

***Government of Guam Retirement  
Fund***

***MEMBERS' AND BENEFITS  
COMMITTEE***

***September, 2007  
END OF MONTH REPORT***



George A. Santos  
Members' & Benefits Committee, Chairman

Katherine T.E. Taitano  
Members' & Benefits Committee, Vice-Chairperson

Gerard A. Cruz  
Trustee

October 05, 2007

**MEMORANDUM**

**TO:** Chairman, Board of Trustees  
Government of Guam Retirement Fund

**FROM:** Chairman, Members' and Benefits Committee  
Government of Guam Retirement Fund

**SUBJECT:** September, 2007 - End of Month Report

Please find attached the Members' and Benefits Committee's September, 2007 End of Month Report. This report accurately highlights the significant activities and action items reviewed and administered to during the September period.

Should you require further information concerning this report, feel free to contact me at your earliest convenience.

**GEORGE A. SANTOS**

I. TOTAL MEMBERS SERVED:

A. No. of Active Members

1.	Defined Benefits	4,121	
2.	Defined Contributions	<u>6,101</u>	
			10,222

B. No. of Retirees

1.	Defined Benefits	6,831	
2.	Defined Contributions	<u>185</u>	
			<u>7,016</u>
			17,238

II. TOTAL STAFFING:

A. Benefit Services Department

1.	Budget 2007	13	
	Actual		10

B. Members' Services Division

1.	Budget 2007	10	
	Actual		6

III. TOTAL CASES PENDING

A.	Section 8119 Applicants Pre 10/01/81	20/25/60	
	Section 8120 Applicants Post 10/01/81	25/30/60	
	Section 8120.1 Applicants Post 08/22/84	25/30/65	
1.	Age Retirement		
	A. Regular	1	
	B. ERIP	0	
	C. Optional	1	2
2.	Service Retirement		
	A. Regular	17	
	B. ERIP	0	17
B.	Section 8123 Applicants Medical Disability		13
C.	Section 8126 Applicants Medical Disability Appeals		1
D.	Section 8130 Applicants Deferred Age		4
E.	Section 8134 Applicants		
	(a) Surviving Spouse		6
	(a).3 Minor Children		2
	(a) 4C Disabled Adult Survivor		0
F.	New Retirees (Nos. 1123- 1141)		21
	<b>TOTAL CASES REVIEWED</b>		<b>66</b>

#### IV. REVIEW AND FINDINGS

Based on our review and findings during our meeting of September 19, 2007 and continuing meetings thereafter the following applications are recommended for **APPROVAL** to the Board of Trustees:

##### Members' and Benefits Retirement Applicants

#### A. SECTION 8119, 8120, 8120.1

##### 1. Optional Retirement Applicant (§8120.1 after 08/22/84)

a.	Name:	Dorothy N. Leon Guerrero
	Date of Birth:	
	Department:	Guam Memorial Hospital
	Length of Service:	25 Years 11 Months 15 Days
	Service Factor:	25.958
	Average Annual Salary:	\$33,250.81
	Annual Annuity:	\$18,969.60
	Percentage Earned:	57.050038
	Effective Date:	January 20, 2007

##### 2. Age Retirement Applicants (§8119. Prior to 10/01/81)

a.	Name:	Ignacio Q. Cruz
	Date of Birth:	
	Department:	Parks and Recreation
	Length of Service:	24 Years 07 Months 00 Days
	Service Factor:	24.583
	Average Annual Salary:	\$31,921.20
	Annual Annuity:	\$18,021.84
	Percentage Earned:	56.457276
	Effective Date:	June 30, 2007

3. Service Retirement Applicants (§8119. Prior to 10/01/81)

- a. Name: Anthony R. Aguon  
Date of Birth:  
Department: Public Works  
Length of Service: 28 Years 03 Months 00 Days  
Service Factor: 28.250  
Average Annual Salary: \$39,000.00  
Annual Annuity: \$25,593.84  
Percentage Earned: 65.625230  
Effective Date: August 01, 2007
- b. Name: Marie Ann D. Aguon  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 26 Years 05 Months 00 Days  
Service Factor: 26.416  
Average Annual Salary: \$29,000.00  
Annual Annuity: \$17,701.68  
Percentage Earned: 61.040275  
Effective Date: August 01, 2007
- c. Name: Elpidia A. Blas  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 36 Years 00 Months 00 Days  
Service Factor: 36.000  
Average Annual Salary: \$48,000.00  
Annual Annuity: \$40,800.00  
Percentage Earned: 85.000000  
Effective Date: August 11, 2007

- d. Name: Rose Marie S. Burch  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 32 Years 10 Months 00 Days  
Service Factor: 32.833  
Average Annual Salary: \$45,000.00  
Annual Annuity: \$34,687.20  
Percentage Earned: 77.082666  
Effective Date: August 11, 2007
- e. Name: Maria S. Castro  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 25 Years 01 Months 00 Days  
Service Factor: 25.083  
Average Annual Salary: \$59,560.00  
Annual Annuity: \$34,370.64  
Percentage Earned: 57.707588  
Effective Date: August 11, 2007
- f. Name: Nenita B. Crain  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 27 Years 03 Months 00 Days  
Service Factor: 27.250  
Average Annual Salary: \$51,450.00  
Annual Annuity: \$32,477.76  
Percentage Earned: 63.124897  
Effective Date: August 11, 2007

- g. Name: Lydia M. Peredo-Cruz  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 36 Years 00 Months 00 Days  
Service Factor: 36.000  
Average Annual Salary: \$40,000.00  
Annual Annuity: \$34,000.08  
Percentage Earned: 85.000000  
Effective Date: September 01, 2007
- h. Name: Ninfa S. Devera  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 29 Years 04 Months 15 Days  
Service Factor: 29.375  
Average Annual Salary: \$48,600.00  
Annual Annuity: \$33,260.64  
Percentage Earned: 68.437530  
Effective Date: August 11, 2007
- i. Name: Jose G. Francisco  
Date of Birth:  
Department: Guam Power Authority  
Length of Service: 36 Years 00 Months 00 Days  
Service Factor: 36.000  
Average Annual Salary: \$48,500.00  
Annual Annuity: \$41,225.04  
Percentage Earned: 85.000000  
Effective Date: August 08, 2007



- j. Name: Ronald E. Frazier  
Date of Birth:  
Department: University of Guam  
Length of Service: 35 Years 08 Months 00 Days  
Service Factor: 35.666  
Average Annual Salary: \$33,980.93  
Annual Annuity: \$28,600.08  
Percentage Earned: 84.167162  
Effective Date: June 01, 2007
- k. Name: Evelyn S. Leon Guerrero  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 25 Years 06 Months 15 Days  
Service Factor: 25.541  
Average Annual Salary: \$29,000.00  
Annual Annuity: \$17,067.12  
Percentage Earned: 58.852137  
Effective Date: July 21, 2007
- l. Name: Edith C. Pangelinan  
Date of Birth:  
Department: Guam International Airport Authority  
Length of Service: 35 Years 02 Months 15 Days  
Service Factor: 35.208  
Average Annual Salary: \$75,564.11  
Annual Annuity: \$62,733.36  
Percentage Earned: 83.020047  
Effective Date: April 14, 2007

m. Name: Eileen VMS Quintanilla  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 30 Years 02 Months 15 Days  
Service Factor: 30.208  
Average Annual Salary: \$71,700.00  
Annual Annuity: \$50,562.96  
Percentage Earned: 70.520167  
Effective Date: July 21, 2007

n. Name: Priscilla Q. Sanchez  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 29 Years 01 Months 15 Days  
Service Factor: 29.125  
Average Annual Salary: \$29,100.00  
Annual Annuity: \$19,733.52  
Percentage Earned: 67.812783  
Effective Date: July 21, 2007

o. Name: Rebecca A. Stephenson  
Date of Birth:  
Department: University of Guam  
Length of Service: 36 Years 00 Months 00 Days  
Service Factor: 36.000  
Average Annual Salary: \$84,626.20  
Annual Annuity: \$71,932.32  
Percentage Earned: 85.000000  
Effective Date: July 22, 2007

p. Name: Elizabeth C. Toves  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 28 Years 01 Months 00 Days  
Service Factor: 28.083  
Average Annual Salary: \$45,000.00  
Annual Annuity: \$29,343.36  
Percentage Earned: 65.207466  
Effective Date: August 11, 2007

q. Name: William C. Ysrael  
Date of Birth:  
Department: Public Works  
Length of Service: 33 Years 07 Months 00 Days  
Service Factor: 33.583  
Average Annual Salary: \$59,501.20  
Annual Annuity: \$46,980.72  
Percentage Earned: 78.957600  
Effective Date: July 01, 2007

B. Section 8123 - Disability Retirement Applicants (For Interview/Review)

1. Name Martha M. Gogue  
Date of Birth  
Department Department of Administration  
Length of Service 24 Years 00 Months 00 Days  
Date of Application May 30, 2007

2. Name Siewlian K. Howe  
Date of Birth  
Department Guam Public School System  
Length of Service 22 Years 02 Months 00 Days  
Date of Application June 12, 2007

C. Section 8130 - Age Retirement Applicants WITHOUT Survivor Benefits

- a. Name: Edward I. Dunn Jr.  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 21 Years 08 Months 15 Days  
Service Factor: 21.708  
Average Annual Salary: \$82,500.00  
Annual Annuity: \$ 40,647.84  
Percentage Earned: 51.694351  
Effective Date: July 07, 2007
- b. Name: Alice B. Ewing  
Date of Birth:  
Department: Guam Public School System  
Length of Service: 24 Years 07 Months 15 Days  
Service Factor: 24.625  
Average Annual Salary: \$35,085.49  
Annual Annuity: \$ 19,845.12  
Percentage Earned: 56.562185  
Effective Date: August 01, 2007
- c. Name: Joseph A. Gutherie  
Date of Birth:  
Department: Attorney General  
Length of Service: 18 Years 03 Months 00 Days  
Service Factor: 18.250  
Average Annual Salary: \$95,379.95  
Annual Annuity: \$38,748.00  
Percentage Earned: 40.624890  
Effective Date: May 31, 2007

d. Name: Martha J. Steffens  
Date of Birth:  
Department: University of Guam  
Length of Service: 18 Years 04 Months 15 Days  
Service Factor: 18.375  
Average Annual Salary: \$52,500.00  
Annual Annuity: \$21,492.24  
Percentage Earned: 40.937600  
Effective Date: July 22, 2007

E. Section 8134 Surviving Spouse Annuity Applicants

1. (a) Surviving Spouse Annuity (a) (Regular §8119. Prior to 10/10/81)

a. Name: Henry O. Atoigue  
Date of Death: July 21, 2007  
Annuity due Decease: \$16,250.88  
Surviving Spouse: Ruth LG Atoigue  
Survivor's Annuity: \$ 8,125.44  
Percentage Earned: 50%  
Effective Date: July 21, 2007

b. Name: Anselmo M. Garrido  
Date of Death: August 20, 2007  
Annuity due Decease: \$12,963.84  
Surviving Spouse: Margarita M. Garrido  
Survivor's Annuity: \$ 6,481.92  
Percentage Earned: 50%  
Effective Date: August 20, 2007

- c. Name: Teofila A. Gonzales  
Date of Death: June 28, 2007  
Annuity due Decease: \$14,865.60  
Surviving Spouse: Cecilio B. Gonzales  
Survivor's Annuity: \$ 7,432.80  
Percentage Earned: 50%  
Effective Date: June 28, 2007
- d. Name: Ralph C. Perez  
Date of Death: March 12, 2007  
Annuity due Decease: \$13,504.56  
Surviving Spouse: Evotia A. Perez  
Survivor's Annuity: \$ 6,752.40  
Percentage Earned: 50%  
Effective Date: March 12, 2007
- e. Name: John G. Quintanilla  
Date of Death: August 6, 2007  
Annuity due Decease: \$43,087.20  
Surviving Spouse: Tok Sun B. Quintanilla  
Survivor's Annuity: \$21,543.60  
Percentage Earned: 50%  
Effective Date: August 06, 2007
- f. Name: Alfred S. Rios  
Date of Death: September 07, 2007  
Annuity due Decease: \$18,895.00  
Surviving Spouse: Emilia B. Rios  
Survivor's Annuity: \$ 9,447.60  
Percentage Earned: 50%  
Effective Date: September 07, 2007

F. Supplemental Listing of New Retirees and Finalized Retirement Annuities

1142	Name	Martha J. Steffens
	Date of Birth	
	Department	University of Guam
	Effective Date	July 22, 2007
1143	Name	Evelyn S. Leon Guerrero
	Date of Birth	
	Department	Guam Public School System
	Effective Date	July 21, 2007
1144	Name	Jose G. Francisco
	Date of Birth	
	Department	Guam Power Authority
	Effective Date	August 08, 2007
1145	Name	Cecilio B. Gonzales
	Surviving Spouse of	Teofila A. Gonzales
	Department	Guam Public School System
	Effective Date	June 28, 2007
1146	Name:	Anthony R. Aguon
	Date of Birth	
	Department	Department of Public Works
	Effective Date	August 01, 2007
1147	Name:	Edward I. Dunn Jr.
	Date of Birth	
	Department	Guam Public School System
	Effective Date	July 07, 2007

1148	Name	Alice B. Ewing
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 01, 2007
1149	Name	Marie Ann D. Aguon
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 01, 2007
1150	Name	Ruth LG Atoigue
	Surviving Spouse of	Henry O. Atoigue
	Department	Department of Public Works
	Effective Date	July 21, 2007
1151	Name	Eileen VMS Quintanilla
	Date of Birth	
	Department	Guam Public School System
	Effective Date	July 21, 2007
1152	Name	Ninfa S. De Vera
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 11, 2007
1153	Name	Rose Marie S. Burch
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 11, 2007
1154	Name	Elizabeth C. Toves
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 11, 2007



1155	Name	Margarita M. Garrido
	Surviving Spouse of	Anselmo M. Garrido
	Department	Public Health & Social Services
	Effective Date	August 20, 2007
1156	Name	Nenita B. Crain
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 11, 2007
1157	Name	Elpidia A. Blas
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 11, 2007
1158	Name	Priscilla Q. Sanchez
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 04, 2007
1159	Name	Maria S. Castro
	Date of Birth	
	Department	Guam Public School System
	Effective Date	August 11, 2007
1160	Name	Tok Sun B. Quintanilla
	Surviving Spouse of	John G. Quintanilla
	Department	Guam Fire Department
	Effective	August 06, 2007
1161	Name	Lydia M. Peredo-Cruz
	Date of Birth	
	Department	Guam Public School System
	Effective Date	September 01, 2007

1162 Name	Emilia B. Rios
Surviving Spouse of	Alfred S. Rios
Department	Public Health & Social Services
Effective Date	September 07, 2007

V. REVIEW AND FINDINGS

Based on our review and findings during our meetings of September 19, 2007 and continuing meetings thereto, the following application is recommended for **DISAPPROVAL** to the Board of Trustees:

a. Section 8123 (Disability Applicant - For Interview/Review)

1. Name	Julia V. Quenga
Date of Birth	
Department	Guam Public School System
Length of Service	14 Years 00 Months 15 Days
Date of Application	April 13, 2007
2. Name	Enrique F. Torres
Date of Birth	
Department	Public health & Social Services
Length of Service	16 Years 05 Months 15 Days
Date of Application	February 13, 2007

VI. Review and Findings

Re: Minor Child/Children Survivor Benefits (§8134(a).(3))

1. Isaiah Allen Charfauros Moniz

Ms. Lolaine Charfauros Moniz is applying for minor child survivor benefits on behalf of Isaiah Allen Charfauros Moniz. Ms. Moniz is the biological mother of the minor child. The minor child is the natural child of deceased member Peter Paul Nartia who passed away on March 26, 2007.

In support of her application, Ms. Moniz has provided the birth certificate of the minor child, the Order Appointing Guardianship and the DNA Analysis results and/or findings.

Findings:

Our staff recommends approval of this request and the members and Benefits committee concurs with their recommendation, therefore, we recommend **APPROVAL** of this application.

2. Heather Ann Uncangco

Ms. Heather Ann Uncangco is applying for survivor benefits on behalf of herself. The applicant is the natural child of deceased member George C. Ulloa, who passed away on May 27, 1997.

In support of her application, Ms. Uncangco has provided a birth certificate of herself and the DNA Analysis results and/or findings.

Findings:

Our staff recommends approval of this request and the Members' and Benefit's Committee concurs with their recommendation, therefore, we recommend **APPROVAL** of this application.

## VII. Review and Findings

RE: James D. MacIntyre

### Facts:

Mr. MacIntyre filed a lawsuit against the Retirement Fund in 2002. The underlying issue of the case is the Fund's rejection of Mr. MacIntyre's application for disability benefits from the date his disability commenced as opposed to the date on which the Board approved his application for benefits.

We recently received information that Mr. MacIntyre passed away, and that Roger J. Syverson of Roseville, Minnesota has been appointed as Mr. MacIntyre's personal representative pursuant to a will.

Our attorney recommends that a letter be sent to Mr. Syverson advising that: (1) The issue is still in litigation; (2) Patrick Civile, Esq. represented Mr. MacIntyre, and (3) the case has been dormant since its inception.

### Findings:

The Members' and Benefit's Committee concurs with our attorney's recommendation and recommend that our Director of the Fund execute the required transmittals.

## VIII. REVIEW AND FINDINGS

### 1. 401(a) Defined Contribution Plan Hardship Policy

The DC Plan provides a hardship provision in which a DC active Participant may apply for a hardship withdrawal while still employed with the Government of Guam. A Participant may apply for only one hardship withdrawal in any consecutive twelve-month period.

To qualify for a hardship withdrawal, the Participant must demonstrate to the satisfaction of the Fund that the Participant has an “*immediate and heavy financial need*”, other resources are not reasonably available to satisfy the need, and that the amount that has been applied for represents a cost that has actually been incurred by the Participant. A withdrawal based upon financial hardship cannot exceed the amount required to meet the immediate financial need created by the hardship. The following expenses may give rise to an “immediate and heavy financial need”:

- (a) Medical Expenses – Expenses for medical care previously incurred by the Participant, Participant’s Spouse, or any of the Participant’s tax dependents;
- (b) Principal Residence – The costs directly related to the purchase of the Participant’s principal residence on Guam (excluding mortgage payments);
- (c) Funeral Expenses – Funeral home and burial expenses for a member of the Participant’s family, which includes the Participant’s Spouse, children, or other tax dependents;
- (d) Tuition/Educational Expenses – Payment of Tuition and related educational fees for the next 12 months of post-secondary education for the Participant, the Participant’s Spouse, children, or other tax dependents;

- (e) Foreclosure/Eviction – Payments necessary to prevent the eviction of the Participant from the Participant’s residence or foreclosure on the mortgage of the Participant’s principal residence.

Discussion:

In August 2007, Great-West Retirement Services revealed the following facts:

- As of June 30, 2007 the 401(a) Defined Contribution Plan (DC Plan) assets were at \$175.29 million with approximately 8,894 participants.
- Average Participant balances ranged between \$13,086 to \$29,110.
- From January 1, 2007 to June 30, 2007, there was \$1.3 million in partial withdrawals from the DC Plan. 63.4% of the \$1.3 million was taken in hardship distributions by 141 participants.
- From January 2004 to August 31, 2007, approx. 250 Participants took an average of \$1.1 million a year as hardship distributions.

Committee Recommendation:

The M&B Committee finds that the Financial Hardship Withdrawals do play a part in meeting legitimate needs of Participants and should be allowed. However, given the purpose of the DC Plan to provide for retirement, the M & B Committee finds that in-service withdrawals need to be limited to the greatest extent possible.

## Findings:

A review of the current policy established that amendments to the Financial Hardship Withdrawal policy are necessary to ensure that Participants demonstrate and meet the “immediate and heavy financial need” criteria. The Committee therefore recommends the following amendments that would require the Plan Document to be amended<sup>1</sup>:

1. A Participant may apply for only one hardship withdrawal in any consecutive 24-month period. All hardship withdrawal applications will require the following documents:
  - (a) Tax return for the previous 2 years.
  - (b) Check stubs – last 2 pay periods.
  - (c) A personal financial statement.
  
2. Reasons for Hardship Withdrawals
  - (a) Medical Expenses – A hardship withdrawal for incurred medical expenses in any given year may be allowed and limited to allowable, incurred but unreimbursed medical expenses that in the aggregate exceed seven and a half percent (7.5%) of the Participant’s average annual Adjusted Gross Income (AGI) as stated on the Participant’s tax returns for the previous 2 years.
  - (b) Foreclosure/Eviction – A hardship withdrawal to prevent an eviction or foreclosure shall be allowed only once during a Participant’s membership in the DC Plan.
  - (c) Funeral Expenses – A hardship withdrawal for funeral expenses of the Participant’s Spouse, children, or dependents.

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<sup>1</sup> The DCRS statute need not be amended and the Plan need not be submitted for a determination letter.



Hardship withdrawals for (1) the purchase of a principal residence, and (2) tuition and educational expenses will not be allowed.

## 2. 401(a) Defined Contribution Plan Retirement Contributions

The DC Plan was created October 1, 1995 and established the retirement contribution rate to be at 5% for employee matched by an employer share of 5%. The Defined Benefit Plan retirement contribution rate for employees is set at 9.5%. In order to decrease the DB's unfunded liability, the 5% rate was established to persuade DB members to transfer to the DC Plan in order to decrease the DB's unfunded liability.

### Discussion:

- Defined Contribution Plans normally supplement the Social Security retirement income for employees.
- Government of Guam employees do not pay social security tax (currently 6.2% (plus 1.45% for Medicare) for the employee share, which is matched by the employer), and they are not eligible for Social Security benefits. There is no Social Security safety net for Government of Guam employees.
- DC Plans are not defined benefit plans. Employees bear the risks and rewards of investments, and account balances are subject to market volatility.

### Committee Recommendation:

A review of current Participant balances reveals that most DC Participant's account balances will not be sufficient to carry them through their retirement years. The increase of 2.5% will put the contribution rate closer to the Defined Benefit Plan contribution rate of 9.5% for employees.

Findings:

The Committee finds that keeping the contribution rate at 5% as an incentive for DB members to transfer to the DC Plan is no longer necessary. The transfer process will continue. The Committee recommends APPROVAL to increase the retirement contribution employee and employer rate for the Defined Contribution Plan from 5% to 7.5% and to submit necessary legislation to attain this objective.