Using Retirement
To Build Strong Communities

Robert Wilson, CEBS
Executive Director, Missouri LAGERS
Why we do what we do:

“Government Service . . .

must be attractive enough to lure our most talented people.

It must be challenging enough to call forth our greatest efforts.

It must be interesting enough to retain their services.

It must be satisfying enough to inspire single-minded loyalty and dedication.

It must be important enough to each individual to call forth reserves of energy and enthusiasm.”

(Excerpt from President Kennedy’s Message to the Federal service published in the Civil Service Journal, January-March 1961)
• 715 participating employers
• 34,000 participating workers
• 22,000 retirees/beneficiaries
• Over $260 Million Paid in annual benefits
• Over $7 Billion in assets
• 95% Pre-Funded
“We need to keep the employees that we have in order to maintain the level of service that the citizens have grown accustomed to.”

Bill Johnson

Director of Administration
City of Fulton, MO
What can we do Better?

❖ We’re Focusing on the Wrong Things
  ❖ Impersonal & Abstract
    ❖ UAAL instead of people who want to serve
    ❖ “Our benefits were contractually negotiated and we have a legal right to them.”

❖ What’s Really the Issue?
  ❖ Clue: It’s not about benefits!
    ❖ It’s about making our communities better, cleaner and safer for our citizens
So, what is the answer?

- **Talk about the REAL Issues**
  - We must have modest, earned retirement security, for EVERYONE
  - Our systems work well & they should be discussed, modeled & expanded, for EVERYONE
  - THEN talk Economics and specifics

- **“We’re all in this together”**
  - There are no ‘sides’
  - Find common ground

  *We ALL dream of working hard for that day where we can live our remaining years with dignity, pride, happiness and security*

  - It’s what we all want......and deserve......
What’s the PURPOSE of a retirement SYSTEM?

- Attract quality workers
- Incentive to stay with employer during most productive years
- Keep lines of promotion open
- Provide dignified exit from the workforce
- Capture skills & expertise to better the community
Building Your Message

Key Message:

Building strong communities.
Local Government Week Video Series

Jason Simpson, Fire Captain
City of Webster Groves
Justin
Serving since 1997
Married, 3 children

John
Serving since 2001
Married, 4 children

Gene
Serving since 1992
Married, 3 children

Kris
Serving since 2000
Married, 3 children

Steve
Serving since 2000
Married, 4 children
How ‘bout a story...
Our Strategy

• Outreach/Partnering with our stakeholders
  – We’re all in this together
  – Having a plan
  – Real conversations

• Making it Real
  – Telling the story
    ........Our story
Case Study:
City of Webster Groves, MO

• 150 Employees
• Civilian, Police, & Fire Groups
• Police & Fire Do not participate in Social Security
• Had a Defined Contribution Plan until 2013 when they switched to Defined Benefit Plan
A Call to Action

• We MUST talk about our **purpose**
  – Don’t be mad, defensive or blaming
  – Talk moving forward, solutions - communities!

• This is a battle of education and information

• We have a great story to tell – Let’s tell it
  – With legislators
  – With the public
  – With affiliate groups
  • What a powerful, integrated network
CTA: Call To Action

YOU HAVE A GREAT STORY TO TELL!

KEEP MESSAGES FOCUSED ON THE COMMUNITY YOU SERVE.
Thoughts and prayers to Clinton Police Department, MO after the passing of Police Officer Gary Michael. NeverForget UltimateSacrifice

Police Officer Gary Michael
Clinton Police Department, MO
EOW: August 6, 2017

6:36 AM - 7 Aug 2017
THIS is our future...
Once they care, then it matters.

Getting it RIGHT

How Missouri LAGERS is helping build strong communities by creating a secure retirement for Missourians.
LAGERS Annual Benefit Payments by Region

Part One
Annual Benefit Payments

Northwest
1,337 Retirees
$13,372,960

Northeast
1,012 Retirees
$9,538,224

West
3,803 Retirees
$61,301,991

Central
2,632 Retirees
$32,663,640

Southwest
4,270 Retirees
$64,059,625

East
2,965 Retirees
$42,805,259

Southeast
2,472 Retirees
$25,564,058

LAGERS benefits paid to each congressional district and their impact on the Missouri economy.
**LAGERS Members and Annual Benefit Payment Statistical Summary**

<table>
<thead>
<tr>
<th>Averages per State Senate</th>
<th>Averages per State House</th>
<th>Averages per Congressional</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of active members &amp; benefit recipients</td>
<td>1,520</td>
<td>320</td>
</tr>
<tr>
<td><strong>Active Members</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of active employee currently working toward a benefit</td>
<td>971</td>
<td>205</td>
</tr>
<tr>
<td><strong>Benefit Recipients</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of retired members and beneficiaries who received retirement benefits within the last year</td>
<td>544</td>
<td>113</td>
</tr>
<tr>
<td><strong>Average annual benefit payments per district</strong></td>
<td>$7,205,221</td>
<td>$1,502,668</td>
</tr>
</tbody>
</table>

**LAGERS Members and Annual Benefit Payments by State Senate District**

<table>
<thead>
<tr>
<th>District</th>
<th>Senator</th>
<th>Active Members</th>
<th>Benefit Recipients</th>
<th>Total Members</th>
<th>Total Annual Benefits</th>
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<tbody>
<tr>
<td>1</td>
<td>Sean Sifton</td>
<td>130</td>
<td>105</td>
<td>235</td>
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<td>2</td>
<td>Bob Onder</td>
<td>697</td>
<td>566</td>
<td>1,063</td>
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<td>3</td>
<td>Gary Embra</td>
<td>1,206</td>
<td>764</td>
<td>2,672</td>
<td>$7,287,265</td>
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<td>4</td>
<td>Jacob Hammel</td>
<td>213</td>
<td>72</td>
<td>287</td>
<td>$674,081</td>
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<td>5</td>
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<td>80</td>
<td>28</td>
<td>108</td>
<td>$250,725</td>
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<td>6</td>
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<td>640</td>
<td>1,865</td>
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<tr>
<td>7</td>
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<td>176</td>
<td>116</td>
<td>294</td>
<td>$1,089,020</td>
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<td>8</td>
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<td>1,134</td>
<td>558</td>
<td>1,692</td>
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<td>273</td>
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<td>1,789</td>
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<td>14</td>
<td>Martha Chappell-Hendel</td>
<td>390</td>
<td>169</td>
<td>468</td>
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<td>15</td>
<td>Andrew Koenig</td>
<td>429</td>
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<td>594</td>
<td>$1,344,936</td>
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<tr>
<td>16</td>
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<td>665</td>
<td>1,967</td>
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<tr>
<td>22</td>
<td>Paul Wiantol</td>
<td>452</td>
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<tr>
<td>23</td>
<td>Bill Eigel</td>
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<td>551</td>
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<tr>
<td>24</td>
<td>Jill Schupp</td>
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<td>100</td>
<td>619</td>
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<tr>
<td>25</td>
<td>Doug Delta</td>
<td>1,700</td>
<td>1120</td>
<td>2,820</td>
<td>$9,979,061</td>
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<tr>
<td>26</td>
<td>Dan Sekels</td>
<td>654</td>
<td>159</td>
<td>813</td>
<td>$5,507,686</td>
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<tr>
<td>27</td>
<td>Wayne Wellinger</td>
<td>1,518</td>
<td>931</td>
<td>2,446</td>
<td>$11,655,737</td>
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<tr>
<td>28</td>
<td>VACANT</td>
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<td>748</td>
<td>1,547</td>
<td>$6,277,747</td>
</tr>
<tr>
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<td>David Getter</td>
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<td>Bob Dixon</td>
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<td>31</td>
<td>Ed Emery</td>
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<td>32</td>
<td>Pat Richard</td>
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<td>33</td>
<td>Mike Cenekbah</td>
<td>510</td>
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<tr>
<td>34</td>
<td>Rob Schoen</td>
<td>1,486</td>
<td>703</td>
<td>2,189</td>
<td>$6,599,302</td>
</tr>
</tbody>
</table>
All Americans deserve financial security in retirement. Not only are well-managed pension plans good for workers, they are also good for Missouri.

Economic Impact

The Multiplier Effect:
How spending flows through the economy, supporting jobs and incomes in the process.

The multipliers used in this report are from Pensionomics 2016: Measuring the Economic Impact of DB Pension Expenditures, National Institute on Retirement Security.

LAGERS data used in this study:

Fiscal Year 2016 benefits were paid to 20,219 benefit recipients, 18,490 of them live in Missouri.

Of the $262 million in total benefits paid by LAGERS in FY 2016, $244 million was paid to Missouri residents.
Always talk Purpose

Pensions Are an Investment in Our Communities

A pension plan is a tool for public employers to improve services provided to their communities. The pension provides a mechanism to attract and retain a skilled workforce to provide the best possible service to the citizens.

There are real consequences for taxpayers when individual savers fail to adequately prepare for retirement.

LAGERS is:

**Flexible**
- Employers choose benefits based on local goals & budgets
- Benefits can be changed either up or down

**Portable**
- Goal is to retain skilled workers
- Nearly 700 Participating Employers, 15 Join Each Year
- Once a member is vested (5 Years), they are vested at any LAGERS employer
- Lump sum option for members leaving local government service with less than 10 years

**Secure**
- 94.7% Funded
- Required contributions & no delinquent employers

The Unfunded Liability Nobody is Talking About

Elizabeth Atchoff, LAGERS Senior Communications Specialist

You hear a lot in the news these days about a looming pension crisis and their supposed mounting unfunded liabilities. When I try to imagine how I would react to these headlines if I did not work in the retirement industry, I imagine that the phrase 'unfunded liability' would sound absolutely terrifying, and that if I ever heard that phrase being thrown around when it came to my retirement plan, I would be concerned.

Until we start quantifying the unfunded liabilities in 401(k)-type plans, many Americans are going to be in for a big surprise when they are ready, but cannot afford to retire.

Now to be clear, I believe that every pension plan should have sound plan design with a solid funding ratio so that, like LAGERS (and many other well-run pensions across the country), the benefits are fully funded today and plan participants can go to work and retire with the peace of mind in knowing that their retirement will be secure. Pension plans that are not doing this should be fixed. But what I find most disturbing is that there appeared to be one major unfunded liability that nobody is talking about...yours.

‘My unfunded liability?’ you may ask. ‘I don’t have an unfunded liability’. And that is where many of you would be mistaken. Like most Americans, you are probably planning to retire at some point in your life — either at a time of your choosing or perhaps for reasons beyond your control, such as failing health. And when that time comes, you’re going to need to have income to live much they will need in retirement.

According to the National Institute on Retirement Security, 45% of American households do not own any type of retirement account, with a disproportionately large number of low-income households saving nothing for retirement. Even more shocking, of households that do have retirement savings accounts, the average balance for individuals nearing retirement (age 55-64) is a mere $104,000; and if we included the

We’re here for a reason – be proud & tell your story
The first step is understanding........

You do it because you care.....about your communities......about them.........
Doing what must be done.....for whom we serve.....with dignity & respect
Our communities, citizens and workers have been fragmented and pitted against each other in a struggle, that working apart - we will all lose.

We’ve lost sight of dedication, loyalty and commitment to ourselves, our employees, our employers and our communities. Long term work and commitment to building something, working together, is fleeting.

Focus has shifted to the “bottom line”. Investing and building for the future has been sacrificed for short term perceived “savings”. That is no way to sustain and grow.

First to suffer was the private sector & it’s been devastating. The attack has now turned to the public sector. We can’t turn our backs. We have to help re-value commitment and build back businesses, pride, respect and our communities.

You cannot build nor sustain a community with a short term, workforce with only short term goals – public or private. We must have quality, dedicated, motivated workers; invested in their roles, and our communities.

We’re all in this together.
A Seat at the Table

In my office, over the back of one of the chairs at a small conference table, hangs a precious gift I received from the Jefferson City Fire Department – an old firefighter coat that was worn and retired from service. Just an old, smoke-filled coat… that means so much more.

It’s easy to get caught up in the ‘business side’ of life and forget about the core of our lives and society: health, safety, and security. Every morning, the first thing I see is that coat. And it serves as a constant reminder of all those who rise early and night to serve the rest of us, keeping us safe, secure, healthy and happy. I think of all they do. Firefighters, police officers, dispatchers, utility workers, public works, paramedics, health department workers, road workers. The list is endless. All of them, giving their careers in service to others. Us. That’s what strikes me when I look at that coat, that old, ‘worn out’ coat. I think of all that have worn it, what they’ve seen, what they’ve done for us. I think of their families – the days and nights they’ve spent hoping their spouse, child or sibling returns home safe.

Then I think about me… and that old coat. Am I doing everything I can to best serve them? Am I doing everything to serve and protect their retirement security as they do in protecting us every day? I’d like to think that we do, but we can always do more. A member of our Member Services team took this picture the other day and asked me to write about it. “Our members always have a seat at the table,” she said. Though I hadn’t hung the coat there with that specifically in mind, she’s right. And that seat is the reason for everything we do.