Speaker's Office <speaker@guamlegislature.org>

M&C Fwd: Government of Guam Retirement Fund Board Resolution No. 2019-01 relative to the Guam Retirement Security Plan (GRSP)
1 message

Speaker's Office <speaker@guamlegislature.org> Tue, Jun 18, 2019 at 10:22 AM
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>
Bcc: Tina Muna Barnes <tinamunabarnes@gmail.com>

06-07-19	9:45 AM	06-07-19	Resolution No. 2019-01 relative to the Guam Retirement Security Plan (GRSP).*	Government of Guam Retirement Fund Board	35GL-19-0625

Sinsenru yan Minagåhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
T: (671) 477-2520/1
speaker@guamlegislature.org

35GL-19-0625
Speaker Tina Rose Muña Barnes

JUN 0 7 2019
Time 9:45 (X)AM ( )PM
Received By: Matt

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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fåbot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

2019 JUN 18 AM 10:39

--------- Forwarded message ---------
From: **Paula Blas** <pmblas@ite.net>
Date: Fri, Jun 7, 2019 at 9:45 AM
Subject: Government of Guam Retirement Fund Board Resolution No. 2019-01 relative to the Guam Retirement Security Plan (GRSP)
To: Tina Muna Barnes <speaker@guamlegislature.org>

Hafa Adai Madam Speaker,

At the April 26, 2019 Government of Guam Retirement Fund Board of Trustees ("Board") meeting , the Board approved the attached Resolution No. 2019-01 and proposed legislation.

If you would like to discuss the proposed legislation, please let me know when it would be a convenient date and time to meet with you.

Warm regards,

Paula

RETIREMENT FUND

Paula M. Blas
Director
GOVERNMENT OF GUAM RETIREMENT FUND
(671) 475-8900/01

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Resolution No. 2019-01.pdf
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0625

GOVERNMENT OF GUAM RETIREMENT FUND

RESOLUTION NO. 2019 - 01

RELATIVE TO A CASH BALANCE PLAN KNOWN AS THE GUAM RETIREMENT SECURITY PLAN

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND:

WHEREAS, Public Law No. 33-186:5 described the framework for the creation, approval, and adoption of a Cash Balance Plan known as the Guam Retirement Security Plan:

> *No later than* March 31, 2017, the Board of Trustees of the Retirement Fund *shall* create, approve, and adopt a Cash Balance Plan to be known as the Guam Retirement Security Plan (GRSP), plan documents, rules, regulations, administrative procedures, and forms that it may deem necessary and appropriate to implement the GRSP pursuant to the Administrative Adjudication Act in accordance with the provisions set forth in Public Law No. 33-186:5"; and

WHEREAS, by Resolution No. 2017-04 dated February 27, 2017, the Board of Trustees adopted a Guam Retirement Security Plan and Trust Agreement (serving as the GRSP plan document) and conducted a duly noticed public hearing on March 14, 2017; and

WHEREAS, on March 30, 2017, the Board of Trustees submitted the final GRSP plan document to the Legislature pursuant to the Adminstrative Adjudication Act; and

WHEREAS, the GRSP plan document became effective after it was submitted to the Legislature, pursuant to the Administrative Adjudication Act; and

WHEREAS, the Board of Trustees in Resolution No. 2017-04 found that implementation of the GRSP would remain subject to the timely enactment of appropriate legislation to comply with (a) Internal Revenue Code requirements applicable to the governmental pension plans under section 401(a) of the United States Internal Revenue Code of 1986, as amended, applicable to Guam under the corresponding mirror provisions of the Guam Territorial Income Tax Code; and (b) the Decision and Order in *Bautista vs. Perez, et al.*, Civil Case No. CV 1848-01 filed on February 18, 2003 (the "Lamorena Order"); and

WHEREAS, the Board of Trustees in Resolution No. 2017-04 further found that pending enactment of such legislation, the implementation of the GRSP would violate the Code and the Lamorena Order; and

WHEREAS, the Board of Trustees in Resolution No. 2017-04 further found that to ensure that eligible government of Guam employees would be enrolled in a retirement plan on and after January 1, 2018, the DCRS was appropriate to serve as a default plan until such time as the GRSP can be properly implemented; and

WHEREAS, the Board of Trustees now finds that appropriations from the General Fund (such as the $500,000 appropriated in Public Law No. 34-116:XI:8) have been insufficient to provide a designated, reliable statutory funding source to support prudent implementation of the GRSP; and

WHEREAS, the Board of Trustees now further finds that absent the likelihood of sufficient and designated, reliable statutory funding to properly implement the GRSP, the GRSP should be repealed in favor of the DCRS as a default plan for new employees commencing employment with the government of Guam; and

NOW THEREFORE, BE IT RESOLVED:

That it is in the best interest of the Government of Guam Retirement Fund to recommend to I Liheslaturan Guahan that the GRSP be repealed retroactively to inception; and

That legislation similar to the attached draft bill be submitted to I Liheslaturan Guahan for introduction in accordance with the findings and intent described therein.

* * *

DULY AND REGULARLY ADOPTED BY THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND, ON THIS 26TH DAY OF APRIL, TWO THOUSAND AND NINETEEN.

BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND

Joe T. San Agustin, Chairman

Albert H. Santos, Trustee

Wilfred P. Leon Guerrero, Vice Chairman

Katherine T.E. Taitano, Trustee

Antolina S. Leon Guerrero, Secretary

Gerard A. Cruz, Treasurer

Attested to by:

Paula M. Blas, Director

I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUAHAN
2019 (FIRST) REGULAR SESSION

Bill No. _____

Introduced By:

AN ACT TO REPEAL PUBLIC LAW NO. 33-186:5 AND ARTICLE 6, CHAPTER 8, TITLE 4, OF THE GUAM CODE ANNOTATED, RELATIVE TO THE GUAM RETIREMENT SECURITY PLAN (GRSP)

BE IT ENACTED BY THE PEOPLE OF GUAM:

SECTION 1. Legislative Findings and Intent. *I Liheslaturan Guahan* finds that Public Law No. 33-186:5 described the framework for the creation, approval, and adoption of a Cash Balance Plan to be known as the Guam Retirement Security Plan, stating:

> No later than March 31, 2017, the Board of Trustees of the Retirement Fund shall create, approve, and adopt a Cash Balance Plan to be known as the Guam Retirement Security Plan (GRSP), plan documents, rules, regulations, administrative procedures, and forms that it may deem necessary and appropriate to implement the GRSP pursuant to the Administrative Adjudication Act in accordance with the provisions set forth in Public Law No. 33-186:5.

I Liheslaturan Guahan further finds that by GGRF Resolution No. 2017-04 dated February 27, 2017, the Board of Trustees of the Retirement Fund adopted a Guam Retirement Security Plan and Trust Agreement (serving as the GRSP plan document) and conducted a duly noticed public hearing on March 14, 2017; and that on March 30, 2017, the Board of Trustees timely submitted the final GRSP plan document to the Legislature pursuant to the Administrative Adjudication Act; and that the GRSP plan document became effective after the GRSP plan document it was submitted to the Legislature, pursuant to the Administrative Adjudication Act.

I Liheslaturan Guahan further finds that the uncodified law known as the Guam Retirement Security Plan created under Public Law No. 33-186:5 was codified by the Compiler of Laws under the authority of 1 G.C.A. § 1606 in Article 6, Chapter 8, Title 4 of the Guam Code Annotated; and that the uncodified provision created under Public Law No. 33-186:6 was noted in the preamble to Article 6, Chapter 8, Title 4 of the Guam Code Annotated.

I Liheslaturan Guahan further finds that as of the September 30, 2017 deadline for participants in the Defined Contribution Retirement System (DCRS) to elect to transfer to the GRSP effective January 1, 2018, only six (6) participants so elected to participate in the GRSP.

I Liheslaturan Guahan further finds that because only six (6) DCRS participants elected to participate in the GRSP as of the September 30, 2017 election deadline, the Board of Trustees of the Retirement Fund properly determined in GGRF Resolution No. 2017-04 that the level of GRSP assets projected to fund administrative costs and potential benefit obligations could reasonably result in a shortfall of GRSP assets to cover GRSP liabilities, with no designated funding source.

I Liheslaturan Guahan further finds that the Board of Trustees of the Retirement Fund properly refrained from implementing the GRSP and properly designated the DCRS as the appropriate default plan for new employees of the Government of Guam as of January 1, 2018, as determined in GGRF Resolution No. 2017-05.

I Liheslaturan Guahan further finds that the GRSP in Article 6, Chapter 8, Title 4 of the Guam Code Annotated should be repealed retroactively to January 1, 2018.

I Liheslaturan Guahan further finds that it was and is appropriate that the DCRS be the default retirement plan for new employees commencing employment on and after January 1, 2018, until such time as the GRSP is re-enacted and can be properly implemented without violating the Code and the Lamorena Order.

SECTION 2. Effective retroactively to January 1, 2018, Section 5 of Public Law No. 33-186 is hereby *repealed.*

SECTION 3. Effective retroactively to January 1, 2018, the uncodified law by Public Law No. 33-186:5 (September 14, 2016), codified at Article 6, Chapter 8, Title 4 of the Guam Code Annotated pursuant to the authority of 1 G.C.A. § 1606, is hereby *repealed.*

SECTION 4. Effective Date. Except as otherwise provided herein, this Act shall take effect upon enactment.

SECTION 5. Severability. If any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Act which can be given effect without the invalid provisions or applications, and to this end the provisions of this Act are severable.