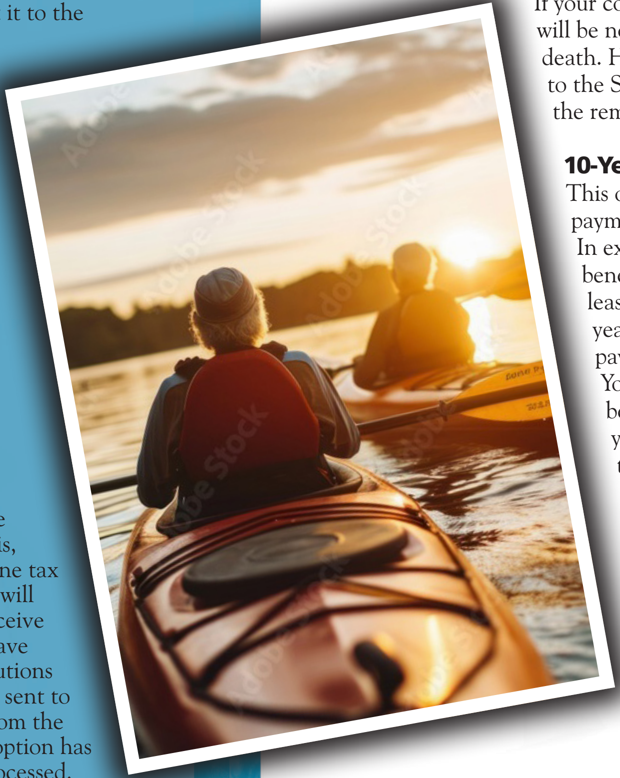
Cost-of-Living Adjustment (COLA)

CERF's Pension Plan provides a cost-of-living adjustment (COLA) to participants who have been receiving benefits for at least one year at the time the COLA takes effect. This adjustment will take effect each July 1 and will be 100% of the Consumer Price Index (CPI), up to a 1% cap, as mandated by the Legislature.

Receiving Your Benefits

When you are ready to retire, you will need to complete a retirement application 30-90 days prior to the date you want your benefits to commence and submit it to the CERF Administrative Office. All required contributions, whether paid by you or paid by the county on your behalf, must be received and reconciled by the CERF Administrative Office prior to your benefit commencement. Additionally, if you are still working at the time your retirement application is submitted to CERF, the salary, hours and contributions cannot be verified until you have worked through your date of termination and all salary, hours and contribution information (if applicable) have been received from the county. Because of this, your first annuity payment may be delayed. You will, however, receive payment retroactive to your benefit commencement date.



Using information from your retirement application, the CERF Administrative Office will calculate a benefit estimate and send this, along with a retiree packet. You can determine tax withholdings from the benefit estimate. You will need to complete banking information to receive your payment by direct deposit. Once you have returned these forms and salary and contributions are verified, a Final Benefit Selection will be sent to you. You will choose your payment option from the Final Benefit Selection. Once the payment option has been selected and first payment has been processed, the annuity option may not be changed.

Normal Form of Payment

The normal form of payment is a Single Life Annuity. This payment option provides you with a monthly payment for the rest of your life. After you die, payments will not continue to a beneficiary.

Optional Forms of Payment

All of the optional forms of payment are "actuarially equivalent" to the normal form of payment. This means the monthly benefit amount derived from an optional payment method is adjusted so that the value of the payments over your lifetime and your beneficiary's lifetime are the same as the value of the normal form of payment.

For the following joint and survivor annuity options, if the beneficiary you have chosen dies before you, please notify the CERF Administrative Office, as your benefit could increase.

Joint and Survivor Annuity

With this option, you will receive smaller monthly payments than with the Single Life Annuity because payments will continue to your designated co-annuitant, if living, after your death. You can choose to have 50%, 75% or 100% of your reduced pension paid to your co-annuitant depending on his/her age. Of course, the higher the continuation percentage you choose, the lower your benefit will be while you are living.

If your co-annuitant dies before you, there will be no further benefits paid after your death. However, your benefit will increase to the Single Life Annuity amount for the remainder of your lifetime.

10-Year Certain and Life Annuity

This option provides a smaller monthly payment than the Single Life Annuity. In exchange for the lower initial benefit, you have a guarantee of at least 120 monthly payments (10 years) even if you die before 120 payments have been received. You may name more than one beneficiary under this option. If you do, you will need to designate the percentage of the benefit that each survivor should receive. If you die before the 10-year period ends and no beneficiary is living, the remaining payments will be made to your estate. If you live longer than 10 years, you will continue to receive payments for the remainder of your lifetime. At the time of your death, all payments stop.

Level Income Option

If you retire prior to age 62, this option can provide you with a higher income until you reach age 62. At age 62, your CERF pension will decrease to allow your combined retirement income from CERF and Social Security to remain level throughout your retirement years.

Joint & Survivor and Level Income Option

This payment option is a combination of the Joint & Survivor annuity and Level Income options. Choosing this option will cause a greater adjustment to your initial pension than choosing just one of the two options.

How to reach us...

County Employees' Retirement Fund
2121 Schotthill Woods Drive
Jefferson City, MO 65101
Toll-free: (877) 632-2373
Fax: (573) 761-4404
E-mail: admin@mocerf.org
Website: www.mocerf.org

The purpose of this brochure is to enable a member to more easily understand benefits provided under the CERF Pension Plan. If we have omitted or misstated any of the plan's provisions when explaining the topics covered by this brochure, the official plan rules contained in the Code of State Regulations will remain the final authority.

OTHER AVAILABLE BROCHURES:

"Participating in the CERF Pension Plan"

"Creditable Service in the CERF Pension Plan"

"Benefits for your Survivors in the CERF Pension Plan"

"When You Terminate Non-Vested in the CERF Pension Plan"

04/2024

CERF
County Employees' Retirement Fund

When You Retire

In the CERF Pension Plan

When You Retire

Once you become vested with at least eight years of continuous creditable service, you are eligible to receive a normal retirement benefit at age 62, or an actuarially-reduced benefit as early as age 55. Your benefit will be calculated using three formulas: (1) Flat-Dollar formula; (2) Targeted Replacement Ratio formula; and (3) Prior Plan formula. The formula that produces the highest benefit is the one that will be used.* Because the required contribution from a LAGERS participant is less than that required from a non-LAGERS participant hired on the same date, the LAGERS participant will receive two-thirds of the non-LAGERS benefit.

*If you terminated vested prior to 10/1/2007, please call the CERF Administrative Office to inquire about the formula that pertains to you.

Required Minimum Distribution Rule

You must begin receiving required minimum distributions by April 1 of the calendar year following the year you turn age 73 or the year you separate from service, whichever is later.

Retirees Returning to Work

If you are retired and receiving a benefit from CERF, your benefit will be suspended if you are rehired in a full-time (1,000 hours or more), eligible position, and you will also be subject to making the required CERF contributions. Elected or appointed officials are considered to work at least 1,000 hours for the purposes of CERF. A pension benefit will not be paid for the same month in which you returned to work at the county. When you retire again, your pension will be based on your total years of creditable service provided that, in no event shall the participant's total creditable service, when added together for all service periods, exceed the maximum allowable. If you are rehired as a part-time employee, however, and work less than 1,000 hours in a calendar year, your pension will continue without interruption. You will not earn additional credit for the part-time service. If, as a part-time employee, you reach 1,000 hours in a calendar year, your benefit will be suspended and you will be enrolled in CERF the first of the month following the month in which you reach 1, 000 hours. Elected or appointed officials are considered to work at least 1,000 hours for the purposes of CERF.

Flat-Dollar Formula

The Flat-Dollar method is the simplest of the three formulas. It uses a flat-dollar amount of $29 and your creditable years of service (up to 29 years).

$29 x Years of Creditable Service (up to 29 years) x 12 (months) = Annual Benefit

To illustrate how your benefit is calculated, assume you are a non-LAGERS participant with 27 years of service. Under the Flat-Dollar formula, your benefit is calculated as follows:

$29 x 27 (Years of Creditable Service) x 12 (months) = $9,396 (Annual Benefit)

If you are a LAGERS participant, you will receive two-thirds of this amount, or:

$9,396 x 2/3 = $6,264 (Annual Benefit)

Targeted Replacement Ratio Formula

The Targeted Replacement Ratio, or TRR, method seeks to provide a pension benefit that, when added to Social Security and other benefits, is a percentage of the income you earned before you retired. If you have the full 29 years of service, the TRR formula is designed to approximate your after-tax spendable income in retirement by replacing that income with all available resources.

The plan's targeted replacement ratios are based on average final compensation as follows:

Targeted Replacement Ratios

If your annual average final compensation is . . .	Your targeted replacement ratio is . . .
$36,000.00 or less	80%
$36,000.01 to $48,000.00	77%
$48,000.01 or higher	72%

The formula for calculating your benefit using the Targeted Replacement Ratio is shown following. This formula uses your average final compensation, which is the average of your two highest years of compensation from the county. Compensation includes your regular wages or salary, vacation, sick leave, overtime and bonuses. Any lump sum payment attributable to services for prior year(s) (including, but not limited to, a payment of benefits, back pay, unused vacation days or sick leave attributable to services performed in a prior year) will not be included in calculating average final compensation. *See 16 CSR 50-2.050(1).*

(TRR x Average Final Compensation)
– Primary Social Security Benefit
x Years of Service (up to 25)
÷ 25 Years + (1% x Average Final Compensation x Years of Service greater than 25 but no more than 29)
= Annual CERF Benefit

Note: Formula uses a Primary Social Security benefit at age 62, which is based on a projection and regression of county-earned income.

To illustrate how your benefit is calculated, assume you are a non-LAGERS participant who is near retirement with 27 years of service and $35,000 as average final compensation. Under the TRR formula, your benefit is calculated as follows:

([80% x $35,000 - $12,000] x 25 ÷ 25)
+ (1% x $35,000 x 2) = $16,700

If you are a LAGERS participant, you will receive two-thirds of this amount, or:

$16,700 x 2/3 = $11,133.34 (Annual Benefit)

Prior Plan Formula

The formula for calculating a Prior Plan benefit for non-LAGERS and LAGERS participants is as follows:

Average Final Compensation x 1.5% for non-LAGERS or 1.0% for LAGERS x Years of Service
= Annual CERF Pension Benefit

Note: Formula uses average final compensation and years of county creditable service as of December 31, 1999.

Early Retirement

If you are vested and no longer employed by any of the CERF counties, you may begin receiving your benefit as early as age 55. However, if you terminate county employment prior to age 55 and begin drawing a benefit between ages 55 and 59½, the Internal Revenue Service will impose an additional 10% tax on your benefit. The amount of your monthly pension will be actuarially-reduced because you will be receiving your benefits earlier and over a longer period of time. The amount of the reduction depends on the age at which you begin receiving benefits and whether you left CERF-covered employment before, or after, age 55.

The early retirement factors for receiving benefits prior to age 62 are listed in the table to the right.

Early Retirement Factors

Age	Employees Who Terminate After Age 55	Employees Who Terminate Before Age 55*
62	1.000	1.000
61	.952	.901
60	.904	.814
59	.820	.736
58	.736	.667
57	.652	.605
56	.568	.550
55	.500	.500

* Factor for participants who are vested in their benefits, but terminate after December 31, 1999, and before reaching age 55.

To illustrate how your early retirement benefit is calculated, assume you elect to terminate county employment and retire at age 59. If your normal retirement benefit would have been $6,000 each year, your early retirement benefit starting at age 59 is calculated as follows:

$6,000 (Normal Retirement Benefit) x .820 (Early Retirement Factor) = $4,920 (Annual Benefit)

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