
Government of Guam Retirement Fund

Actuarial Valuation as of September 30, 2009

Prepared by:

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May 14, 2010



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Actuarial Valuation as of September 30, 2009**

At the request of the Trustees, we have made an actuarial valuation of the Government of Guam Retirement Fund as of September 30, 2009. The purpose of this valuation is to determine the required contribution under the provisions of GCA 8137 and to provide the Fund with financial disclosures under GASB Statement No. 25.

In preparing our report, we relied on financial information and employee data furnished to us by the Government of Guam Retirement Fund. While Milliman has not audited the financial and census data, they have been reviewed for reasonableness and are, in our opinion, sufficient and reliable for the purposes of our calculations. If any of this information as summarized in this report is inaccurate or incomplete, the results shown could be materially affected and this report may need to be revised.

The actuarial cost method and assumptions used as well as the supporting data and principal plan provisions upon which the valuation is based are set forth in the following report. In our opinion, each actuarial assumption, method, and technique used is reasonable taking into account the experience of the Plan and reasonable expectations. Nevertheless, the emerging costs will vary from those presented in this report to the extent actual experience differs from that projected by the actuarial assumptions. The results of this valuation are applicable only for the current year and are intended to be used only by the plan sponsor for the specific purposes described herein.

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Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for GGRF, except for those presented under GASB Statement No. 25, which are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ as disclosed in our report. The calculations in the enclosed report have been made on a basis consistent with our understanding of the System's funding requirements and goals and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, all costs, liabilities, and other factors under the Plan were determined in accordance with generally accepted actuarial principles and practices which are consistent with the applicable Actuarial Standards of Practice of the American Academy of Actuaries. We further certify that, to the best of our knowledge, the report is complete and accurate and the information presented herein, in our opinion, fully and fairly discloses the actuarial position of the Plan.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,



Richard A. Wright, FSA, MAAA
Consulting Actuary

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Section	Page
I VALUATION SUMMARY	
Introduction	1
Highlights	1
Results of Valuation	2
5-Year Historical Summary	3
Actuarial Assumptions	4
Alternative Funding Strategies	5
II FUND ASSETS	
Exhibit 1. Summary of DB Plan Assets	6
Exhibit 2. DB Plan Asset Allocation	7
Exhibit 3. Changes in DB Plan Assets	8
Exhibit 4. Actuarial Value of Assets	9
Exhibit 5. Historical Returns on DB Plan Assets	10
III MEMBERSHIP DATA	
Exhibit 6. Active Employees	11
Exhibit 7. Active Employees by Agency	12
Exhibit 8. Retired Employees	13
Exhibit 9. Terminated and Inactive Members	14
Exhibit 10. Reconciliation of Membership Data	15
IV VALUATION EXHIBITS	
Exhibit 11. Accrued Liability	16
Exhibit 12. Calculation of Unfunded Liability	17
Exhibit 13. Calculation of Actuarial Gain/Loss	18
Exhibit 14. Normal Cost	19
Exhibit 15. Amortization of Unfunded Liability	20
Exhibit 16. Contribution Requirements	21
Exhibit 17. GASB No. 25 Schedule of Funding Progress	22
Exhibit 18. GASB No. 25 Schedule of Employer Contributions	23
Exhibit 19. 40-Year Projection of Contribution Rate	24-25
Exhibit 20. 40-Year Projection of Security Ratio	26-27
V APPENDICES	
Appendix A. Summary of Pension Plan	28-32
Appendix B. Actuarial Cost Method and Assumptions	33-35
Appendix C. Summary of Participant Data	36-41
Appendix D. Glossary of Key Terms	42

INTRODUCTION

Milliman, Inc. has been retained by the Government of Guam Retirement Fund to provide an actuarial valuation of the retirement fund. In our valuation we:

- Summarize the membership data.
- Calculate the actuarial accrued liability and normal cost.
- Determine the contribution requirements.
- Provide financial information required by GASB No. 25.
- Project the fund balance and security ratio forward 40 years.

The results contained in this report represent our best estimates. However, it is likely that actual experience will vary from these estimates. To the extent that actual experience differs from the anticipated experience, actual plan costs will vary as well.

HIGHLIGHTS

- The required contribution under GCA 8137 is **28.06%** of payroll. Of this amount, 21.75% is for the unfunded liability of the defined benefit (DB) plan, 3.03% is for the normal cost of the DB plan, and 3.28% is for contributions and expenses for the defined contribution (DC) plan.
- Public Law 28-150 provided that the current employer contribution rate will increase over a 5-year period until it reaches the actuarial contribution rate. The employer contribution rate for the 2009-10 fiscal year is 26.04%.
- The defined benefit payroll for the 2008-09 fiscal year was \$182.0 million compared with \$186.0 million for the 2007-08 fiscal year. The total defined benefit and defined contribution payroll for the 2008-09 fiscal year, was \$423.8 million compared with \$411.4 million for the 2007-08 fiscal year.
- The unfunded accrued liability decreased from \$1.508 billion as of September 30, 2008, to \$1.444 billion as of September 30, 2009. The primary causes of the decrease were revisions to the actuarial assumptions used to value the plan's liabilities, and a change in the method of calculating the actuarial value of assets (see "Actuarial Assumptions" below). The payment required to amortize the unfunded accrued liability under GCA 8137 has decreased from \$96.6 million to \$95.4 million. The payment as a percentage of payroll has decreased from 22.69% to 21.75%.
- Based on the audited financial statements, we calculated an investment return on the total market value of assets of 7.2% for the fiscal year ending September 30, 2009. The average annual return on the market value of assets for the last 5 fiscal years has been 4.5%.
- Actuarial assumptions have been updated to reflect the recommendations from the actuarial experience study for the period from October 1, 2002, to September 30, 2007, as discussed below under "Actuarial Assumptions".
- There have been no changes in plan provisions since the prior actuarial valuation.

RESULTS OF VALUATION

	9/30/2009		9/30/2008	
Participant Counts				
Active				
– Non-Uniformed (DB)	3,365		3,576	
– Uniformed (DB)	<u>367</u>		<u>376</u>	
– Total (DB)	3,732		3,952	
Retired (DB)	<u>7,112</u>		<u>7,085</u>	
Total Actives and Retirees (DB)	10,844		11,037	
Inactive and Terminated Members with Accumulated Contributions (DB)	6,525		6,634	
Active Participants (DC)	7,107		6,759	
	(\$millions)		(\$millions)	
Actual Payroll for Prior Fiscal Year				
Defined benefit (DB) payroll	\$182.0		\$186.0	
Total payroll (DB and DC)	423.8		411.4	
Expected Payroll for Next Fiscal Year				
Defined benefit (DB) payroll	\$177.0		\$179.5	
Total payroll (DB and DC)	438.6		425.8	
Financial Status				
Accrued liability	\$2,738.8		\$2,718.7	
Actuarial value of assets	<u>1,294.6</u>		<u>1,211.0</u>	
Unfunded accrued liability	\$1,444.2		\$1,507.7	
Security ratio	47.27%		44.54%	
		% of DB Payroll		% of DB Payroll
Normal Cost				
Total normal cost	\$ 30.1*	17.00%	\$ 32.9	18.34%
Estimated employee contributions	<u>(16.8)</u>	<u>(9.50%)</u>	<u>(17.1)</u>	<u>(9.50%)</u>
Government normal cost	\$ 13.3	7.50%	\$ 15.9	8.84%
		% of Total Payroll		% of Total Payroll
Required Contribution per GCA 8137				
Unfunded liability cost	\$ 95.4	21.75%	\$ 96.6	22.69%
Government DB normal cost	13.3	3.03%	15.9	3.73%
Expected government DC contributions	<u>14.4*</u>	<u>3.28%</u>	<u>12.3</u>	<u>2.89%</u>
Total DB and DC contribution	\$ 123.1	28.06%	\$ 124.8	29.31%
Yield on Market Value of Assets		7.2%		(14.6%)

* Includes budgeted administrative expenses allocated 77% to DB and 23% to DC.

5-YEAR HISTORICAL SUMMARY

The following table summarizes the principal valuation results over the last 5 years.

	9/30/2009	9/30/2008	9/30/2007	9/30/2006	9/30/2005
Participant Counts					
Active (DB)	3,732	3,952	4,061	4,298	4,705
Retired (DB)	7,112	7,085	7,037	7,055	6,852
Inactives (DB)	<u>6,525</u>	<u>6,634</u>	<u>6,738</u>	<u>6,978</u>	<u>7,063</u>
Total (DB)	17,369	17,671	17,836	18,331	18,620
Active (DC)	7,107	6,759	6,686	5,992	5,703
Actual Payroll					
DB payroll	\$182.0	\$186.0	\$180.8	\$192.4	\$196.2
DC payroll	<u>241.8</u>	<u>225.4</u>	<u>196.3</u>	<u>184.2</u>	<u>163.7</u>
Total payroll	\$423.8	\$411.4	\$377.0	\$376.6	\$359.9
Financial Status					
Accrued liability	\$2,738.8	\$2,718.7	\$2,682.1	\$2,656.0	\$2,583.4
Actuarial assets	<u>1,294.6</u>	<u>1,211.0</u>	<u>1,448.7</u>	<u>1,320.9</u>	<u>1,293.6</u>
UAL	\$1,444.2	\$1,507.7	\$1,233.5	\$1,335.1	\$1,289.8
Security ratio	47.27%	44.54%	54.01%	49.73%	50.07%
Contribution Rate					
DB Normal Cost (as % of DB payroll)	7.50%	8.84%	7.86%	8.44%	8.71%
% of Total Payroll					
UAL Rate	21.75%	22.69%	19.68%	20.75%	20.66%
DB Normal Cost	3.03%	3.73%	3.70%	3.99%	4.26%
DC Contribution	<u>3.28%</u>	<u>2.89%</u>	<u>2.64%</u>	<u>2.63%</u>	<u>2.55%</u>
Actuarial Rate *	28.06%	29.31%	26.02%	27.38%	27.48%
Budget Rate *	tbd	26.04%	25.20%	24.07%	22.94%
Investment Yield	7.2%	(14.6%)	14.7%	8.0%	9.7%

* "Actuarial Rate" is the contribution rate determined in the actuarial valuation. "Budget Rate" is the contribution rate set by the legislature. Contribution rates apply to the fiscal year beginning one year after the valuation date.

ACTUARIAL ASSUMPTIONS

The following are the major assumptions used in the actuarial valuation, which should be reviewed for reasonableness. The assumptions for mortality, withdrawal, disability, and probability of marriage have been revised from those used for the prior valuation, based upon recommendations from the actuarial experience study for the period from October 1, 2002, to September 30, 2007. In addition, the administrative expense assumption and the asset valuation method have been revised as described below. To the extent that actual experience differs from the assumptions below, future pension costs will differ.

Interest Rate: The interest rate used as of September 30, 2009, was 7.0%. Milliman’s expected long-term returns on various asset classes is shown below. The target asset allocation is the expected long-term asset allocation and is based on the Fund’s investment policy.

Asset Class	(a) Target Asset Allocation	x	(b) Expected Nominal Return ¹	=	(c) Component Return
U.S. Equities (large cap)	30%		9.09%		2.73%
U.S. Equities (small cap)	10%		10.66%		1.07%
Non-U.S. Equities	17%		9.23%		1.57%
Non-U.S. Equities (emerging markets)	3%		11.76%		0.35%
U.S. Fixed Income (aggregate)	30%		5.18%		1.55%
Real Estate (REITs)	10%		8.91%		<u>0.89%</u>
Expected average return for one year					8.16%
Expected geometric mean (50 years)					7.36%
25 th to 75 th Percentile Return					6.12% - 8.62%

¹ Assumes annual inflation of 3.0%.

The current assumption of 7.0% is slightly less than the geometric average expected return over the next 50 years, and is well within the 25th to 75th percentile of expected results. Note that if investments fail to achieve the assumed interest rate, future pension costs will increase.

Mortality. The mortality table used as of September 30, 2009, was the RP-2000 mortality table, set forward by 3 years for males and 1 year for females. The mortality table used for disabled lives was the RP-2000 disability mortality table. The assumption for the prior valuation was the Uninsured Pensioner 1994 Table (UP94), with male mortality rates set forward 2 years for healthy lives. For disabled lives, the prior valuation used the Uninsured Pensioner 1984 Table (UP84) table with a 10-year set forward for males and an 8-year set forward for females.

Salary Increases. Salaries are assumed to increase 8.5% per year for employees in their first 5 years of service, 7.0% for service between 6 and 10 years, 6.0% for service between 11 and 15 years, 5.0% for service between 16 and 20 years, and 4.0% for service after 20 years. This assumption is unchanged from the prior valuation.

Total Payroll Growth. Total payroll for defined benefit and defined contribution members is assumed to increase 3.5% per year. This assumption is unchanged from the prior valuation.

Retirement Age. We have assumed 50% of employees will retire when first eligible for unreduced retirement. Thereafter, 20% of employees will retire at each year until age 70, at which time all remaining employees are assumed to retire. This assumption is unchanged from the prior valuation.

Return of Contributions. We have assumed 100% of employees who withdraw prior to retirement and who have less than 20 years of service will elect a return of contributions in lieu of a deferred benefit. This assumption is unchanged from the prior valuation.

Administrative Expenses. Total administrative expenses are assumed to be \$5,729,000, which is the amount budgeted for the year ending September 30, 2010. Administrative expenses are assumed to be allocated 77% to the defined benefit plan and 23% to the defined contribution plan.

Rates of Withdrawal and Disability. The assumed rates of withdrawal and disability were changed from the prior valuation and are shown in Appendix B. The probability of an employee leaving employment before retirement is now based upon a service related table rather than an age based table. The disability rates for male employees are now the same as the disability rates for female employees. The disability assumption used in the prior valuation reflected a 30% increase for males over the rates assumed for females.

Probability of Marriage. We have assumed that 75% of retirees will be married at retirement. The prior valuation assumed that 65% of retirees would be married at retirement.

Asset Valuation Method. The asset valuation method has been changed to one in which investment gains/losses relative to the assumed investment return are phased in over a period of 3 years. This will help reduce the volatility in the funded status and contribution rate. As before, certain receivables and liabilities whose payments are deducted from employer contributions to the Fund are excluded from the actuarial value of assets.

A complete summary of actuarial assumptions is in Appendix B.

ALTERNATIVE FUNDING STRATEGIES

GC Section 8137 requires a contribution sufficient to fully fund the unfunded liability by 2031 (within 80 years from May 1, 1951). The required contribution shown in this report includes a payment for the normal cost of active members of the Fund, and amortizes the unfunded liability over the remaining 21.58 years as a level percentage of total payroll (including both defined benefit and defined contribution members).

Any change in contribution requirements requires legislative action. One alternative strategy is to achieve a funding target of less than 100% after a certain number of years. Another strategy recognizes the decreasing size of the active population covered by the defined benefit plan, and develops contribution requirements that decrease as a percentage of payroll.

Exhibits 19 and 20 project the employer and employee contributions, fund balance, accrued liability and security ratio forward 40 years under current funding requirements. Any study of alternative funding strategies should consider the effect on the projected fund balance and security ratio.

EXHIBIT 1. SUMMARY OF DB PLAN ASSETS

Listed below are the assets reported for the defined benefit (DB) pension plan in the Fund's audited financial statements as of September 30, 2009, excluding certain receivables and liabilities whose payments are deducted from employer contributions to the Fund, along with the audited assets as of September 30, 2008.

	9/30/2009	9/30/2008
Investments		
Common stocks	\$ 557,712,039	\$ 531,049,327
Mutual funds	176,980,098	95,152,521
U.S. government securities	196,463,854	257,225,870
Non-U.S. fixed income	1,291,992	4,758,395
Corporate bonds and notes	209,334,557	201,550,038
Money market funds	<u>22,526,943</u>	<u>36,492,500</u>
Total investments	1,164,309,483	1,126,228,651
Receivables		
Employer contributions, net	10,413,984	13,534,195
Member contributions	4,650,500	6,027,201
Accrued investment income	4,426,240	5,249,384
Due from brokers for unsettled trades	6,045,882	850,640
Notes receivable for service credits	2,285,674	2,909,255
Notes receivable ERIP	5,947,312	7,056,299
Interest and penalties	232,941	10,077,564
Supplemental/insurance benefits advanced	4,311,138	4,328,570
Other receivables	2,738,706	2,687,398
Due from DC plan	<u>274,244</u>	<u>529,347</u>
Total receivables	41,326,621	53,249,853
Cash and cash equivalents	2,894,073	3,808,929
Property and equipment	<u>964,374</u>	<u>1,036,025</u>
Total assets	\$ 1,209,494,551	\$ 1,184,323,458
Liabilities		
Accounts payable and accrued expenses	\$ 3,353,328	\$ 1,292,216
Due to brokers for unsettled trades	<u>4,666,581</u>	<u>2,135,989</u>
Total liabilities	\$ 8,019,909	\$ 3,428,205
Valuation Assets	<u>\$ 1,201,474,642</u>	<u>\$ 1,180,895,253</u>
Excluded Assets ¹		
Receivable – ERIP employer share	\$ 269,915	\$ 2,168,379
Supplemental/COLA benefits receivable	72,993,528	78,085,596
Deferred revenue for service credits	<u>(8,965,445)</u>	<u>(12,517,759)</u>
Total excluded assets	\$ 64,297,998	\$ 67,736,216

¹ Excluded because payments towards these receivables are deducted from employer contributions.

EXHIBIT 2. DB PLAN ASSET ALLOCATION

The allocation of assets among various investment classes is an important determinant of expected future investment returns.

	DB ASSET ALLOCATION	
	9/30/2009	9/30/2008
Common stocks and mutual funds	63.1%	55.6%
U.S. government securities	16.9%	22.8%
Non-U.S. fixed Income	0.1%	0.4%
Corporate bonds and notes	18.0%	17.9%
Money market funds	<u>1.9%</u>	<u>3.3%</u>
Total	100.0%	100.0%

**Asset Allocation
9/30/2009**

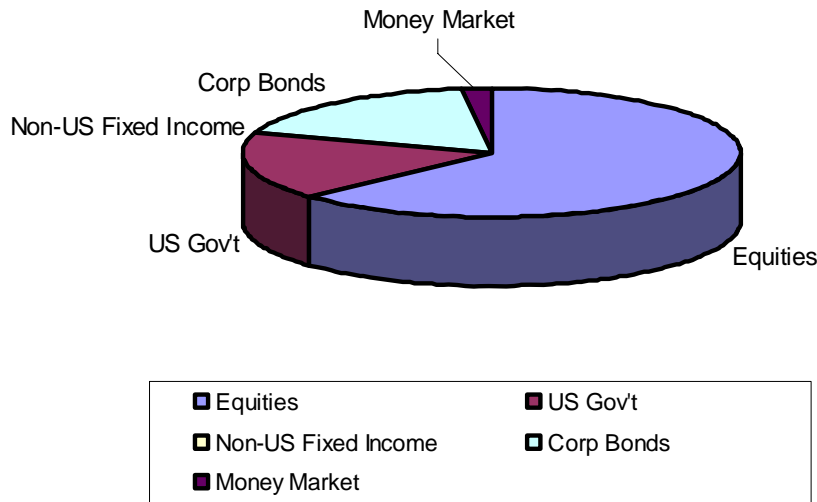


EXHIBIT 3. CHANGES IN DB PLAN ASSETS

Assets increase or decrease each year due to employer contributions, investment income, benefit payments to retiring participants, plan expenses paid by the trust fund, and any realized and unrealized gains and losses from investments.

	FISCAL YEAR ENDING	
	9/30/2009	9/30/2008
Beginning Balance	\$ 1,180,895,253	\$ 1,444,809,962
Contributions		
Employer contributions	89,482,900	83,167,134
Member contributions	18,583,330	18,404,779
Recovery of bad debt	4,095,893	109,726
Decrease/(increase) in excluded assets	<u>3,438,218</u>	<u>3,638,414</u>
Total contributions	115,600,341	105,320,053
Investment Income		
Net appreciation in fair value	31,783,352	(241,778,449)
Interest	43,096,056	40,075,777
Dividends	10,381,191	11,313,550
Other investment income	3,052,774	2,450,074
Investment expenses	<u>(2,933,886)</u>	<u>(3,541,598)</u>
Total investment income	85,379,487	(435,709,169)
Benefit Payments		
Age and service annuities	145,113,609	143,290,225
Disability annuities	8,048,239	8,245,070
Survivor annuities	18,346,271	17,173,563
Refunds to separated employees	4,008,697	4,511,024
Interest on refunded contributions	1,866,299	1,376,549
Balances transferred to DC plan	<u>90,393</u>	<u>16,088</u>
Total benefit payments	177,473,508	174,612,519
Administrative Expenses	2,926,931	3,141,597
Ending Balance	\$ 1,201,474,642	\$ 1,180,895,253

EXHIBIT 4. ACTUARIAL VALUE OF ASSETS

The actuarial value of assets as of September 30, 2009, is equal to the market value of DB plan assets adjusted to phase in gains and losses relative to the assumed rate of return over a 3-year period, and to exclude certain receivables and liabilities whose payments are deducted from employer contributions to the Fund. For the actuarial value of assets as of September 30, 2008, fixed income investments were valued at their amortized cost instead of market value, and gain/losses were not phased in.

	9/30/2009	9/30/2008
Valuation assets at market value	\$ 1,201,474,642	\$ 1,180,895,253
Amortized cost of bonds		493,599,278
Market value of bonds		<u>463,534,303</u>
Adjustment to valuation assets	n/a	30,064,975
(Gains)/Losses excluded from actuarial value (see below)	93,129,083	n/a
Actuarial value of assets	\$ 1,294,603,725	\$ 1,210,960,228
Actuarial value as % of market value	107.8%	102.5%

3-Year Phase-in of Gains and (Losses)

YEAR	EXPECTED RETURN ¹	ACTUAL RETURN	GAIN/(LOSS)	PERCENT EXCLUDED	EXCLUDED FROM MARKET VALUE
2008/2009	\$ 83,382,946	\$ 85,379,487	\$ 1,996,541	66.67%	\$ 1,331,027
2007/2008	91,899,683	(191,480,646)	(283,380,329)	33.33%	<u>(94,460,110)</u>
Total					\$ (93,129,083)

¹ Expected return is based on the assumed investment return, which is 7.0%.

EXHIBIT 5. HISTORICAL RETURNS ON DB PLAN ASSETS

The following table shows the historical return on DB plan assets over the last 5 years: The assumed actuarial valuation rate is 7.0%.

Fiscal Year Ending 9/30	Return on Market Value	Return on Actuarial Value
2009	7.2%	4.8%*
2008	(14.6%)	(12.4%)
2007	14.7%	14.9%
2006	8.0%	7.2%
2005	9.7%	10.7%
2004	9.3%	10.4%
2003	9.9%	13.0%
2002	(0.5%)	(2.7%)
2001	0.7%	(2.3%)
Average of last 5 years	4.5%	4.6%
Average since 2001	4.6%	4.5%

* Based on the asset valuation method as of September 30, 2008 (i.e., fixed income investments are valued at amortized cost).

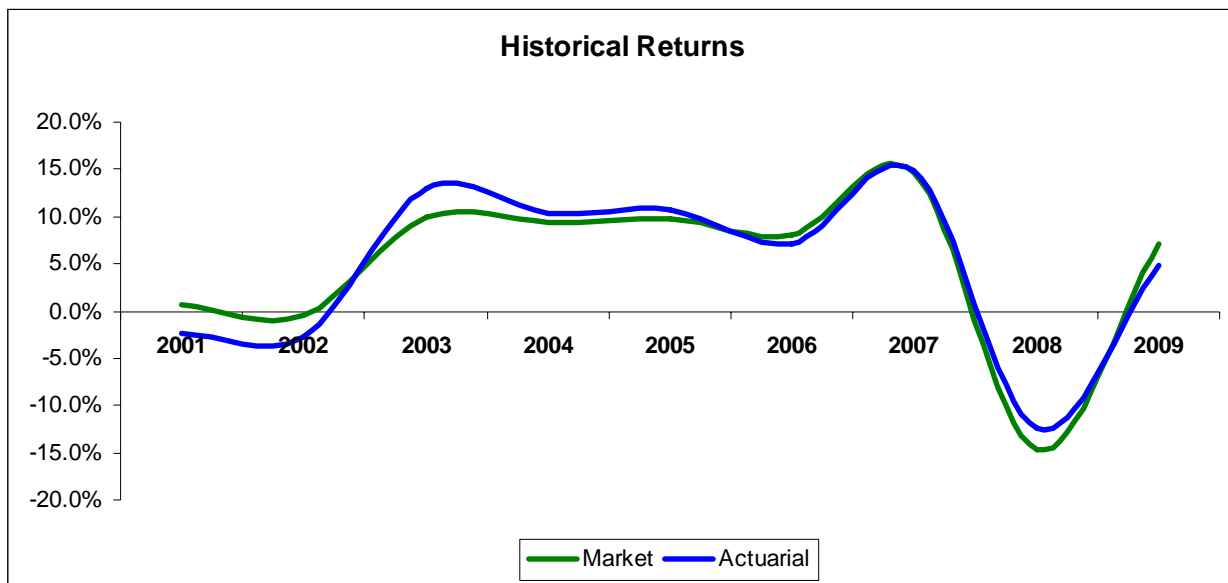


EXHIBIT 6. ACTIVE EMPLOYEES (DB)

	9/30/2009	9/30/2008
Reconciliation of Census		
Members reported in raw data	10,268	10,596
Number excluded due to:		
Reported as inactive	4,799	4,838
Reported as terminated	257	261
Zero earnings	1,465	1,519
Refund of contributions	4	16
Duplicate retiree records	<u>11</u>	<u>10</u>
Total exclusions	6,536	6,644
Active employees in valuation	3,732	3,952
Active Employees – Non-Uniformed		
Number vested	3,307	3,521
Number not vested	<u>58</u>	<u>55</u>
Total	3,365	3,576
Average age	49.9	49.3
Average service	20.8	20.2
Average earnings	\$ 47,530	\$ 46,344
Average accumulated contributions	\$ 95,444	\$ 82,694
Active Employees – Uniformed		
Number vested	367	376
Number not vested	<u>0</u>	<u>0</u>
Total	367	376
Average age	45.8	45.0
Average service	21.8	20.9
Average earnings	\$ 60,692	\$ 55,420
Average accumulated contributions	\$ 125,226	\$ 113,654
Active Employees – Total		
Number vested	3,674	3,897
Number not vested	<u>58</u>	<u>55</u>
Total	3,732	3,952
Average age	49.5	48.9
Average service	20.9	20.3
Average earnings	\$ 48,824	\$ 47,208
Average accumulated contributions	\$ 98,373	\$ 85,639

EXHIBIT 7. ACTIVE EMPLOYEES BY AGENCY

	9/30/2009 (DC)	9/30/2009 (DB)	9/30/2008 (DC)	9/30/2008 (DB)
Agency For Human Resources Development	25	15	19	14
Bureau of Budget & Management Research	8	11	7	10
Bureau of Planning	8	26	8	26
Chamorro Land Trust	6	3	6	-
Chief Medical Examiner	2	1	2	1
Civil Service Commission	4	-	6	2
Customs & Quarantine	96	44	88	45
Dept of Administration	75	62	71	65
Dept of Agriculture	41	36	39	39
Dept of Corrections	132	65	141	70
Dept of Education	2,524	1,222	2,347	1,314
Dept of Labor	25	19	23	21
Dept of Land Management	19	27	16	28
Dept of Law	107	39	102	40
Dept of Mental Health & Substance Abuse	107	40	74	41
Dept of Military Affairs	28	10	26	10
Dept of Parks and Recreation	35	32	35	37
Dept of Public Health & Social Services	253	150	259	156
Dept of Public Works	211	191	217	203
Dept of Revenue and Taxation	90	67	77	71
Dept of Vocational Rehabilitation	17	17	22	18
Dept of Youth Affairs	51	31	50	34
Government of Guam Retirement Fund	28	15	29	16
Governor's office	95	14	98	18
Guam Airport Authority	138	90	143	91
Guam CAHA	2	2	4	3
Guam Community College	150	91	152	97
Guam Economic Development Agency	20	6	19	6
Guam Election Commission	5	1	7	1
Guam Energy Office	9	1	3	2
Guam Environmental Protection Agency	40	15	38	18
Guam Fire Dept	139	158	138	163
Guam Housing & Urban Renewal Agency	76	33	70	36
Guam Housing Corporation	18	6	19	6
Guam Legislature	57	17	50	18
Guam Memorial Hospital Authority	719	241	674	254
Guam Police Dept	229	132	227	132
Guam Power Authority	313	210	293	223
Guam Reparation Commission	9	6	9	5
Guam Visitors Bureau	21	7	18	8
Guam Waterworks Authority	193	97	174	103
KGTF	3	6	4	-
Lt. Governor's Office	19	2	18	1
Mayor's Council	165	21	139	22
Nieves M. Flores Memorial Library	23	8	24	7
Port Authority Of Guam	216	111	221	117
Public Defender	28	21	24	23
Supreme Court Of Guam	215	114	218	115
Territorial Auditors	9	1	8	5
University Of Guam	302	197	301	216
Veteran's Affairs Office	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
TOTAL	7,107	3,732	6,759	3,952

EXHIBIT 8. RETIRED EMPLOYEES (DB)

	9/30/2009	9/30/2008
Service Retirees		
Count	4,947	4,974
Average age	66.0	65.3
Average benefit	\$29,257	\$28,758
Disabled Retirees		
Count	394	407
Average age	64.2	63.2
Average benefit	\$20,069	\$19,807
Survivors		
Count	1,463	1,418
Average age	69.3	68.8
Average benefit	\$12,311	\$12,074
Child Pensioners		
Count	308	286
Average age	15.1	14.9
Average benefit	\$2,160	\$2,160
Total Retirees and Survivors		
Count	7,112	7,085
Average age*	66.6	65.9
Average benefit*	\$25,081	\$24,743

* Excludes child pensioners.

EXHIBIT 9. TERMINATED AND INACTIVE MEMBERS (DB)

	9/30/2009	9/30/2008
Reported as Inactive		
Count	4,799	4,838
Accumulated contributions	\$ 1,608,351	\$ 1,640,989
Reported as Terminated		
Count	257	261
Accumulated contributions	\$ 1,073,697	\$ 1,086,690
Zero Earnings		
Count	1,465	1,519
Accumulated contributions	\$ 11,117,857	\$ 11,786,178
Refund of Contributions		
Count	4	16
Accumulated contributions	\$ 44,341	\$ 263,458
Total Terminateds and Inactives		
Count	6,525	6,634
Accumulated contributions	\$ 13,844,246	\$ 14,777,316

EXHIBIT 10. RECONCILIATION OF MEMBERSHIP DATA (DB)

	Act	Inact	Term	Zero	Refund	Ret	Surv	Disab	Child	Total
9/30/2008	3,952	4,838	261	1,519	16	4,974	1,418	407	286	17,671
Additions from:										
Actives		0	3	34	4	84	0	5	0	130
Inactives	5		0	10	0	0	0	0	0	15
Terminations	1	0		1	0	0	0	0	0	2
Zero earnings	23	0	0		0	7	1	1	0	32
Refunds	7	0	0	1		0	0	0	0	8
Retiree	1	0	0	0	0		0	0	0	1
Survivor	0	0	0	0	0	0		0	0	0
Disability	0	0	0	0	0	0	0		0	0
Child	0	0	0	0	0	0	0	0		0
Other adds ¹	3	0	0	6	0	22	97	0	54	182
Subtotal	40	0	3	52	4	113	98	6	54	370
Subtractions due to:										
Actives		-5	-1	-23	-7	-1	0	0	0	-37
Inactives	0		0	0	0	0	0	0	0	0
Terminations	-3	0		0	0	0	0	0	0	-3
Zero earnings	-34	-10	-1		-1	0	0	0	0	-46
Refunds	-4	0	0	0		0	0	0	0	-4
Retiree	-84	0	0	-7	0		0	0	0	-91
Survivor	0	0	0	-1	0	0		0	0	-1
Disability	-5	0	0	-1	0	0	0		0	-6
Child	0	0	0	0	0	0	0	0		0
Other drops ²	-130	-24	-5	-74	-8	-139	-53	-19	-32	-484
Subtotal	-260	-39	-7	-106	-16	-140	-53	-19	-32	-672
9/30/2009	3,732	4,799	257	1,465	4	4,947	1,463	394	308	17,369

1 Other additions indicate members or beneficiaries who were reported this year but who were not included in the prior year's valuation (e.g. a new beneficiary, etc.).

2 Other drops indicate members or beneficiaries who were in the prior year's valuation but who were not reported in this year's census data (e.g. members who received a complete refund, retirees or beneficiaries who are now deceased, children who have reached the maximum age, etc.).

EXHIBIT 11. ACCRUED LIABILITY

The accrued liability has been calculated using the Entry Age Normal actuarial cost method, and is equal to the present value of benefits for all DB members less the present value of future normal costs for active DB employees.

	9/30/2009	9/30/2008
Present Value of Benefits		
Active employees –		
Retirement	\$ 991,133,795	\$ 992,400,337
Disability	61,890,232	71,922,733
Death	19,695,892	19,506,134
Withdrawal	<u>53,072,372</u>	<u>36,925,341</u>
Total active PVB	1,125,792,291	1,120,754,545
Retirees and Survivors		
Retirees	1,535,819,040	1,553,398,935
Disabled retirees	75,595,056	73,153,529
Survivors	<u>181,072,066</u>	<u>180,920,008</u>
Total retirees and survivors	1,792,486,162	1,807,472,472
Terminated and inactive members	13,844,246	14,777,316
Total PVB	\$ 2,932,122,699	\$ 2,932,122,699
Present Value of Future Normal Cost		
Active employees –		
Retirement	\$ 140,755,734	\$ 160,871,282
Disability	21,566,497	30,218,833
Death	6,789,519	9,237,322
Withdrawal	<u>24,246,190</u>	<u>24,013,357</u>
Total active PVFNC	\$ 193,357,940	\$ 224,340,794
Accrued Liability		
Active members	\$ 932,434,351	\$ 896,413,751
Retirees and survivors	1,792,486,162	1,807,472,472
Terminations and inactives	<u>13,844,246</u>	<u>14,777,316</u>
Total accrued liability	\$ 2,738,764,759	\$ 2,718,663,539

EXHIBIT 12. CALCULATION OF UNFUNDED ACCRUED LIABILITY

The unfunded accrued liability is used to determine the funding requirements. The unfunded accrued liability equals the accrued liability less the valuation assets.

	9/30/2009	9/30/2008
Accrued Liability		
Active members	\$ 932,434,351	\$ 896,413,751
Retirees and survivors	1,792,486,162	1,807,472,472
Terminations and inactives	<u>13,844,246</u>	<u>14,777,316</u>
Total accrued liability	\$ 2,738,764,759	\$ 2,718,663,539
Actuarial Value of Assets	1,294,603,725	1,210,960,228
Unfunded accrued liability	\$ 1,444,161,034	\$ 1,507,703,311
Security Ratio = (Assets/AL)	47.27%	44.54%

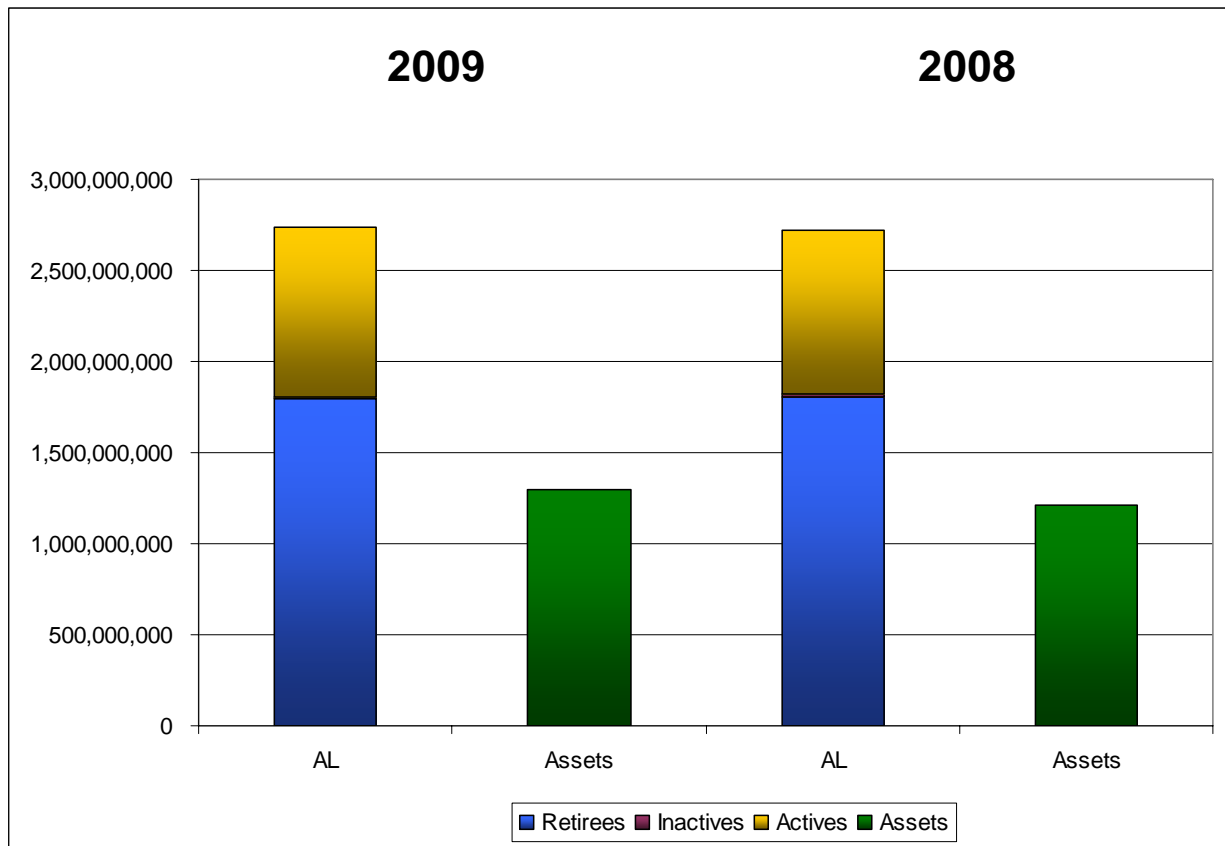


EXHIBIT 13. CALCULATION OF ACTUARIAL GAIN/LOSS

	9/30/2009	9/30/2008
Unfunded Accrued Liability, beginning of year	\$ 1,507,703,311	\$ 1,233,462,760
Additions:		
Normal cost	15,338,110	13,966,116
Interest to end of year	<u>106,612,899</u>	<u>87,320,021</u>
Total additions	121,951,009	101,286,137
Deductions:		
Employer contributions for year	92,921,118	86,805,548
Interest on contributions	<u>3,197,234</u>	<u>2,986,809</u>
Total deductions	96,118,352	89,792,357
Other Changes:		
Plan amendments	0	0
Changes in assumptions and methods	<u>(119,869,093)</u>	<u>0</u>
Net other changes	(119,869,093)	0
Expected UAL, end of year	\$ 1,413,666,875	\$ 1,244,956,540
Actual UAL, end of year	<u>1,444,161,034</u>	<u>1,507,703,311</u>
Actuarial Gain/(Loss)	\$ (30,494,159)	\$ (262,746,771)
Components of Actuarial Gain/(Loss):		
Investment gain/(loss) on actuarial value of assets	\$ (26,566,097)	\$ (257,982,657)
Other changes	<u>(3,928,062)</u>	<u>(4,764,114)</u>
Total actuarial gain/(loss)	\$ (30,494,159)	\$ (262,746,771)

EXHIBIT 14. NORMAL COST

The normal cost has been calculated using the Entry Age Normal actuarial cost method.

	9/30/2009		9/30/2008	
Expected defined benefit payroll for next fiscal year	\$ 176,969,758		\$ 179,541,572	
		% of DB Payroll		% of DB Payroll
Normal cost ¹				
Retirement	\$ 18,832,445	10.64%	\$ 21,522,859	11.99%
Disability	2,871,859	1.62%	3,890,588	2.17%
Withdrawal	3,050,623	1.72%	3,255,821	1.81%
Death	<u>918,961</u>	<u>0.52%</u>	<u>1,221,174</u>	<u>0.68%</u>
Total active normal cost	\$ 25,673,888	14.51%	\$ 29,890,442	16.65%
Assumed DB administrative expenses	<u>4,413,000</u>	<u>2.49%</u>	<u>3,031,871</u>	<u>1.69%</u>
Total normal cost and expenses	\$ 30,086,888	17.00%	\$ 32,922,313	18.34%
Expected member contributions	<u>(16,812,127)</u>	<u>(9.50%)</u>	<u>(17,056,449)</u>	<u>(9.50%)</u>
Government portion of normal cost	\$ 13,274,761	7.50%	\$ 15,865,864	8.84%

¹ Includes interest to mid-year.

EXHIBIT 15. AMORTIZATION OF UNFUNDED LIABILITY

Pursuant to GCA Section 8137, the unfunded liabilities of the Government of Guam Retirement Fund are to be completely funded within 80 years from May 1, 1951. As of September 30, 2009, there are 21.58 years remaining in the funding period. The amortization of the unfunded liability is calculated as a constant percentage of total payroll, which is assumed to grow at 3.5% per year.

	9/30/2009	9/30/2008
Total payroll (DB and DC) for fiscal year following	\$ 438,606,090	\$ 425,781,445
Unfunded accrued liability	1,444,161,034	1,507,703,311
Remaining funding period	21.58 years	22.58 years
Annual amortization	95,415,286	96,603,185
As % of total payroll (DB and DC)	21.75%	22.69%

EXHIBIT 16. CONTRIBUTION REQUIREMENTS

The required contribution is equal to the sum of (1) the government normal cost for the defined benefit (DB) plan, (2) the amortization payment towards the unfunded liability of the defined benefit (DB) plan, and (3) the expected government contributions to the defined contribution (DC) plan. The required contribution is then divided by the sum of the DB and DC payroll to determine the contribution rate as a percentage of payroll.

Note that the contribution rate actually received by the defined benefit plan from defined contribution payroll will be approximately 5% less than the total contribution rate shown below, since 5% of defined contribution payroll is deposited into the defined contribution plan and an additional amount is allocated to pay administrative expenses.

	9/30/2009	9/30/2008
Expected payroll for next fiscal year		
Defined benefit (DB)	\$ 176,969,758	\$ 179,541,572
Defined contribution (DC)	<u>261,636,332</u>	<u>246,239,873</u>
Total payroll (DB and DC)	\$ 438,606,090	\$ 425,781,445
Government normal cost excluding expenses (DB)	13,274,761	15,865,864
As % of DB payroll	7.50%	8.84%
As % of total payroll (DB and DC)	3.03%	3.73%
Amortization of Unfunded Liability (DB)	95,415,286	96,603,185
As % of total payroll (DB and DC)	21.75%	22.69%
Government DC contributions	14,397,817	12,311,994
As % of DC payroll	5.50%	5.00%
As % of total payroll (DB and DC)	3.28%	2.89%
Total DB and DC contributions	\$ 123,087,864	\$ 124,781,043
% of total payroll (DB and DC)	28.06%	29.31%

EXHIBIT 17. GASB NO. 25 SCHEDULE OF FUNDING PROGRESS

Government Accounting Standards Board (GASB) Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans requires disclosure of the Schedule of Funding Progress.

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Normal Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Total Government Covered Payroll	UAAL as a Percentage of Covered Payroll
9/30/1989	\$ 372,820,000	\$ 934,253,000	\$ 561,432,000	39.9%	\$272,710,000	205.9%
9/30/1991	532,031,000	1,151,610,000	619,578,000	46.2%	321,580,000	192.7%
9/30/1993	703,443,000	1,429,839,000	726,395,000	49.2%	368,900,000	196.9%
9/30/1995	865,014,000	1,417,190,000	552,176,000	61.0%	356,990,000	154.7%
9/30/1997	1,213,706,000	1,824,868,000	611,161,000	66.5%	390,000,000	156.7%
9/30/1998	1,287,157,000	1,770,852,000	483,694,000	72.6%	407,550,000	118.7%
9/30/1999	1,346,205,000	2,096,617,000	750,412,000	64.2%	363,711,000	206.3%
9/30/2000	1,348,761,000	2,126,150,000	777,389,000	63.4%	374,551,000	207.6%
9/30/2001	1,265,001,000	2,333,862,000	1,068,861,000	54.2%	403,061,000	265.2%
9/30/2002	1,135,666,000	2,378,399,000	1,242,733,000	47.7%	395,967,000	313.8%
9/30/2003	1,206,911,000	2,614,840,000	1,407,929,000	46.2%	398,112,000	353.7%
9/30/2004	1,245,305,000	2,599,747,000	1,354,442,000	47.9%	365,592,000	370.5%
9/30/2005	1,293,564,000	2,583,366,000	1,289,802,000	50.1%	368,712,000	349.8%
9/30/2006	1,320,914,000	2,656,047,000	1,335,133,000	49.7%	389,786,000	342.5%
9/30/2007	1,448,655,000	2,682,118,000	1,233,463,000	54.0%	390,246,000	316.1%
9/30/2008	1,210,960,000	2,718,664,000	1,507,704,000	44.5%	425,781,000	354.1%
9/30/2009	1,294,604,000	2,738,765,000	1,444,161,000	47.3%	438,606,000	329.3%

EXHIBIT 18. GASB NO. 25 SCHEDULE OF EMPLOYER CONTRIBUTIONS

Government Accounting Standards Board (GASB) Statement No. 25 – Financial Reporting for Defined Benefit Pension Plans requires disclosure of the Schedule of Employer Contributions.

Fiscal Year Ending	Annual Required Contribution	Employer Contribution	Percentage Contributed
September 30, 1989	\$ 56,145,000	\$ 33,799,000	60.2%
September 30, 1990	58,952,000	39,441,000	66.9%
September 30, 1991	83,988,000	51,612,000	61.5%
September 30, 1992	88,187,000	54,111,000	61.4%
September 30, 1993	94,552,000	59,117,000	62.5%
September 30, 1994	99,280,000	80,965,000	81.6%
September 30, 1995	67,650,000	66,904,000	98.9%
September 30, 1996	71,187,000	68,969,000	96.9%
September 30, 1997	67,521,000	81,546,000	120.8%
September 30, 1998	61,929,000	81,877,000	132.2%
September 30, 1999	63,985,000	96,134,000	150.2%
September 30, 2000	52,463,000	85,831,000	163.6%
September 30, 2001	75,494,000	73,386,000	97.2%
September 30, 2002	75,906,000	78,087,000	102.9%
September 30, 2003	98,630,000	63,486,000	64.4%
September 30, 2004	115,978,000	63,388,000	54.7%
September 30, 2005	123,958,000	70,658,000	57.0%
September 30, 2006	117,041,000	85,771,000	73.3%
September 30, 2007	113,207,000	76,973,000	68.0%
September 30, 2008	116,063,000	86,806,000	74.8%
September 30, 2009	107,009,000	92,921,000	86.8%

EXHIBIT 19. 40-YEAR PROJECTION OF CONTRIBUTION RATE (GRAPH)

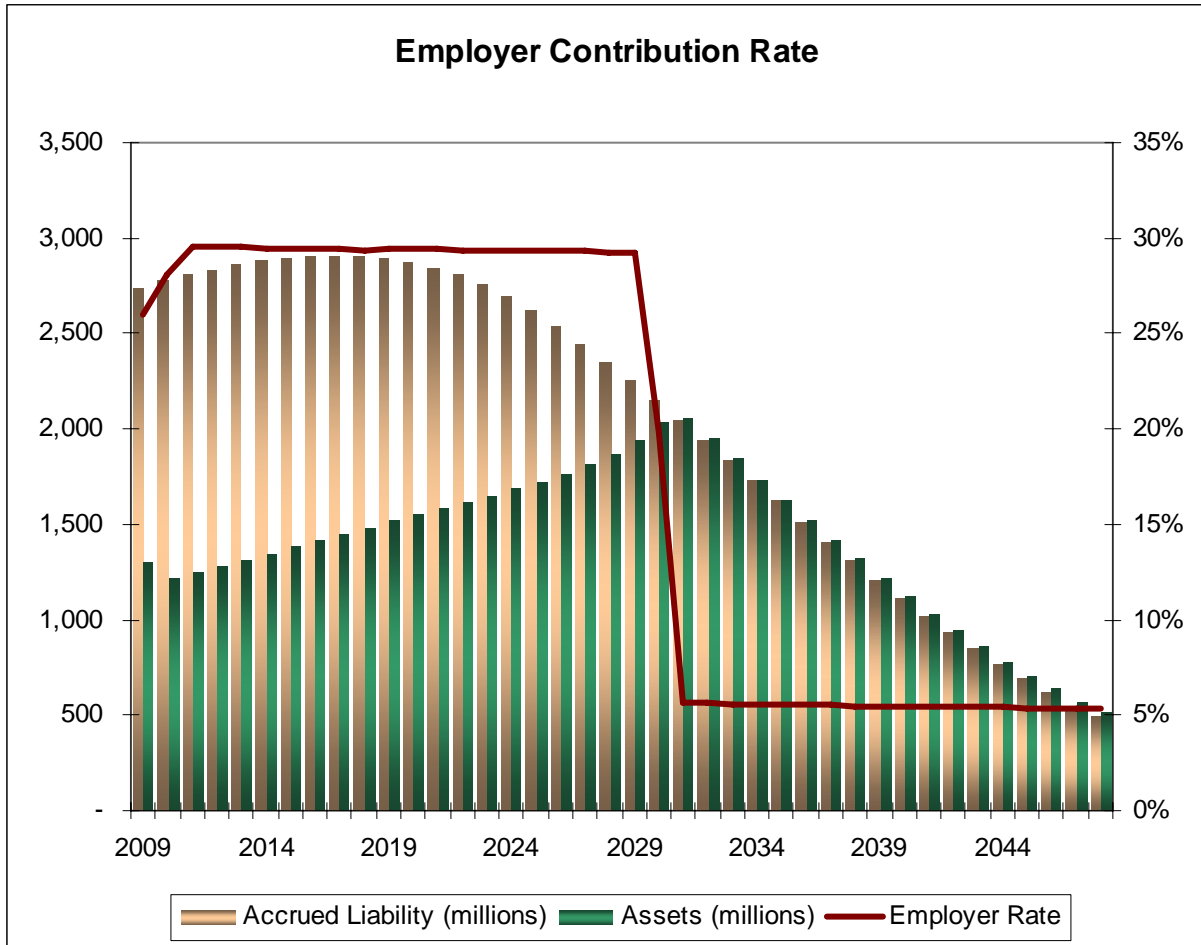


EXHIBIT 19. 40-YEAR PROJECTION OF CONTRIBUTION RATE (VALUES)

Year Ending	PAYROLL ¹		CONTRIB RATE		CONTRIBUTIONS			Invest Gain ²	Benefits/ Expenses	DB Fund Actuarial
	DB	DC	DB	DC	DB	DC	EE			
2009										\$1,294.60
2010	\$176.97	\$ 261.64	26.04%	20.54%	\$46.08	\$ 53.73	\$16.87	\$ 87.53	\$(181.24)	1,216.60
2011	172.58	281.38	28.06%	22.60%	48.43	63.58	16.42	82.39	(185.73)	1,243.03
2012	168.11	301.73	29.51%	24.07%	49.61	72.63	16.00	84.33	(189.78)	1,275.82
2013	162.49	323.80	29.54%	24.13%	48.00	78.14	15.47	86.56	(194.28)	1,309.72
2014	155.92	347.39	29.51%	24.14%	46.02	83.84	14.85	88.85	(199.24)	1,344.04
2015	148.55	372.37	29.47%	24.12%	43.78	89.82	14.13	91.15	(204.50)	1,378.42
2016	140.29	398.87	29.45%	24.12%	41.32	96.22	13.36	93.44	(210.03)	1,412.73
2017	131.83	426.19	29.43%	24.12%	38.80	102.79	12.56	95.75	(215.39)	1,447.24
2018	123.20	454.36	29.40%	24.11%	36.22	109.56	11.74	98.08	(220.52)	1,482.31
2019	113.36	484.41	29.39%	24.12%	33.31	116.82	10.80	100.42	(226.38)	1,517.29
2020	102.23	516.47	29.40%	24.14%	30.05	124.68	9.75	102.74	(232.83)	1,551.67
2021	90.32	550.03	29.39%	24.15%	26.55	132.86	8.62	105.00	(239.68)	1,585.02
2022	78.07	584.69	29.40%	24.17%	22.95	141.33	7.45	107.19	(246.47)	1,617.46
2023	66.00	619.96	29.39%	24.18%	19.40	149.92	6.31	109.35	(252.63)	1,649.82
2024	54.62	655.35	29.39%	24.19%	16.05	158.51	5.22	111.55	(257.94)	1,683.21
2025	44.17	690.64	29.37%	24.18%	12.98	167.02	4.23	113.89	(261.86)	1,719.46
2026	35.00	725.54	29.36%	24.18%	10.27	175.42	3.35	116.50	(264.33)	1,760.67
2027	27.76	759.39	29.33%	24.16%	8.14	183.47	2.67	119.54	(264.74)	1,809.75
2028	22.17	792.53	29.30%	24.13%	6.50	191.27	2.13	123.23	(263.21)	1,869.67
2029	17.76	825.47	29.27%	24.11%	5.20	199.00	1.70	127.74	(260.43)	1,942.89
2030	14.13	858.60	29.23%	24.08%	4.13	206.76	1.36	133.24	(256.48)	2,031.90
2031	11.11	892.17	19.85%	14.70%	2.20	131.15	1.07	136.98	(251.67)	2,051.63
2032	8.69	926.21	5.63%	0.49%	0.49	4.55	0.83	134.17	(245.89)	1,945.78
2033	6.79	960.83	5.61%	0.48%	0.38	4.57	0.65	127.01	(239.29)	1,839.10
2034	5.20	996.29	5.59%	0.46%	0.29	4.57	0.50	119.82	(231.97)	1,732.31
2035	3.85	1,032.68	5.57%	0.44%	0.21	4.59	0.37	112.65	(224.13)	1,626.01
2036	2.85	1,069.97	5.55%	0.43%	0.16	4.60	0.27	105.53	(215.88)	1,520.68
2037	2.11	1,108.25	5.53%	0.42%	0.12	4.60	0.20	98.50	(206.98)	1,417.11
2038	1.51	1,147.71	5.52%	0.40%	0.08	4.60	0.14	91.61	(197.80)	1,315.75
2039	1.04	1,188.41	5.50%	0.39%	0.06	4.61	0.10	84.89	(188.21)	1,217.20
2040	0.71	1,230.37	5.48%	0.37%	0.04	4.61	0.07	78.37	(178.45)	1,121.84
2041	0.46	1,273.71	5.47%	0.36%	0.02	4.61	0.04	72.08	(168.54)	1,030.07
2042	0.26	1,318.50	5.45%	0.35%	0.01	4.61	0.03	66.05	(158.57)	942.20
2043	0.13	1,364.79	5.43%	0.34%	0.01	4.61	0.01	60.29	(148.64)	858.49
2044	0.06	1,412.63	5.42%	0.33%	-	4.61	0.01	54.82	(138.76)	779.17
2045	0.02	1,462.11	5.41%	0.32%	-	4.61	0.00	49.65	(129.05)	704.39
2046	0.01	1,513.30	5.39%	0.30%	-	4.61	0.00	44.79	(119.52)	634.27
2047	0.00	1,566.27	5.38%	0.29%	-	4.61	0.00	40.24	(110.25)	568.89
2048	0.00	1,621.09	5.37%	0.28%	-	4.61	0.00	36.02	(101.26)	508.26

¹ Payroll is assumed to increase 3.5% per year.

² Investment earnings are assumed to be 7.0% per year on the market value of assets.

EXHIBIT 20. 40-YEAR PROJECTION OF SECURITY RATIO (GRAPH)

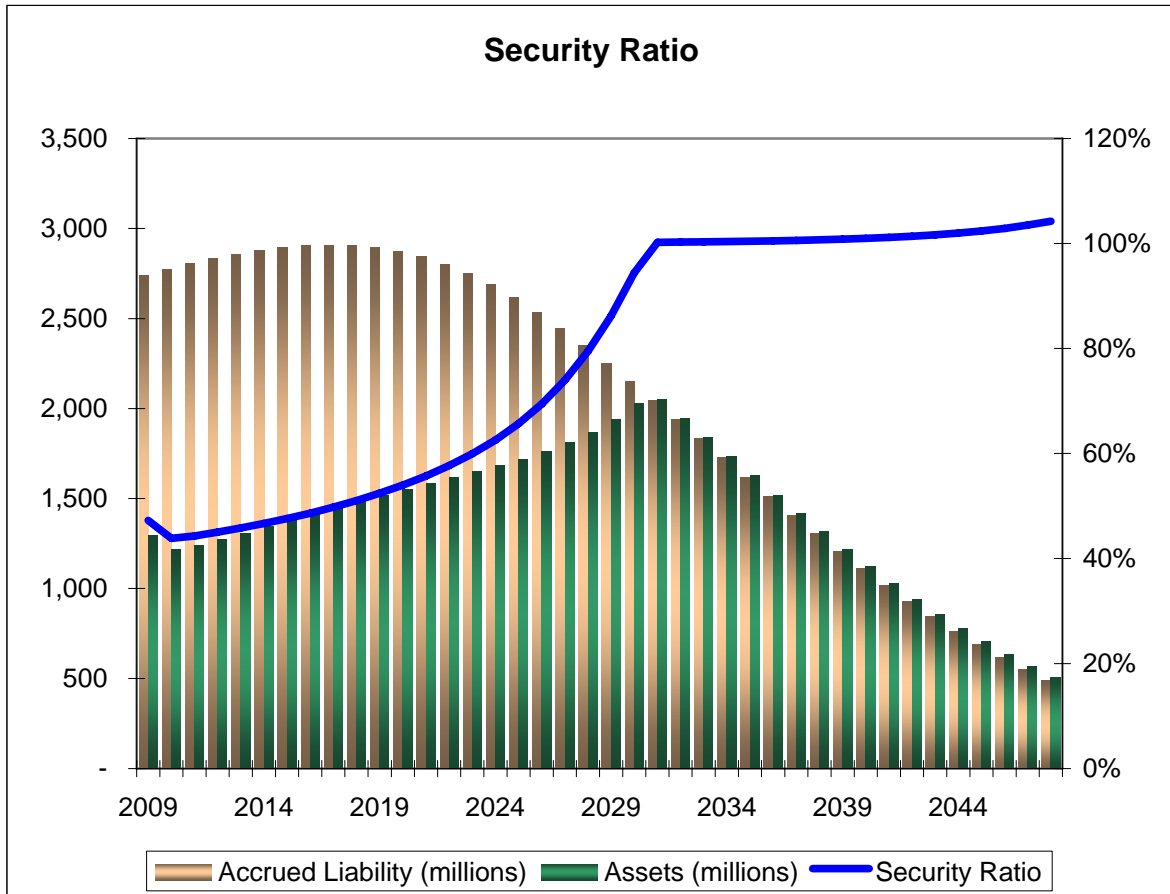


EXHIBIT 20. 40-YEAR PROJECTION OF SECURITY RATIO (VALUES)

Year Ending	Payroll ¹	EMPLOYER CONTRIBUTIONS		Fund Balance ²	Accrued Liability	Security Ratio
		DB Rate	Contribs DB Plan			
2009				\$ 1,294.60	\$ 2,738.76	47.27%
2010	\$ 438.61	26.04%	\$ 99.82	1,216.60	2,773.34	43.87%
2011	453.96	28.06%	112.01	1,243.03	2,804.75	44.32%
2012	469.85	29.51%	122.23	1,275.82	2,833.37	45.03%
2013	486.29	29.54%	126.14	1,309.72	2,858.45	45.82%
2014	503.31	29.51%	129.86	1,344.04	2,879.06	46.68%
2015	520.93	29.47%	133.61	1,378.42	2,894.53	47.62%
2016	539.16	29.45%	137.54	1,412.73	2,904.08	48.65%
2017	558.03	29.43%	141.59	1,447.24	2,907.43	49.78%
2018	577.56	29.40%	145.78	1,482.31	2,904.42	51.04%
2019	597.78	29.39%	150.13	1,517.29	2,893.79	52.43%
2020	618.70	29.40%	154.73	1,551.67	2,874.14	53.99%
2021	640.35	29.39%	159.41	1,585.02	2,844.34	55.73%
2022	662.76	29.40%	164.28	1,617.46	2,803.63	57.69%
2023	685.96	29.39%	169.32	1,649.82	2,751.96	59.95%
2024	709.97	29.39%	174.56	1,683.21	2,689.47	62.59%
2025	734.82	29.37%	179.99	1,719.46	2,617.01	65.70%
2026	760.54	29.36%	185.70	1,760.67	2,535.49	69.44%
2027	787.16	29.33%	191.61	1,809.75	2,446.69	73.97%
2028	814.71	29.30%	197.76	1,869.67	2,352.39	79.48%
2029	843.22	29.27%	204.20	1,942.89	2,253.70	86.21%
2030	872.73	29.23%	210.89	2,031.90	2,151.64	94.43%
2031	903.28	19.85%	133.35	2,051.63	2,046.98	100.23%
2032	934.89	5.63%	5.04	1,945.78	1,940.63	100.27%
2033	967.62	5.61%	4.95	1,839.10	1,833.40	100.31%
2034	1,001.48	5.59%	4.86	1,732.31	1,726.04	100.36%
2035	1,036.53	5.57%	4.81	1,626.01	1,619.10	100.43%
2036	1,072.81	5.55%	4.75	1,520.68	1,513.09	100.50%
2037	1,110.36	5.53%	4.72	1,417.11	1,408.79	100.59%
2038	1,149.22	5.52%	4.69	1,315.75	1,306.65	100.70%
2039	1,189.45	5.50%	4.67	1,217.20	1,207.25	100.82%
2040	1,231.08	5.48%	4.65	1,121.84	1,110.99	100.98%
2041	1,274.16	5.47%	4.64	1,030.07	1,018.26	101.16%
2042	1,318.76	5.45%	4.63	942.20	929.36	101.38%
2043	1,364.92	5.43%	4.62	858.49	844.54	101.65%
2044	1,412.69	5.42%	4.62	779.17	764.04	101.98%
2045	1,462.13	5.41%	4.62	704.39	687.99	102.38%
2046	1,513.31	5.39%	4.61	634.27	616.52	102.88%
2047	1,566.27	5.38%	4.61	568.89	549.68	103.49%
2048	1,621.09	5.37%	4.61	508.26	487.51	104.26%

¹ Payroll is assumed to increase 3.5% per year.

² Investment earnings are assumed to be 7.0% per year on the market value of assets.

APPENDIX A. SUMMARY OF PLAN PROVISIONS

The following description is only a brief summary of the more important provisions of the retirement plan. Actual plan provisions are contained in Chapter 8 of the Guam Code.

Membership Conditions and Exclusions: All employees of the Government of Guam hired on or before September 30, 1995 are required to participate as a condition of employment, except:

- a) Persons who are compensated on a fee basis;
- b) Independent contractors;
- c) Persons employed for a specific project;
- d) Persons employed in the Senior Citizens' Community Employment Program; and
- e) Persons with less than 20 years of service prior to September 30, 1995 who elect to transfer to the Government of Guam Defined Contribution Fund. Participants have an annual opportunity to transfer.

Membership is optional for:

- a) Temporary, seasonal, intermittent and part-time employees;
- b) Persons employed for a specific period of time and not domiciled in Guam; and
- c) Employees of a public corporation of the Government of Guam.

Membership is also applicable to members of the Legislature with special provisions for:

- a) The determination of average annual salary for pension computation purposes; and
- b) Contributions.

Pension Credits: Employees are entitled to pension credit for:

- a) Service rendered to the Government prior to May 1, 1951 when the Fund began operations.
- b) Service on or after May 1, 1951 for which contributions are required to be made by the employees.
- c) Casual or part-time employment under prescribed conditions for which contributions must be made.
- d) Unused and accumulated sick and annual (vacation) leaves with 12 days of service counted as a full month; 6 to 11 days, ½ month; and less than 6 days disregarded.
- e) For employees hired before June 1, 1989, pension credit is granted up to a maximum of 5 years for Federal service, provided the employee terminates membership in the Federal Civil Service Retirement Fund and makes a contribution to the Government of Guam Retirement Fund equal to the amount contributed by the member and his employer during the period which is equal in length to the period for which service credit is requested, and which ends on the member's termination date of such employment with interest from the date of such termination to the date of payment.
- f) For employees hired before June 1, 1989, educational leave time or periods of termination for educational training purposes, if contributions are made to the Fund with interest. Members who first joined the fund prior to January 31, 1987, may receive credit for up to the normal period of time required to complete degree without having been employed by the government prior to the period during which the degree was earned.

- g) Military service prior to May 1, 1951, if not considered for any Federal Government Pension other than for disability. If entry into military service occurred after May 1, 1951, total pension credit is limited to 5 years in the aggregate, provided the employee was in the service of the Government of Guam at date of entry into military service and returned to the Government of Guam service within one year following discharge from military service under conditions other than dishonorable, or within 6 months after completion of education under the various education benefits programs for veterans; otherwise the total credit is limited to three years.

Schedule for Computing Service: The following schedule shall govern the computation of pension credit: 12 days or more during any month constitutes a month of service; 6 to 11 days, ½ month; less than 6 days is disregarded. Nine months or more during any year constitutes a year of service.

Vesting of Pension Credit: If entrance to service was prior to October 1, 1981, vesting occurs after at least 3 years of service. If entrance to service was on or after October 1, 1981, vesting occurs after at least 5 years of service.

Upon separation from service, an employee may optionally leave the contribution credits in the Fund and qualify for a deferred retirement annuity, based upon the total pension credit. If the pension credit is 20 years or more, no refund of contributions is payable and the employee must accept a deferred retirement annuity.

Conditions for Service Retirement: With respect to any employee who originally became a member of the Fund prior to October 1, 1981:

- a) Such member may retire on a service retirement annuity at age 60 or over, or at age 55 in the case of a member of the uniformed personnel after at least 10 years of service. Upon retirement, a member of the uniformed personnel shall be considered one grade above that held at date of retirement.
- b) A member with at least 25 years of service may retire at any age on an unreduced retirement annuity.
- c) Any retired employee with at least 25 years of credit service shall be entitled to the full retirement annuity on and after September 30, 1981.
- d) Any member, active or inactive, may retire after 20 years of service, regardless of age. In such case, the retirement annuity shall be reduced ¼ of 1% for each month that the age of the member is less than 60 years (3% per year).

With respect to an employee who became a member of the Fund on or after October 1, 1981, and prior to August 22, 1984, the following provisions shall govern:

- a) Such member may retire on a service retirement annuity at age 60 or over, or at age 55 if a member of the uniformed personnel after at least 15 years of service and upon retirement shall be considered one rank grade above that held at such date.
- b) A member with at least 30 years of service shall be eligible for service retirement, regardless of age, without reduction for early retirement.
- c) Any member, whether in an active or inactive status, may retire after 25 years of service, at any age, on an annuity reduced ¼ of 1% per month (3% per year) for each month member's age is less than 60.

With respect to any employee becoming a member of the Fund on or after August 22, 1984:

- a) Such member may retire on a service retirement annuity at age 65 or over, or at age 60 in the case of a member of the uniformed personnel after at least 15 years of service. Upon retirement, a member of the uniformed personnel shall be considered one grade above that held at date of retirement.
- b) A member with at least 30 years of service may retire at any age on an unreduced retirement annuity.
- c) Any member, active or inactive, may retire after 25 years of service, regardless of age. In such case, the retirement annuity shall be reduced $\frac{1}{4}$ of 1% for each month that the age of the member is less than 65 years (3% per year).

Amount of Service Retirement Annuity: A basic annuity of 2.00% of “average annual salary” for each of the first 10 years of credited service; and 2.5% of “average annual salary” for each full year of pension credit above 10 years, plus twenty dollars (\$20.00) multiplied by years of credited service reduced by an amount equal to one hundredth of one percent (.01%) of said amount for each one dollar (\$1.00) that a member’s average annual salary exceeds the amount of six thousand dollars (\$6,000).

The minimum amount of service retirement annuity payable by the Fund is \$1,200 per year. The maximum retirement annuity is 85% of “average annual salary.”

Average Annual Salary: Average of three highest annual salaries received by a member during the entire period of pension credit, or \$6,000, whichever is greater.

The annual salary of the member shall include the basic rate of salary on which contributions were made by the member and any salary on which the member made contributions as required under GCA, Section 8136(a). Effective October 1, 1986, salary can include payment for unused annual leave upon retirement.

In case of members of the Legislature, the average annual salary is the salary of the Director of Administration at the member’s date of retirement, or the average of the three highest annual salaries received by the member during the period of membership credit, whichever is greater.

Automatic Increase in Annuity: Effective July 1, 1984, any member retiring from service and entitled to benefits after September 1, 1972, is to receive each year, on the anniversary date of retirement, an increment of \$600 if the annual annuity is \$3,500 or less; \$400 if the annuity is between \$3,500 and \$6,300 per year; \$300 if the annuity is between \$6,300 and \$10,100; and \$200 if the annuity exceeds \$10,100 per year.

Disability Retirement: Upon total and permanent disability due to physical or mental causes, an employee under age 65 is entitled to a disability retirement annuity. For employees hired prior to August 22, 1984, the amount of the disability retirement annuity will be 66-2/3% of the employee’s salary in effect on the date of disability. Subsequent employees will have an annuity amount based on 66-2/3% of the average of the highest three years of salary. If the disability was not due to occupational causes, the employee must have Government of Guam service credit of at least six years, or five years in the case of terminal illness, in order to qualify, except that new members since May 28, 1985, may not retire if a disability arises from impairment or conditions existing prior to employment.

A disability retirement annuitant must submit to a medical examination at least once a year during the first five years of disability, and at least once every three years thereafter, by a physician or physicians designated by the Board in order to establish continuing disability and entitlement to benefits. Should a disability annuitant resume gainful employment in a position other than the particular job in which he was engaged when declared disabled, the disability retirement benefit shall continue as initially determined.

A member receiving disability retirement benefits since December 1, 1972, is entitled to receive on the anniversary date of retirement, an annual increase of \$300 if the benefit is \$3,000 per year or less; \$250 per year where the annuity is between \$3,000 and \$6,000 per year; \$200 per year where the annuity is between \$6,000 and \$10,000 per year; and \$100 if the annuity exceeds \$10,000 per year.

Re-entry Into Service: A member on retirement who re-enters services as an employee eligible for membership shall have the annuity suspended during the period of employment without losing rights to automatic increases in the retirement annuity during the period of re-employment. This provision does not apply to Department of Education employees who occupy positions dealing with the Chamorro Language and Culture Program in Guam schools, persons employed as classroom teachers, guidance or health counselors when critical need arises, nor elected officials.

Benefits to Survivors: Benefits are payable to a surviving spouse and children under age 21, upon the death of a member while in service after at least three years of service, or occurring while on retirement. The benefit to children of an annuitant or member whose death occurs while in service, after at least three years of service is payable until age 24, if they are full-time students in an accredited educational institution and for disabled children regardless of age, if disability occurred before age 21.

If only a spouse survives the active or retired member, the annuity payable is 50% of the service or disability retirement annuity earned by the member, subject to a minimum of \$1,200 per year.

The annuity to a child is \$2,160 per year, subject to a maximum payment to five or more minor children of \$10,800 per year. The term "child" or "children" includes any natural child or adopted child under age 21, or any permanently disabled child whose incapacity began before the child attained age 21.

A survivor annuitant is entitled to an automatic increase in annuity each year on the anniversary date of the annuity of \$600 if the annuity is \$3,500 per year or less; \$400 if the annuity is between \$3,500 and \$6,300 per year; \$300 if the annuity is between \$6,300 and \$10,100; and \$200 if the annuity is more than \$10,100 per year.

A surviving spouse or minor child surviving the member is entitled, in addition to the above, a death benefit of \$1,000 payable in a lump sum.

A survivor's annuity terminates upon death or re-marriage under the age of 40, attainment of age 21 of the child, or the termination of the incapacity of a disabled child.

Optional Privilege at Retirement: Upon retirement from service, any unmarried employee, if in good health as determined by medical examination, may elect to receive, on an actuarial equivalent basis in lieu of the full retirement annuity, a reduced retirement annuity payable during the

annuitant's lifetime, plus an annuity to a designated beneficiary to become payable at death of the annuitant. The annuity to the beneficiary is to be paid at the same rate and under the same conditions that apply to a survivor of a married member whose death occurs while in service.

Death Benefit – Active and Retired Members Without Survivors: Upon death of a member while in service, leaving no survivors eligible for annuities, the designated beneficiary or estate is entitled to a refund of the contribution credits, plus interest, together with a death benefit of \$1,000 payable in a lump sum.

Upon death of a retired member, if no survivors' annuities are payable, the death benefit to a designated beneficiary or the estate of the member consists of the excess, if any, of: (1) the total contribution credits of the member at retirement, plus interest, over (2) the total amount of annuity payments made to the retired member, plus the sum of \$1,000.

Death Benefit – Inactive Members: Upon the death of an inactive member with at least 20 years of pension credit, and survived by a spouse or minor children, the following benefit options are provided: (a) the surviving spouse or children, as the case may be, may elect to receive the annuities prescribed if the death of a member occurs while in service; or (b) a refund of the deceased member's total contribution credits, plus interest.

Refund of Members' Contributions: Upon complete separation from service, or transfer to the Government of Guam Defined Contribution Fund, a member with less than 25 years of pension credit may receive a refund of the total contributions, plus interest (except that no interest is payable if the total pension credit is less than one year).

Contributions by Members: Each member shall contribute to the Fund 9½% of salary earned and accruing after October 1, 1997; and at the member's option, 10½% of non-base pay subsequent to October 1, 1997.

APPENDIX B. ACTUARIAL COST METHOD AND ASSUMPTIONS

	September 30, 2009		September 30, 2008	
Actuarial Cost Method	Entry Age Normal		Entry Age Normal	
Interest Rate	7.00%		7.00%	
Salary Increases	<u>Service</u>	<u>Service</u>	<u>Service</u>	<u>% Increase</u>
	0 – 5	0 – 5	0 – 5	8.5%
	6 – 10	6 – 10	6 – 10	7.0%
	11 – 15	11 – 15	11 – 15	6.0%
	16 – 20	16 – 20	16 – 20	5.0%
	Over 20	Over 20	Over 20	4.0%
Total Payroll Growth	3.50%		3.50%	
Cost of Living Adjustment	Specified in Plan		Specified in Plan	
Mortality	RP-2000 Healthy table +3 for males +1 for females		1994 U.S. Uninsured Pensioners +2 for males +0 for females	
Disability Incidence	1974-78 SOA LTD Non-Jumbo		1974-78 SOA LTD Non-Jumbo with rates increased for males by 30%	
Post-disability mortality	RP 2000 Disability table		1984 U.S. Uninsured Pensioners +10 for males +8 for females	
Withdrawal Rates	Service-based rates (see attached)		Age based rates (see attached)	
Retirement Age	50% assumed to retire at earliest eligibility for unreduced benefits.		50% assumed to retire at earliest eligibility for unreduced benefits.	
	20% per year thereafter until age 70		20% per year thereafter until age 70	
	100% at age 70		100% at age 70	

	September 30, 2009	September 30, 2008
Return of Contributions	<p>100% of those who withdraw before retirement and who have less than 20 years of service are assumed to elect a return of contributions</p> <p>All employees who have previously withdrawn are assumed to elect a return of contributions.</p> <p>Contributions earn 4.5% interest</p>	<p>100% of those who withdraw before retirement and who have less than 20 years of service are assumed to elect a return of contributions</p> <p>All employees who have previously withdrawn are assumed to elect a return of contributions.</p> <p>Contributions earn 4.5% interest</p>
Marital Status	<p>Retiree data included spouse information. For active employees, 75% are assumed to have spouses at retirement.</p>	<p>Retiree data included spouse information. For active employees, 65% are assumed to have spouses at retirement.</p>
Sick Leave Adjustments	<p>Assumed to add 1.5 years of service and increase average earnings by 10% at retirement</p>	<p>Assumed to add 1.5 years of service and increase average earnings by 10% at retirement</p>
Administrative Expenses	<p>\$5,729,000 per year (equal to budgeted expense for year ending 9/30/10), allocated 77% to DB and 23% to DC</p>	<p>\$3,031,871 per year, net of adjustment for bad debts</p>
Survivor Benefit – Minor Children	<p>Assumed to increase value of retirement benefits by 0.5% and survivor benefits by 15% for active members</p>	<p>Assumed to increase value of retirement benefits by 0.5% and survivor benefits by 15% for active members</p>
Asset Valuation Method	<p>3-year phase-in of gains/losses relative to interest rate assumption</p>	<p>Market, except fixed income investments at amortized cost</p>
Data Inconsistencies	<p>None</p>	<p>None</p>

Probabilities of Separation from Active Service
(per 100 working at each age)

MALE					FEMALE				
Age	Death	Disability	Service	Withdrawal	Age	Death	Disability	Service	Withdrawal
20	0.04	0.10	0	15.0	20	0.02	0.10	0	15.0
21	0.04	0.10	1	14.0	21	0.02	0.10	1	14.0
22	0.04	0.10	2	13.0	22	0.02	0.10	2	13.0
23	0.04	0.10	3	12.0	23	0.02	0.10	3	12.0
24	0.04	0.10	4	11.0	24	0.02	0.10	4	11.0
25	0.04	0.10	5	10.0	25	0.02	0.10	5	10.0
26	0.04	0.10	6	9.0	26	0.02	0.10	6	9.0
27	0.04	0.10	7	8.0	27	0.02	0.10	7	8.0
28	0.05	0.10	8	7.0	28	0.02	0.10	8	7.0
29	0.06	0.10	9	6.0	29	0.03	0.10	9	6.0
30	0.06	0.10	10	5.0	30	0.03	0.10	10	5.0
31	0.07	0.10	11	4.5	31	0.04	0.10	11	4.5
32	0.08	0.10	12	4.0	32	0.04	0.10	12	4.0
33	0.08	0.10	13	3.5	33	0.04	0.10	13	3.5
34	0.09	0.10	14	3.0	34	0.05	0.10	14	3.0
35	0.10	0.10	15	2.5	35	0.05	0.10	15	2.5
36	0.10	0.10	16	2.0	36	0.06	0.10	16	2.0
37	0.11	0.10	17	2.0	37	0.06	0.10	17	2.0
38	0.11	0.10	18	2.0	38	0.06	0.10	18	2.0
39	0.12	0.10	19	2.0	39	0.07	0.10	19	2.0
40	0.13	0.20	20 & over	2.0	40	0.08	0.20	20 & over	2.0
41	0.14	0.20			41	0.09	0.20		
42	0.15	0.20			42	0.09	0.20		
43	0.16	0.20			43	0.10	0.20		
44	0.17	0.20			44	0.11	0.20		
45	0.19	0.36			45	0.12	0.36		
46	0.20	0.36			46	0.13	0.36		
47	0.21	0.36			47	0.14	0.36		
48	0.24	0.36			48	0.16	0.36		
49	0.27	0.36			49	0.17	0.36		
50	0.29	0.63			50	0.19	0.63		
51	0.32	0.63			51	0.20	0.63		
52	0.36	0.63			52	0.22	0.63		
53	0.42	0.63			53	0.24	0.63		
54	0.47	0.63			54	0.27	0.63		
55	0.53	1.06			55	0.31	1.06		
56	0.59	1.06			56	0.35	1.06		
57	0.67	1.06			57	0.39	1.06		
58	0.77	1.06			58	0.44	1.06		
59	0.88	1.06			59	0.51	1.06		
60	1.00	1.51			60	0.58	1.51		
61	1.13	1.51			61	0.67	1.51		
62	1.27	1.51			62	0.76	1.51		
63	1.44	1.51			63	0.86	1.51		
64	1.61	1.51			64	0.97	1.51		

APPENDIX C. SUMMARY OF PARTICIPANT DATA

Active Non-Uniformed

Age	COUNT			ANNUAL SALARIES		
	Males	Females	Total	Males	Females	Total
Under 20	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-
25 – 29	-	1	1	*	*	*
30 – 34	18	6	24	*	*	*
35 – 39	158	156	314	\$ 6,177,441	\$ 6,226,807	\$12,404,248
40 – 44	277	321	598	11,573,541	14,368,430	25,941,970
45 – 49	385	437	822	16,958,418	20,508,979	37,467,396
50 – 54	310	366	676	14,954,716	17,753,865	32,708,581
55 – 59	205	292	497	10,613,485	14,277,782	24,891,267
60 – 64	115	156	271	6,168,435	7,212,061	13,380,496
65 – 69	43	66	109	2,481,159	3,331,139	5,812,298
70 & Over	<u>28</u>	<u>25</u>	<u>53</u>	<u>1,548,452</u>	<u>1,278,885</u>	<u>2,827,336</u>
Total	1,539	1,826	3,365	\$70,475,647	\$84,957,946	\$155,433,593

* Not shown if less than 20 members. The totals only sum the cells that are displayed.

Age	SERVICE									Total
	0 - 4	5 - 9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20	-	-	-	-	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-	-	-	-	-
25 – 29	-	1	-	-	-	-	-	-	-	1
30 – 34	2	4	4	13	1	-	-	-	-	24
35 – 39	16	16	71	192	19	-	-	-	-	314
40 – 44	10	12	41	311	205	19	-	-	-	598
45 – 49	23	12	40	260	275	196	15	1	-	822
50 – 54	9	10	31	193	173	176	74	10	-	676
55 – 59	3	7	19	147	145	100	56	17	3	497
60 – 64	2	-	16	87	86	44	24	8	4	271
65 – 69	1	3	5	34	27	20	12	6	1	109
70 & Over	<u>1</u>	<u>-</u>	<u>2</u>	<u>15</u>	<u>17</u>	<u>10</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>53</u>
Total	67	65	229	1,252	948	565	185	44	10	3,365

Active Uniformed

Age	COUNT			ANNUAL SALARIES		
	Males	Females	Total	Males	Females	Total
Under 20	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-
25 – 29	-	-	-	-	-	-
30 – 34	4	-	4	*	-	*
35 – 39	44	3	47	\$ 2,168,754	*	\$ 2,168,754
40 – 44	99	4	103	5,785,145	*	5,785,145
45 – 49	123	5	128	7,680,446	*	7,680,446
50 – 54	57	1	58	3,753,237	*	3,753,237
55 – 59	21	-	21	1,211,003	-	1,211,003
60 – 64	4	-	4	*	-	*
65 – 69	2	-	2	*	-	*
70 & Over	-	-	-	-	-	-
Total	354	13	367	\$20,598,585	*	\$20,598,585

* Not shown if less than 20 members. The totals only sum the cells that are displayed.

Age	SERVICE									Total
	0 - 4	5 – 9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20	-	-	-	-	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-	-	-	-	-
25 – 29	-	-	-	-	-	-	-	-	-	-
30 – 34	-	-	4	-	-	-	-	-	-	4
35 – 39	-	-	10	34	3	-	-	-	-	47
40 – 44	-	-	3	48	44	8	-	-	-	103
45 – 49	-	-	1	28	49	49	1	-	-	128
50 – 54	-	-	1	8	16	22	11	-	-	58
55 – 59	-	-	-	5	9	7	-	-	-	21
60 – 64	-	-	-	-	2	-	1	1	-	4
65 – 69	-	-	-	-	1	1	-	-	-	2
70 & Over	-	-	-	-	-	-	-	-	-	-
Total	-	-	19	123	124	87	13	1	-	367

Active Total

Age	COUNT			ANNUAL SALARIES		
	Males	Females	Total	Males	Females	Total
Under 20	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-
25 – 29	-	1	1	-	*	*
30 – 34	22	6	28	*	*	-
35 – 39	202	159	361	\$ 8,346,196	\$ 6,226,807	\$14,573,003
40 – 44	376	325	701	17,358,685	14,368,430	31,727,115
45 – 49	508	442	950	24,638,863	20,508,979	45,147,842
50 – 54	367	367	734	18,707,954	17,753,865	36,461,818
55 – 59	226	292	518	11,824,488	14,277,782	26,102,270
60 – 64	119	156	275	6,168,435	7,212,061	13,380,496
65 – 69	45	66	111	2,481,159	3,331,139	5,812,298
70 & Over	<u>28</u>	<u>25</u>	<u>53</u>	<u>1,548,452</u>	<u>1,278,885</u>	<u>2,827,336</u>
Total	1,893	1,839	3,732	\$91,074,232	\$84,957,948	\$176,032,178

* Not shown if less than 20 members. The totals only sum the cells that are displayed.

Age	SERVICE									Total
	0 - 4	5 – 9	10-14	15-19	20-24	25-29	30-34	35-39	40+	
Under 20	-	-	-	-	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-	-	-	-	-
25 – 29	-	1	-	-	-	-	-	-	-	1
30 – 34	2	4	8	13	1	-	-	-	-	28
35 – 39	16	16	81	226	22	-	-	-	-	361
40 – 44	10	12	44	359	249	27	-	-	-	701
45 – 49	23	12	41	288	324	245	16	1	-	950
50 – 54	9	10	32	201	189	198	85	10	-	734
55 – 59	3	7	19	152	154	107	56	17	3	518
60 – 64	2	-	16	87	88	44	25	9	4	275
65 – 69	1	3	5	34	28	21	12	6	1	111
70 & Over	<u>1</u>	<u>-</u>	<u>2</u>	<u>15</u>	<u>17</u>	<u>10</u>	<u>4</u>	<u>2</u>	<u>2</u>	<u>53</u>
Total	67	65	248	1,375	1,072	652	198	45	10	3,732

Service Retirees

Age	COUNT			ANNUAL BENEFITS		
	Males	Females	Total	Males	Females	Total
Under 25	-	1	1	-	*	*
25 – 29	-	-	-	-	-	-
30 – 34	-	-	-	-	-	-
35 – 39	-	-	-	-	-	-
40 – 44	5	1	6	*	*	*
45 – 49	43	27	70	\$ 1,211,074	\$ 747,284	\$ 1,958,358
50 – 54	219	185	404	7,967,672	5,270,344	13,238,017
55 – 59	494	431	925	17,725,796	13,037,324	30,763,120
60 – 64	522	486	1,008	18,270,516	14,371,998	32,642,514
65 – 69	418	418	836	14,129,683	11,172,119	25,301,802
70 – 74	338	360	698	9,869,287	8,595,181	18,464,468
75 – 79	253	268	521	6,277,365	6,106,991	12,384,356
80 – 84	162	165	327	3,713,311	3,331,945	7,045,256
85 – 89	57	57	114	1,119,158	1,020,193	2,139,351
90 & Over	<u>12</u>	<u>25</u>	<u>37</u>	<u>*</u>	<u>398,610</u>	<u>398,610</u>
Total	2,523	2,424	4,947	\$80,283,862	\$64,051,989	\$144,335,852

* Not shown if less than 20 members. The totals only sum the cells that are displayed. Payees receiving benefits under Qualified Domestic Relations Orders (QDROs) are included with service retirees.

Age	ANNUAL BENEFIT LEVEL									Total
	<\$5k	\$5-10k	\$10-15k	\$15-20k	\$20-25k	\$25-30k	\$30-40k	\$40-50k	\$50k+	
Under 40	-	-	-	-	1	-	-	-	-	1
40 – 44	-	-	-	1	1	4	-	-	-	6
45 – 49	-	4	4	12	9	11	18	9	3	70
50 – 54	1	9	21	35	63	64	104	65	42	404
55 – 59	2	9	55	55	130	162	273	140	99	925
60 – 64	1	11	55	89	166	177	287	127	95	1,008
65 – 69	-	26	79	107	145	132	172	99	76	836
70 – 74	2	43	106	118	100	104	131	45	49	698
75 – 79	-	33	119	108	83	60	65	29	24	521
80 – 84	-	12	103	77	38	39	38	5	15	327
85 – 89	-	1	52	35	12	5	4	3	2	114
90 & Over	<u>-</u>	<u>-</u>	<u>22</u>	<u>9</u>	<u>3</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>37</u>
Total	6	148	616	646	751	759	1,092	523	406	4,947

Disabled Retirees

Age	COUNT			ANNUAL BENEFITS		
	Males	Females	Total	Males	Females	Total
Under 25	-	-	-	-	-	-
25 – 29	-	-	-	-	-	-
30 – 34	-	-	-	-	-	-
35 – 39	-	1	1	-	*	*
40 – 44	6	2	8	*	*	*
45 – 49	11	10	21	*	*	*
50 – 54	25	18	43	\$ 566,121	*	\$ 566,121
55 – 59	30	33	63	666,534	\$ 617,908	1,284,443
60 – 64	36	36	72	871,060	757,635	1,628,695
65 – 69	40	31	71	812,570	576,888	1,389,457
70 – 74	21	20	41	448,563	408,052	856,615
75 – 79	19	23	42	*	364,982	364,982
80 – 84	7	16	23	*	*	*
85 – 89	3	4	7	*	*	*
90 & Over	<u>1</u>	<u>1</u>	<u>2</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total	19	195	394	\$3,364,848	\$2,725,464	\$6,090,313

* Not shown if less than 20 members. The totals only sum the cells that are displayed.

Age	ANNUAL BENEFIT LEVEL									Total
	<\$5k	\$5-10k	\$10-15k	\$15-20k	\$20-25k	\$25-30k	\$30-40k	\$40-50k	\$50k+	
Under 40	-	-	-	1	-	-	-	-	-	1
40 – 44	-	-	-	4	-	2	2	-	-	8
45 – 49	-	-	2	8	6	2	3	-	-	21
50 – 54	-	-	2	19	12	4	4	2	-	43
55 – 59	-	-	11	25	15	7	4	1	-	63
60 – 64	-	-	9	23	18	12	8	2	-	72
65 – 69	-	-	17	27	16	7	3	1	-	71
70 – 74	-	-	8	9	15	5	4	-	-	41
75 – 79	-	-	18	13	7	3	1	-	-	42
80 – 84	-	-	18	2	3	-	-	-	-	23
85 – 89	-	1	3	3	-	-	-	-	-	7
90 & Over	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total	-	1	90	134	92	42	29	6	-	394

Surviving Spouses and Child Pensioners

Age	COUNT			ANNUAL BENEFITS		
	Males	Females	Total	Males	Females	Total
Under 25	141	142	283	\$ 304,560	\$ 306,720	\$ 611,280
25 – 29	1	1	2	*	*	*
30 – 34	4	6	10	*	*	*
35 – 39	2	9	11	*	*	*
40 – 44	4	22	26	*	234,161	234,161
45 – 49	6	51	57	*	664,696	664,696
50 – 54	13	82	95	*	1,103,057	1,103,057
55 – 59	18	141	159	*	1,958,432	1,958,432
60 – 64	28	156	184	317,245	2,022,078	2,339,323
65 – 69	42	143	185	512,495	1,871,628	2,384,123
70 – 74	34	188	222	410,083	2,306,508	2,716,591
75 – 79	43	164	207	485,677	1,894,995	2,380,672
80 – 84	35	136	171	407,648	1,552,327	1,959,975
85 – 89	26	84	110	310,520	918,497	1,229,017
90 & Over	<u>6</u>	<u>43</u>	<u>49</u>	<u>*</u>	<u>473,290</u>	<u>473,290</u>
Total	403	1,368	1,771	\$2,748,229	\$15,306,389	\$18,054,618

* Not shown if less than 20 members. The totals only sum the cells that are displayed.

Age	ANNUAL BENEFIT LEVEL									Total
	<\$5k	\$5-10k	\$10-15k	\$15-20k	\$20-25k	\$25-30k	\$30-40k	\$40-50k	\$50k+	
Under 40	1	9	3	2	-	-	-	-	-	15
40 – 44	1	8	9	2	1	-	-	-	-	21
45 – 49	-	23	18	10	3	1	-	-	1	56
50 – 54	-	25	38	16	6	2	2	1	-	90
55 – 59	1	46	65	21	14	8	3	-	-	158
60 – 64	-	42	98	28	8	2	3	-	-	181
65 – 69	2	59	77	25	12	7	2	-	-	184
70 – 74	1	68	109	28	8	3	4	-	-	221
75 – 79	2	69	111	12	9	3	1	-	-	207
80 – 84	-	50	103	14	3	-	1	-	-	171
85 – 89	-	30	72	5	1	2	-	-	-	110
90 & Over	<u>-</u>	<u>16</u>	<u>30</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49</u>
Total	8	445	733	166	65	28	16	1	1	1,463

APPENDIX D. GLOSSARY OF KEY TERMS

Accrued Liability. The Present Value of Future Benefits allocated to past service in accordance with the actuarial cost method.

Actuarial Cost Method. A method of allocating the present value of benefits to past and future periods. Actuarial cost methods take into consideration the effect of wage inflation.

Actuarial Gains and Losses. Changes to the Accrued Liability due to deviations from the actuarial assumptions. These can include gains and losses from investments, employee turnover, disability, retirement, mortality, and administrative expenses.

Actuarial Value of Assets. A method of valuing Fund assets that may smooth gains and losses that occur in the market value over a period of time.

GASB. Government Accounting Standards Board. GASB No. 25 and No. 27 are accounting standards issued by GASB that require certain items be disclosed in the Fund's financial statements.

Normal Cost. The value of benefits earned for one year of service. The normal cost is calculated in accordance with the actuarial cost method. The accumulation of all normal costs assigned to past service equals the Accrued Liability.

Present Value of Benefits. The sum of all benefits expected to be paid in the future by the retirement system, with the payments discounted to the present using the valuation interest rate. This includes benefits to be earned in the future for current employees.

Present Value of Future Normal Cost. The sum of all future normal costs expected for current employees, with the costs discounted back to the present using the valuation interest rate.

Security Ratio. The percentage of the Accrued Liability that is funded by the Fund assets. A fully funded plan will have a security ratio of 100%.

Unfunded Accrued Liability. The dollar value of the Accrued Liability that exceeds the value of the Fund assets. A fully funded plan will have no unfunded accrued liability.