1990 |
| Moberly Special Road District (6) | L-3 | no | 5 | yes | no | 01-2001 |
| Montgomery Co. Ambulance Dist. (14) | L-1 | yes | 5 | yes | no | 04-1994 |
| Montgomery Co. SB40 (13) | L-1 | no | 5 | no | no | 08-2001 |
| Neosho Special Road District (6) | LT-10(65) | no | 3 | no | no | 04-1997 |
| Nixa Fire Protection District (26) | L-3 | no | 5 | yes | no | 01-2005 |
| Nodaway Co. Water District #1 (4) | L-1 | no | 5 | no | no | 08-2001 |

† See Summary of Plan Provisions for benefit program description.
* Charter Member

# Participating Political Subdivisions

| Special Districts: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| North Kansas City Levee District (0) | L-1 | no | 5 | yes | no | 06-1970 |
| Northeast MO Regional Planning Comm. (9) | L-1 | no | 5 | yes | no | 10-2004 |
| Odessa Special Road District (5) | L-7 | no | 3 | no | no | 09-1999 |
| Osceola Special Road District (1) | L-1 | no | 5 | yes | no | 03-2002 |
| Pike Co. Senate Bill 40 (33) | L-7 | yes | 3 | no | no | 10-1998 |
| Platte City Special Road District (4) | L-7 | no | 5 | no | no | 01-1998 |
| Platte Co. Water District #4 (5) | L-7 | no | 5 | no | no | 07-2003 |
| Plattsburg Special Road District (4) | L-3 | no | 3 | yes | no | 02-1991 |
| Progressive Community Services (66) | L-7 | no | 3 | no | no | 04-2000 |
| Putnam Co. Water District #1 (4) | L-1 | no | 3 | yes | no | 02-2001 |
| Ralls Co. Water District #1 (1) | L-7 | no | 3 | no | no | 02-1995 |
| Ralls County 911 (10) | L-1 | no | 5 | no | no | 06-2001 |
| Ray County Ambulance District (10) | L-1 | no | 3 | yes | no | 04-1997 |
| Raytown Fire Protection District (32) | LT-8(62) | yes | 5 | no | no | 09-1992 |
| Richmond Special Road District (4) | L-9 | no | 5 | yes | no | 03-2001 |
| Rock Creek Public Sewer (11) | L-6 | yes | 3 | no | no | 03-2000 |
| Rolla Municipal Utilities (51) | LT-8(65) | yes | 3 | no | yes | 01-1969 |
| Salisbury Township (2) | L-1 | no | 3 | yes | no | 04-1989 |
| Sedalia Water Department (26) | L-9 | no | 3 | no | yes | 08-1972 |
| Sikeston Utilities (141) | LT-8(65) | no | 3 | no | yes | 04-1968 |
| Smithville Fire Protection District (12) | L-7 | no | 5 | no | no | 04-2004 |
| Sni Valley Fire Protection District (28) | L-6 | no | 3 | no | no | 07-1986 |
| South Central Ozark Council (6) | L-1 | no | 3 | yes | no | 11-2005 |
| South Metro Fire Protection District (57) | L-11 | no | 3 | no | no | 11-1981 |
| South Scott County Ambulance Dist. (21) | L-1 | yes | 5 | no | no | 07-2000 |
| Southeast MO Regional Planning Comm. (9) | L-3 | no | 5 | no | no | 01-2005 |
| Springfield Utilities (944) | L-6 | no | 3 | no | yes | 06-1968 |
| St. Charles County DDR (4) | L-7 | no | 3 | no | no | 03-1996 |
| St. Francois County DD (26) | L-1 | no | 5 | yes | no | 07-2005 |
| St. Louis MR/DD Resources (26) | L-3 | no | 5 | no | no | 05-1996 |
| Ste. Genevieve Spec. Road Dist. A (2) | L-3 | no | 3 | yes | no | 07-1990 |
| Stoddard Co. Ambulance District (27) | L-7 | no | 3 | yes | no | 07-2001 |
| Stone Co. Emergency Services (16) | L-7 | no | 3 | yes | no | 04-2002 |
| Taney Co. Ambulance District (56) | LT-8(65) | yes | 3 | yes | no | 01-1987 |
| Trenton Municipal Utilities (37) | L-6 | no | 5 | no | yes | 05-1979 |
| Tri-County Ambulance District (7) | L-3 | no | 5 | no | no | 02-1996 |
| Union Special Road District (2) | L-7 | no | 5 | yes | no | 09-1978 |
| Washington Special Road District (1) | L-3 | yes | 3 | no | no | 05-1974 |
| Webb City Special Road District (2) | L-7 | no | 3 | no | no | 01-1996 |
| Webster County E-911 (14) | LT-8(65) | no | 5 | yes | no | 04-2006 |
| Western Taney Co. Fire Prot. Dist. (6) | L-3 | no | 5 | yes | no | 07-1993 |
| Weston Special Road District (3) | L-3 | no | 5 | yes | no | 07-1997 |

# Participating Political Subdivisions

| Libraries: (Employee Members) | Benefit Program† | Rule of 80 | Final Average Salary Period | Employee Contrib. | Non-Contrib. Refund | Membership Date |
|---|---|---|---|---|---|---|
| Adair County Public Library (4) | L-1 | no | 5 | no | no | 01-1992 |
| Brookfield Carnegie Library (3) | L-1 | no | 3 | no | no | 06-1989 |
| Camden County Library (15) | L-1 | no | 5 | yes | no | 01-1978 |
| Carthage Public Library (5) | L-1 | no | 5 | yes | no | 08-2001 |
| Cass County Public Library (31) | L-3 | no | 5 | no | no | 05-1988 |
| Cedar County Library (2) | L-3 | no | 3 | yes | no | 03-1997 |
| Christian County Library (6) | L-6 | no | 5 | no | no | 06-1969 |
| Dade County Library (0) | L-1 | no | 3 | yes | no | 03-1997 |
| Ferguson Municipal Library (2) | L-1 | no | 5 | yes | no | 07-1969 |
| Henry County Library (8) | L-1 | no | 5 | no | no | 01-2006 |
| Hickory County Library (1) | L-1 | no | 3 | yes | no | 03-1997 |
| Jefferson County Public Library (31) | L-3 | no | 3 | yes | no | 01-1992 |
| Lebanon-Laclede Library (10) | L-9 | no | 5 | no | no | 01-2000 |
| Little Dixie Regional Libraries (11) | L-7 | no | 5 | no | no | 06-1996 |
| Livingston County Library (8) | L-1 | no | 5 | no | no | 02-2006 |
| Maryville Public Library (2) | L-3 | yes | 5 | no | no | 12-2000 |
| Mexico-Audrain County Library (8) | L-3 | no | 5 | no | no | 08-1984 |
| *Mid-Continent Public Library (420) | L-6 | yes | 3 | no | yes | 04-1968 |
| Mississippi County Library (4) | L-6 | yes | 3 | yes | no | 02-1969 |
| Missouri River Regional Library (34) | L-7 | no | 3 | no | no | 01-2003 |
| Neosho/Newton County Library (5) | L-3 | yes | 5 | no | no | 01-2005 |
| Nevada Public Library (2) | L-6 | no | 3 | no | no | 04-1969 |
| New Madrid County Library (6) | L-7 | no | 3 | yes | no | 04-1968 |
| Polk County Library (6) | L-1 | no | 3 | no | no | 04-1997 |
| Pulaski County Library (4) | L-3 | no | 5 | no | no | 01-2000 |
| Ray County Library (4) | LT-10(65) | no | 5 | no | no | 07-1970 |
| Riverside Regional Library (21) | L-12 | no | 3 | no | no | 08-1968 |
| Rock Hill Library (1) | L-3 | no | 5 | yes | no | 01-1989 |
| Rolla Public Library (3) | L-6 | no | 3 | yes | no | 05-1989 |
| Rolling Hills Consolidated Library (15) | L-1 | no | 5 | no | no | 07-2003 |
| Salem Public Library (1) | L-7 | no | 3 | yes | no | 07-1993 |
| Scenic Regional Library (17) | L-6 | no | 5 | yes | no | 01-1971 |
| Sedalia Public Library (5) | L-7 | no | 5 | yes | no | 07-1987 |
| Springfield-Greene County Library (98) | L-7 | no | 3 | no | yes | 07-1969 |
| St. Charles City-County Library (68) | L-7 | no | 3 | no | yes | 08-1973 |
| Stone County Library (3) | L-1 | no | 5 | yes | no | 02-1970 |
| Texas County Library (5) | L-3 | no | 5 | yes | no | 08-1982 |
| Trails Regional Library (33) | L-7 | no | 3 | no | no | 10-1970 |
| Wright County Library (2) | L-1 | no | 5 | no | no | 05-1982 |

† See Summary of Plan Provisions for benefit program description.
* Charter Member