I Mina'trentai Sais Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
346-36 (LS) As amended on the Floor; and further amended in the Committee of the Whole.	Jose "Pedo" Terlaje Tina Rose Muña Barnes Joe S. San Agustin Clynton E. Ridgell Telena Cruz Nelson James C. Moylan Frank Blas Jr. V. Anthony Ada Christopher M. Dueñas Amanda L. Shelton Mary Camacho Torres Therese M. Terlaje	AN ACT TO *AMEND* §§ 8502 AND 8503, OF ARTICLE 5, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT 1.75 RETIREMENT SYSTEM.	10/21/22 4:30 p.m.	10/26/22	Committee on Public Accountability, Human Resources, the Guam Buildup, Hagåtña Revitalization, Regional Affairs, Public Libraries, Telecommunications, and Technology	11/4/22 8:00 a.m.	11/30/22 8:46 a.m.	Request: 10/26/22 11/4/22	

SESSION DATE	TITLE	DATE PASSED	TRANSMITTED	DUE DATE	PUBLIC LAW NO.	DATE SIGNED	NOTES
12/2/22	AN ACT TO *AMEND* §§ 8502 AND 8503 OF ARTICLE 5, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO THE DEFINED BENEFIT 1.75 RETIREMENT SYSTEM.	12/16/22	12/16/22	12/28/22	36-130	12/27/22	Received: 12/28/22 Mess and Comm. Doc. No. 36GL-22-2925

LOURDES A. LEON GUERRERO
GOVERNOR

JOSHUA F. TENORIO
LT. GOVERNOR

UFISINAN I MAGA'HÅGAN GUÅHAN
OFFICE OF THE GOVERNOR OF GUAM

Transmitted via email to: speaker@guamlegislature.org

December 27, 2022

Doc Type: 36GL-22-2925
OFFICE OF THE SPEAKER
THERESE M. TERLAJE

-12- 27 2022

Time: 4:57pm
Received: MARIE CRUZ

HONORABLE THERESE M. TERLAJE, *Speaker*
I Mina'trentai Sais Na Liheslaturan Guåhan
36th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Re: BILL NO. 346-36 (LS) - AN ACT TO *AMEND* §§ 8502 AND 8503 OF ARTICLE 5, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO THE DEFINED BENEFIT 1.75 RETIREMENT SYSTEM

Hafa Adai Madame Speaker,

Under the best conditions, public safety and law enforcement officers maintain order and promote community safety. Under the worst, their duties require these brave public servants to put their lives in danger for the protection of others. These officers accept these risks so that the rest of our community can sleep safely at night. The dangerous work that public safety and law enforcement officers perform puts severe strain on their bodies, and exposes them to hazards and injuries that public servants in other fields do not experience.

The federal government and other jurisdictions recognize the physical and mental stresses that public safety and law enforcement officers experience, and allow their officers to retire at a younger age than other government workers. I am pleased that Guam will extend to our public safety and law enforcement officers the opportunity to retire at age fifty-five (55) if they have twenty-five (25) years of service or at age fifty-seven (57) if they have at least five (5) years of service.

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The ability to retire at an earlier age will not only aid those officers currently serving but will serve as a strong incentive to encourage others to join their ranks, to serve alongside the brave officers that protect the people of Guam. For these reasons, I am signing Bill No. 346-36 into law as ***Public Law No. 36-130***.

Senseremente,

LOURDES A. LEON GUERRERO
Maga'hågan Guåhan
Governor of Guam

Enclosure: Bill No. 346-36 (LS) *nka P.L. No. 36-130*

cc via email: *Honorable* Joshua F. Tenorio, *Sigundo Maga'låhen Guåhan*, Lt. Governor of Guam
Compiler of Laws

RECEIVED
DEC 28 2022
8:00 AM
COMMITTEE ON RULES

I MINA'TRENTAI SAIS NA LIHESLATURAN GUÅHAN
2022 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO *I MAGA'HÅGAN GUÅHAN*

This is to certify that **Bill No. 346-36 (LS), "AN ACT TO *AMEND* §§ 8502 AND 8503 OF ARTICLE 5, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO THE DEFINED BENEFIT 1.75 RETIREMENT SYSTEM,"** was on the 16th day of December 2022, duly and regularly passed.

Therese M. Terlaje

Therese M. Terlaje
Speaker

Attested:

Amanda L. Shelton

Amanda L. Shelton
Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 16th day of Dec, 2022, at 10:06 o'clock P.M.

C. Chong

PO3 C C CHONG SGT

Assistant Staff Officer
Maga'håga's Office

APPROVED:

Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 12/27/2022

Public Law No. 36-130

I MINA'TRENTAI SAIS NA LIHESLATURAN GUÅHAN
2022 (SECOND) Regular Session

Bill No. 346-36 (LS)
As amended on the Floor; and further amended in the Committee of the Whole.

Introduced by:

Jose "Pedo" Terlaje
Tina Rose Muña Barnes
Joe S. San Agustin
Clynton E. Ridgell
Telena Cruz Nelson
James C. Moylan
Frank Blas, Jr.
V. Anthony Ada
Christopher M. Dueñas
Amanda L. Shelton
Mary Camacho Torres
Therese M. Terlaje
Joanne Brown
Sabina Flores Perez
Telo T. Taitague

AN ACT TO *AMEND* §§ 8502 AND 8503 OF ARTICLE 5, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO THE DEFINED BENEFIT 1.75 RETIREMENT SYSTEM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that the Defined Benefit 1.75 Retirement System of the Government of Guam Retirement Fund (the DB 1.75 Plan) was established in 2016 to be comprised of membership under the Guam Retirement Fund established under Article 1, Chapter,

8, Title 4, Guam Code Annotated (the DB Plan), and the Deferred Compensation Program established under Article 3, Chapter 8, Title 4, Guam Code Annotated. The DB 1.75 Plan, established under Article 5, Chapter 8, Title 4, Guam Code Annotated, became effective in 2018 as the retirement program (not a separate fund or trust) for government of Guam employees in the Defined Contribution Retirement System, established under Article 2, Chapter 8, Title 4, Guam Code Annotated (the DC Plan), to transfer to the DB 1.75 Plan upon timely election.

I Liheslaturan Guåhan further finds that as of September 30, 2021, there were seven thousand seventy (7,070) active members in the Defined Contribution Plan, one thousand two hundred twenty-six (1,226) active members in the Defined Benefit Plan, and two thousand nine hundred ninety-four (2,994) active members in the DB 1.75 Plan. *I Liheslaturan Guåhan* further finds that newly-hired government of Guam employees and certain active DC Plan members would benefit from another opportunity to timely elect to participate as Defined Benefit 1.75 Plan members.

I Liheslaturan Guåhan further finds that uniformed personnel (as defined in § 8104(p) of Article 1, Chapter 8, Title 4, Guam Code Annotated) employed by the government of Guam have shorter life expectancies than other government employees, yet DB 1.75 Plan members face the same requirements for age and length of service to qualify for retirement. *I Liheslaturan Guåhan* finds that approximately ninety-five percent (95%) of states and other U.S. territories provide for lower ages and shorter lengths of service for law enforcement officers to qualify to retire with full (unreduced) benefits.

At the request of the Committee on Public Safety of *I Liheslaturan Guåhan*, the Government of Guam Retirement Fund (GGRF) commissioned an actuarial study to determine the financial impact on the government of Guam's unfunded liability and the government of Guam's employer contribution rate arising from changes to the law to allow (a) new employees and active Defined Contribution Plan

participants to transfer to the DB 1.75 Plan; and (b) DB 1.75 Plan members who are uniformed personnel to be eligible for full retirement benefits at age fifty-five (55) with twenty-five (25) years of service, or at age fifty-seven (57) with five (5) years of service.

I Liheslaturan Guåhan further finds that, subject to the caveats and limitations in the actuarial study, the estimated cost to the government of Guam for enacting the amendments in this Act would increase the unfunded actuarial accrued liability by 0.09%, and increase the employer contribution rate by 0.04%.

Based on these findings, *I Liheslaturan Guåhan* intends to amend §§ 8502 and 8503 of Article 5, Chapter 8, 4 GCA to allow active Defined Contribution Plan participants with the opportunity to transfer to the DB 1.75 Plan during a designated transfer period, and to amend § 8503 to provide law enforcement officers with lower age and length of service requirements for retirement with full (unreduced benefits).

Section 2. § 8502(b)(1)(A) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(A) All new employees whose employment commences between April 1, 2017 and December 31, 2017, inclusive, and who satisfy the eligibility requirements for membership under §§ 8105 and 8106, may elect to participate in the Retirement Fund as "Defined Benefit 1.75 Plan members" in accordance with such eligibility requirements. No additional new employees shall be admitted to the Existing Retirement System on or after January 1, 2018, except as provided hereunder or provided from time to time under the Existing Retirement System.

Further, all new employees whose employment commences on or after January 1, 2024, and who satisfy the eligibility requirements for membership under §§ 8105 and 8106, may elect to participate in the Retirement Fund as Defined Benefit 1.75 Plan members in accordance with such eligibility

requirements, by making the appropriate election with the Defined Benefit 1.75 Retirement System in the form and manner as determined by the Board during the election period commencing on an employee's date of employment and ending one (1) month thereafter. Employees who elect to participate in the Retirement Fund as Defined Benefit 1.75 Plan members pursuant to § 8502(b)(1) may not change such election and shall not be eligible to be a member of the Defined Contribution System."

Section 3. § 8502(b)(1)(C) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(C) Except for those members who elect to participate in the Defined Benefit 1.75 Retirement System pursuant to § 8502(b)(2), any new employee hired after January 1, 2018 and who elects to participate in the Defined Contribution Retirement System and current members of the Defined Contribution System whose employment continues beyond December 31, 2017, shall continue to contribute and participate in the Defined Contribution System without change in provisions or benefits, except as provided from time to time under the Defined Contribution System.

Further, any new employee who commences employment on or after January 1, 2024, and who does not elect to participate in the Retirement Fund as a Defined Benefit 1.75 Plan member pursuant to § 8502(b)(1), shall contribute and participate in the Defined Contribution System, except as provided from time to time under the Defined Contribution System."

Section 4. § 8502(b)(2) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(2) Defined Benefit 1.75 Plan Election by Current Employees in Defined Contribution System. All employees who are members in the Defined Contribution System on March 31, 2017 shall be eligible to elect on a

voluntary basis to become Defined Benefit 1.75 Plan members effective as of January 1, 2018, and to terminate active participation in the Defined Contribution System as of such date, by making the appropriate election with the Defined Benefit 1.75 Retirement System in the form and manner as determined by the Board during the election period commencing on April 1, 2017 and ending on September 30, 2017. After having made such election to become a Defined Benefit 1.75 Plan member, the member may not change such election or again become an active member of the Defined Contribution System. The failure to make such election shall be deemed to constitute an election by the member to remain as an active member under the Defined Contribution System. Such election shall not apply to members in the Defined Contribution System who have retired or otherwise terminated employment from government service and who are not employed by the government of Guam at the time of the election and as of the January 1, 2018, effective date of participation in the Defined Benefit 1.75 Plan.

Further, all employees who are members in the Defined Contribution System at any time between June 1, 2023 and December 31, 2023, inclusive, shall be eligible to elect on a voluntary basis to become Defined Benefit 1.75 Plan members effective as of January 1, 2024, and to terminate active participation in the Defined Contribution System as of such date, by making the appropriate election with the Defined Benefit 1.75 Retirement System in the form and manner as determined by the Board during the election period commencing on June 1, 2023, and ending on December 31, 2023 (or January 31, 2024, for members who commenced employment during the month of December 2023). After having made such election to become a Defined Benefit 1.75 Plan member, the member may not change such election or again become an active member of the Defined Contribution System. The failure to

make such election shall be deemed to constitute an election by the member to remain as an active member under the Defined Contribution System. Such election shall not apply to members in the Defined Contribution System who have retired or otherwise terminated employment from government service and who are not employed by the government of Guam at the time of the election and as of the January 1, 2024 effective date of participation in the Defined Benefit 1.75 Plan."

Section 5. § 8502(b)(4)(B)(iii) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(iii) the member's account under the Defined Contribution System shall not be subject to transfer to the Retirement Fund.

Further, for any employee who is a member maintaining an interest in the Defined Contribution System, who leaves government service and who is later reemployed by the government of Guam between June 1, 2023 and December 31, 2023, inclusive:

(A) the member shall be eligible to elect on a voluntary basis to become a member of the Defined Benefit 1.75 Plan if such member otherwise meets the eligibility requirements for membership under §§ 8105 and 8106;

(B) the election period for this election shall be the period commencing on June 1, 2023 and ending on December 31, 2023 (or January 31, 2024, for members reemployed during the month of December 2023), and the effective date of the member's membership in the Defined Benefit 1.75 Plan shall be January 1, 2024; and

(C) the member's account under the Defined Contribution System shall be subject to transfer to the Defined Benefit 1.75 Retirement System in accordance with §§ 8503(d)(2) and 8504."

Section 6. § 8503(a)(1) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(1) an amount equal to one and seventy-five hundredths percent (1.75%) of average annual salary for each year of credited service; however, for a Defined Benefit 1.75 Plan member who is an active employee on or after January 1, 2024, the basic retirement annuity shall be an amount equal to one and seventy-five hundredths percent (1.75%) of average annual salary for each year of credited service, up to twenty-five (25) years of credited service, plus two and seventy-five hundredths percent (2.75%) of average annual salary for each additional year of credited service in excess of twenty-five (25) years of credited service, up to fifteen (15) years of additional credited service;"

Section 7. § 8503(c) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(c) Retirement. Notwithstanding the otherwise applicable retirement requirements under §§ 8119 through 8120.1 or other successor provisions, a Defined Benefit 1.75 Plan member may retire on a service retirement annuity under the Retirement Fund, upon written application to and approval by the Board; provided that such member shall have attained at least sixty-two (62) years of age and has completed five (5) years of service. However, at the option of the Defined Benefit 1.75 Plan member, whether active or inactive, such member may retire after (1) attaining at least fifty-five (55) years of age and (2) completing twenty-five (25) years of service, in which case the retirement annuity for such member shall be reduced one half (1/2) of one percent (1%) for each month such member is under the age of sixty-two (62) years at such time of retirement, from the amount of the retirement annuity determined for such member as of his attainment of age sixty-two (62).

Notwithstanding the foregoing portion of this § 8503(c), and notwithstanding the otherwise applicable retirement requirements under §§ 8119 through 8120.1 or other successor provisions, a Defined Benefit 1.75 Plan member who is a public safety and law enforcement officer as defined in § 51101(b) of Chapter 51, Title 17 GCA, and identified in § 55102(g) (1) through (7) of Chapter 55, Title 10 GCA, and who is an active employee on or after January 1, 2024, may retire on a service retirement annuity under the Retirement Fund, upon written application to and approval by the Board; provided that such member shall have either (1) attained at least fifty-five (55) years of age and completed twenty-five (25) years of service or (2) attained at least fifty-seven (57) years of age and completed five (5) years of service. The retirement annuity for such member shall not be subject to the reduction which is described in the preceding paragraph."

Section 8. § 8503(d)(1)(A) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(A) With respect to a member in the Defined Contribution System on March 31, 2017 who timely elects to be a member in the Defined Benefit 1.75 Retirement System effective as of January 1, 2018, in accordance with the election procedures under §8502(b)(2), the member's account balance under the Defined Contribution System shall be transferred to the Defined Benefit 1.75 Retirement System, in accordance with § 8504, effective as of January 1, 2018.

(1) With respect to an employee who is a member in the Defined Contribution System between June 1, 2023 and December 31, 2023, inclusive, who timely elects to be a member in the Defined Benefit 1.75 Retirement System effective as of January 1, 2024, in accordance with the election procedures under § 8502(b)(2), the

member's account balance under the Defined Contribution System shall be transferred to the Defined Benefit 1.75 Retirement System, in accordance with § 8504, effective as of January 1, 2024."

Section 9. § 8503(d)(1)(B) of Article 5, Chapter 8, Title 4, Guam Code Annotated, is hereby *amended* to read:

"(B) Further, with respect to a member in the Defined Contribution System who is reemployed by the government of Guam during the period between April 1, 2017 and September 30, 2017, inclusive, and who becomes a member in the Defined Benefit 1.75 Retirement System effective as of January 1, 2018, in accordance with the election procedures under § 8502(b)(4), the member's account balance under the Defined Contribution System shall be transferred to the Defined Benefit 1.75 Retirement System, in accordance with § 8504, effective as of January 1, 2018.

(1) Further, with respect to a member in the Defined Contribution System who is reemployed by the government of Guam during the period between June 1, 2023 and December 31, 2023, inclusive, and who becomes a member in the Defined Benefit 1.75 Retirement System effective as of January 1, 2024, in accordance with the election procedures under § 8502(b)(4), the member's account balance under the Defined Contribution System shall be transferred to the Defined Benefit 1.75 Retirement System, in accordance with § 8504, effective as of January 1, 2024."

Section 10. Reporting Requirements.

A new § 8502(b)(7) is *added* to Article 5 of Chapter 8, Title 4, Guam Code Annotated, to read:

"(7) The Government of Guam Retirement Fund (GGRF) shall submit to *I Liheslaturan Guåhan* an annual report of the following:

(a) total number of new employees who participated in the Defined Benefit 1.75 Plan;

(b) total number of employees who are members in the Defined Contribution System who elected on a voluntary basis to become members in the Defined Benefit 1.75 Plan;

(c) total number of public safety and law enforcement officers per agency who are members in the Defined Benefit 1.75 Plan that are eligible to retire;

(d) total number of public safety and law enforcement officers per agency who are members in the Defined Benefit 1.75 Plan that have elected to retire, and total number of vacancies per agency; and

(e) fiscal analysis by the Bureau of Budget and Management Research and the Office of Finance and Budget."

Section 11. Effective Date. Except as expressly provided herein, this Act shall be effective upon enactment.

Section 12. Severability. If any provision of this Act or its application to any person or circumstance is held invalid, the invalidity shall not affect any other provision or applications of this Act which can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.