

**Government of Guam
Retirement Fund**

Actuarial Valuation as of September 30, 2007

Prepared by:

**Richard A. Wright, F.S.A.
Milliman**

July 1, 2008



650 California Street, 17th Floor
San Francisco, CA 94108-2702
USA

Tel +1 415 403 1333
Fax +1 415 403 1334

milliman.com

July 1, 2008

Government of Guam Retirement Fund
424 Route 8
Maite, Guam 96927

**Government of Guam Retirement Fund –
Actuarial Valuation as of September 30, 2007**

At the request of the Trustees, we have made an actuarial valuation of the Government of Guam Retirement Fund as of September 30, 2007. 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 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. Accordingly, this report may not be distributed outside the Fund except as required by law. Reliance on information contained in this report by anyone for anything other than the intended purpose puts the relying entity at risk of being misled. If distribution of the report is made outside of the plan sponsor, the report must be provided in its entirety. This report is a complex, technical analysis that assumes a high level of knowledge concerning GGRF operations, and uses GGRF data, which Milliman has not audited. Any third party recipient of Milliman's work product who desires professional guidance should not rely upon Milliman's work product, but should engage qualified professionals for advice appropriate to its own specific needs.

Government of Guam Retirement Fund
July 1, 2008
Page 2

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,

A handwritten signature in black ink that reads "Richard A. Wright". The signature is written in a cursive style with a large, prominent "R" and "W".

Richard A. Wright, FSA, MAAA
Consulting Actuary

RAW:tah

N:\gua\corr\2008\gua2007v3-final-e.doc

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
TABLE OF CONTENTS

<i>Section</i>	<i>Page</i>
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 Fund Assets	6
Exhibit 2. Asset Allocation	7
Exhibit 3. Changes in Fund Assets	8
Exhibit 4. Actuarial Value of Assets.....	9
Exhibit 5. Historical Returns on Fund 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

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION I. VALUATION SUMMARY

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 **26.02%** of payroll. Of this amount, 19.68% is for the unfunded liability of the defined benefit (DB) plan, 3.70% is for the normal cost of the DB plan, and 2.64% is for contributions to 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 2007-08 fiscal year is 24.07%.
- The defined benefit payroll for the 2006-07 fiscal year was \$180.8 million compared with \$192.4 million for the 2005-06 fiscal year. The total defined benefit and defined contribution payroll for the 2006-07 fiscal year, was \$377.0 million compared with \$376.6 million for the 2005-06 fiscal year.
- The unfunded accrued liability decreased from \$1.335 billion as of September 30, 2006, to \$1.233 billion as of September 30, 2007, due to favorable investment returns for the fiscal year ending September 30, 2007. The payment required to amortize the unfunded accrued liability under GCA 8137 has decreased from \$80.9 million to \$76.8 million. The payment as a percentage of payroll has decreased from 20.75% to 19.68%.
- Based on the audited financial statements, we calculated an investment return on the total market value of assets of 14.7% for the fiscal year ending September 30, 2007. The average annual return on the market value of assets for the last 5 fiscal years has been 10.3%.
- There have been no changes in plan provisions or actuarial assumptions since the prior actuarial valuation.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION I. VALUATION SUMMARY

Results of Valuation

The following table summarizes the principal valuation results and compares them with the prior year.

	<u>9/30/2007</u>		<u>9/30/2006</u>	
Participant Counts				
Active				
– Non-Uniformed (DB)		3,674		3,896
– Uniformed (DB)		<u>387</u>		<u>402</u>
– Total (DB)		4,061		4,298
Retired (DB)		<u>7,037</u>		<u>7,055</u>
Total Actives and Retirees (DB)		11,098		11,353
Inactive and Terminated Members with Accumulated contributions (DB)		6,738		6,978
Active Participants (DC)		6,686		5,992
		<u>(\$millions)</u>		<u>(\$millions)</u>
Actual Payroll for Prior Fiscal Year				
Defined benefit (DB) payroll		\$180.8		\$192.4
Total payroll (DB and DC)		377.0		376.6
Expected Payroll for Next Fiscal Year				
Defined benefit (DB) payroll		\$183.8		\$184.5
Total payroll (DB and DC)		390.2		389.8
Financial Status				
Accrued liability		\$2,682.1		\$2,656.0
Actuarial value of assets		<u>1,448.7</u>		<u>1,320.9</u>
Unfunded accrued liability		\$1,233.5		\$1,335.1
Security ratio		54.01%		49.73%
		<u>% of DB Payroll</u>		<u>% of DB Payroll</u>
Normal Cost				
Total normal cost	\$ 31.9	17.36%	\$ 33.1	17.94%
Estimated employee contributions	<u>(17.5)</u>	<u>(9.50%)</u>	<u>(17.5)</u>	<u>(9.50%)</u>
Government normal cost	\$ 14.4	7.86%	\$ 15.6	8.44%
		<u>% of Total Payroll</u>		<u>% of Total Payroll</u>
Required Contribution per GCA 8137				
Unfunded liability cost	\$ 76.8	19.68%	\$ 80.9	20.75%
Government DB normal cost	14.4	3.70%	15.6	3.99%
Expected government DC contributions	<u>10.3</u>	<u>2.64%</u>	<u>10.3</u>	<u>2.63%</u>
Total DB and DC contribution	\$101.6	26.02%	\$106.7	27.38%
Yield on Market Value of Assets		14.7%		8.0%

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION I. VALUATION SUMMARY

5-Year Historical Summary

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

	<u>9/30/2007</u>	<u>9/30/2006</u>	<u>9/30/2005</u>	<u>9/30/2004</u>	<u>9/30/2003</u>
Participant Counts					
Active (DB)	4,061	4,298	4,705	5,113	5,657
Retired (DB)	7,037	7,055	6,852	6,822	6,809
Inactives (DB)	<u>6,738</u>	<u>6,978</u>	<u>7,063</u>	<u>7,034</u>	<u>7,025</u>
Total (DB)	17,836	18,331	18,620	18,969	19,491
Active (DC)	6,686	5,992	5,703	5,133	5,010
Actual Payroll					
DB payroll	\$180.8	\$192.4	\$196.2	\$203.6	\$221.8
DC payroll	<u>196.3</u>	<u>184.2</u>	<u>163.7</u>	<u>149.6</u>	<u>143.2</u>
Total payroll	\$377.0	\$376.6	\$359.9	\$353.2	\$364.9
Financial Status					
Interest rate	7.0%	7.0%	7.0%	7.0%	7.0%
Accrued liability	\$2,682.1	\$2,656.0	\$2,583.4	\$2,599.7	\$2,614.8
Actuarial assets	<u>1,448.7</u>	<u>1,320.9</u>	<u>1,293.6</u>	<u>1,245.3</u>	<u>1,206.9</u>
UAL	\$1,233.5	\$1,335.1	\$1,289.8	\$1,354.4	\$1,407.9
Security ratio	54.01%	49.73%	50.07%	47.90%	46.16%
Contribution Rate					
DB Normal Cost (as % of DB payroll)	7.86%	8.44%	8.71%	8.33%	8.80%
% of Total Payroll					
UAL Rate	19.68%	20.75%	20.66%	21.36%	19.93%
DB Normal Cost	3.70%	3.99%	4.26%	4.64%	4.96%
DC Contribution	<u>2.64%</u>	<u>2.63%</u>	<u>2.55%</u>	<u>2.22%</u>	
Actuarial Rate *	26.02%	27.38%	27.48%	28.21%	24.89%
Budget Rate *	25.20%	24.07%	22.94%	21.81%	20.81%
Investment Yield	14.7%	8.0%	9.7%	9.3%	9.9%

* "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.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION I. VALUATION SUMMARY

Actuarial Assumptions

The following are the major assumptions used in the actuarial valuation, and they should be reviewed for reasonableness. To the extent that actual experience differs from the assumptions below, future pension costs will differ as well.

Interest Rate: The interest rate used as of September 30, 2007, 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.

<i>Asset Class</i>	<i>(a)</i> <i>Target</i> <i>Asset</i> <i>Allocation</i>	<i>x</i>	<i>(b)</i> <i>Expected</i> <i>Nominal</i> <i>Return</i> ¹	<i>=</i>	<i>(c)</i> <i>Component</i> <i>Return</i>
U.S. Equities (large cap)	30%		9.10%		2.73%
U.S. Equities (small cap)	10%		10.69%		1.07%
Non-U.S. Equities	17%		9.15%		1.56%
Non-U.S. Equities (emerging markets)	3%		11.38%		0.34%
U.S. Fixed Income (aggregate)	30%		5.22%		1.57%
Real Estate (REITs)	10%		8.62%		<u>0.86%</u>
Expected average return for one year					8.13%
Expected geometric mean (50 years)					7.45%
25 th to 75 th Percentile Return					6.28% - 8.60%

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, 2007, was the Uninsured Pensioner 1994 Table (UP94), with male mortality rates set forward 2 years. The mortality table used for disabled lives is the Uninsured Pensioner 1984 Table (UP84) table with a 10-year set forward for males and an 8-year set forward for females. This assumption is unchanged from the prior valuation.

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.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION I. VALUATION SUMMARY

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 of return of contributions in lieu of a deferred benefit. This assumption is unchanged from the prior valuation.

Administrative Expenses. Annual administrative expenses for the defined benefit plan are assumed to be \$2,172,356, which is the amount of defined benefit plan expenses for the year ending September 30, 2007, as reported in the draft of the Fund's audited financial statements, and is net of the adjustment for bad debts. The prior valuation assumed annual expenses of \$2,995,106.

Rates of Withdrawal and Disability. The assumed rates of withdrawal and disability are shown in Appendix B. These assumptions are unchanged from the prior valuation.

Probability of Marriage. We have assumed 65% of retirees will be married at retirement. This assumption is unchanged from the prior valuation.

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 23.58 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 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 the current funding requirements. Any change in funding requirements should consider the effect on the projected fund balance and security ratio.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION II. FUND ASSETS

Exhibit 1. Summary of Fund Assets

Listed below are the assets reported in the Fund's audited financial statements as of September 30, 2007, excluding certain receivables and liabilities whose payments are deducted from employer contributions to the Fund, along with the audited assets as of September 30, 2006.

	<u>9/30/2007</u>	<u>9/30/2006</u>
Investments		
Common stocks	\$ 708,474,204	\$ 610,116,012
Mutual funds	148,728,892	113,276,376
U.S. government securities	273,223,515	252,119,598
Non-U.S. fixed income	1,900,973	5,949,456
Corporate bonds and notes	213,266,240	234,765,017
Money market funds	<u>40,184,479</u>	<u>44,088,400</u>
Total investments	1,385,778,303	1,260,314,859
Receivables		
Employer contributions, net	14,207,137	16,191,777
Member contributions	6,378,562	7,332,887
Accrued investment income	5,141,940	4,730,899
Due from brokers for unsettled trades	7,874,768	2,855,455
Notes receivable for service credits	3,200,847	8,210,286
Notes receivable ERIP	8,267,846	9,126,349
Interest and penalties	7,702,344	7,304,707
Supplemental/insurance benefits advanced	4,349,391	4,579,317
Other receivables	2,399,744	3,453,321
Due from DC plan	<u>763,421</u>	<u>419,722</u>
Total receivables	60,286,000	64,204,720
Cash and cash equivalents	2,369,452	1,485,181
Property and equipment	<u>1,076,538</u>	<u>1,171,870</u>
Total assets	\$ 1,449,510,293	\$ 1,327,176,630
Liabilities		
Accounts payable and accrued expenses	\$ 1,590,397	\$ 2,097,989
Due to brokers for unsettled trades	<u>3,109,934</u>	<u>4,357,566</u>
Total liabilities	\$ 4,700,331	\$ 6,455,555
Valuation Assets	<u>\$ 1,444,809,962</u>	<u>\$ 1,320,721,075</u>
Excluded Assets ¹		
Receivable – ERIP employer share	\$ 4,472,325	\$ 6,670,283
Supplemental/COLA benefits receivable	83,028,774	87,559,394
Deferred revenue for service credits	<u>(16,126,469)</u>	<u>(24,006,918)</u>
Total excluded assets	\$ 71,374,630	\$ 70,222,759

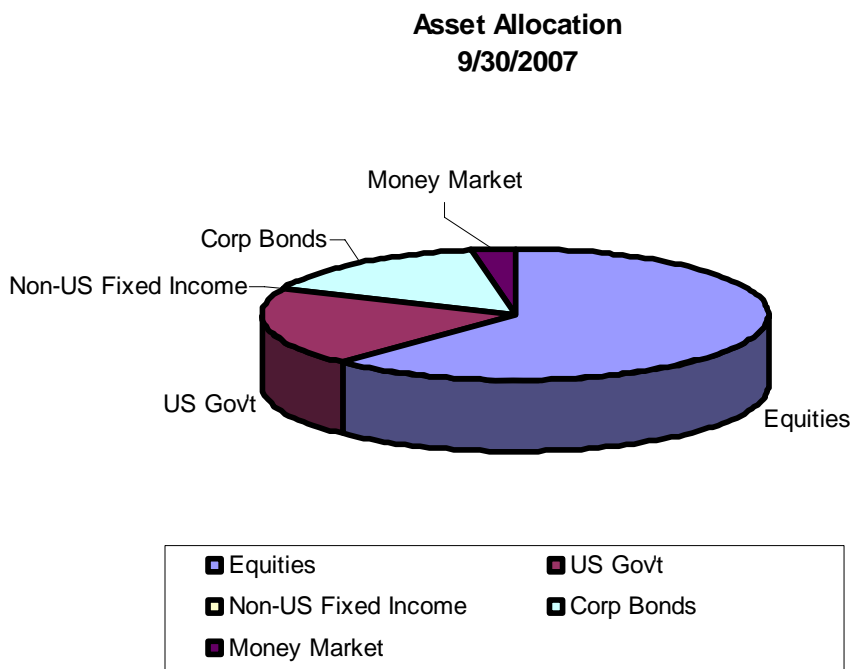
¹ Excluded because payments towards these receivables are deducted from employer contributions.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION II. FUND ASSETS

Exhibit 2. Asset Allocation

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

	<i>Asset Allocation</i>	
	<i>9/30/2007</i>	<i>9/30/2006</i>
Common stocks and mutual funds	61.9%	57.4%
U.S. government securities	19.7%	20.0%
Non-U.S. fixed Income	0.1%	0.5%
Corporate bonds and notes	15.4%	18.6%
Money market funds	<u>2.9%</u>	<u>3.5%</u>
Total	100.0%	100.0%



GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION II. FUND ASSETS

Exhibit 3. Changes in Fund Assets

Fund 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.

	<i>Fiscal Year Ending</i>	
	<u>9/30/2007</u>	<u>9/30/2006</u>
Beginning Balance	\$ 1,320,721,075	\$ 1,284,201,397
Correction to Due from DC Plan	0	(319,036)
Contributions		
Employer contributions	78,125,268	82,825,055
Member contributions	18,827,804	21,700,123
Decrease/(increase) in excluded assets	<u>(1,151,871)</u>	<u>2,946,371</u>
Total contributions	95,801,201	107,471,549
Investment Income		
Net appreciation in fair value	153,611,200	59,817,847
Interest	38,353,338	33,890,007
Dividends	11,016,556	12,090,214
Other investment income	3,176,347	944,140
Investment expenses	<u>(3,108,904)</u>	<u>(3,172,766)</u>
Total investment income	203,048,537	103,569,442
Benefit Payments		
Age and service annuities	140,597,358	140,049,957
Disability annuities	8,552,592	8,762,580
Survivor annuities	16,097,528	15,519,941
Refunds to separated employees	4,723,687	5,893,349
Interest on refunded contributions	1,958,572	355,133
Balances transferred to DC plan	<u>658,758</u>	<u>626,211</u>
Total benefit payments	172,588,495	171,207,171
Administrative Expenses		
Administrative expenses	2,805,167	3,659,794
Bad debts (recoveries)	<u>(632,811)</u>	<u>(664,688)</u>
Net administrative expenses	2,172,356	2,995,106
Ending Balance	\$ 1,444,809,962	\$ 1,320,721,075

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION II. FUND ASSETS

Exhibit 4. Actuarial Value of Assets

The actuarial value of assets is based upon the market value of Fund assets, but excludes certain receivables and liabilities whose payments are deducted from employer contributions to the Fund. In addition, fixed income investments are valued at their amortized cost instead of market value.

	<u>9/30/2007</u>	<u>9/30/2006</u>
Valuation assets at market value	\$ 1,444,809,962	\$ 1,320,721,075
Amortized cost of bonds	492,235,565	493,026,571
Market value of bonds	<u>488,390,728</u>	<u>492,834,071</u>
Adjustment to valuation assets	3,844,837	192,500
Actuarial value of assets	\$ 1,448,654,799	\$ 1,320,913,575
Actuarial value as % of market value	100.3%	100.0%

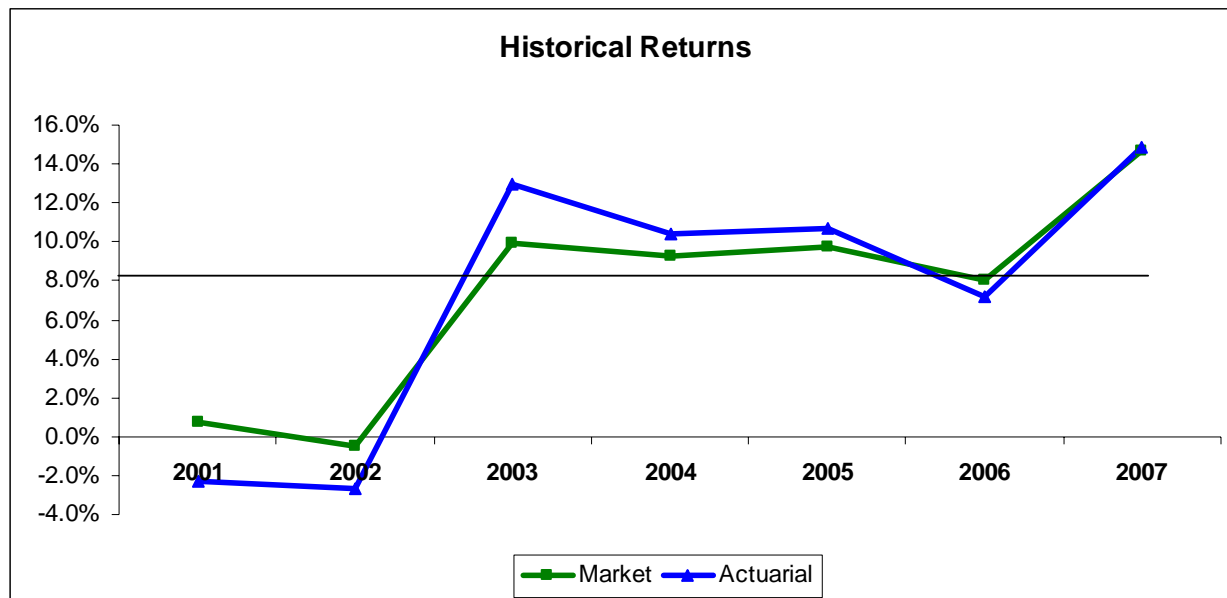
GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION II. FUND ASSETS

Exhibit 5. Historical Returns on Fund Assets

The following table shows the historical return on Fund assets over the last 5 years:

<i>Fiscal Year Ending 9/30</i>	<i>Return on Market Value</i>	<i>Return on Actuarial Value</i>
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	10.3%	11.2%
Average since 2001	7.3%	7.1%

The actuarial valuation rate is 7.00%.



GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION III. MEMBERSHIP DATA

Exhibit 6. Active Employees (DB)

	<u>9/30/2007</u>	<u>9/30/2006</u>
Reconciliation of Census		
Members reported in raw data	10,799	11,279
Number excluded due to:		
Reported as inactive	4,896	4,982
Reported as terminated	283	303
Zero earnings	1,535	1,632
Refund of contributions	24	61
Duplicate retiree records	<u>0</u>	<u>3</u>
Total exclusions	6,738	6,981
Active employees in valuation	4,061	4,298
Active Employees – Non-Uniformed		
Number vested	3,629	3,868
Number not vested	<u>45</u>	<u>28</u>
Total	3,674	3,896
Average age	48.5	47.9
Average service	19.5	18.8
Average earnings	\$ 44,452	\$ 41,967
Average accumulated contributions	\$ 78,816	\$ 73,470
Active Employees – Uniformed		
Number vested	387	402
Number not vested	<u>0</u>	<u>0</u>
Total	387	402
Average age	44.0	43.1
Average service	20.0	19.2
Average earnings	\$ 54,578	\$ 52,788
Average accumulated contributions	\$ 106,037	\$ 96,180
Active Employees – Total		
Number vested	4,016	4,270
Number not vested	<u>45</u>	<u>28</u>
Total	4,061	4,298
Average age	48.1	47.4
Average service	19.5	18.9
Average earnings	\$ 45,417	\$ 42,979
Average accumulated contributions	\$ 81,410	\$ 75,594

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION III. MEMBERSHIP DATA

Exhibit 7. Active Employees by Agency

	<u>9/30/2007 (DC)</u>	<u>9/30/2007 (DB)</u>	<u>9/30/2006 (DC)</u>	<u>9/30/2006 (DB)</u>
Agency For Human Resources Development	15	12	17	15
Bureau of Budget & Management Research	8	11	8	12
Bureau of Planning	9	26	10	28
Chamorro Land Trust	-	1	-	4
Chief Medical Examiner	3	1	2	1
Civil Service Commission	4	2	3	3
Commissioner's Council	-	21	-	22
Customs & Quarantine	86	47	83	47
Dept of Administration	71	68	72	74
Dept of Agriculture	41	41	38	43
Dept of Corrections	154	68	135	71
Dept of Education	2,499	1,353	2,040	1,426
Dept of Labor	21	21	18	22
Dept of Land Management	14	28	8	33
Dept of Law	82	43	73	46
Dept of Mental Health & Substance Abuse	84	42	92	45
Dept of Military Affairs	23	12	25	15
Dept of Parks and Recreation	38	39	36	43
Dept of Public Health & Social Services	249	159	242	171
Dept of Public Works	221	218	177	235
Dept of Revenue and Taxation	78	74	80	76
Dept of Vocational Rehabilitation	19	18	15	17
Dept of Youth Affairs	51	35	50	35
Government of Guam Retirement Fund	28	16	29	16
Governor's office	105	16	112	15
Guam Airport Authority	139	92	117	96
Guam Caha	4	3	4	3
Guam Community College	127	96	112	98
Guam Economic Development Agency	17	6	17	6
Guam Election Commission	1	1	1	1
Guam Energy Office	4	2	3	3
Guam Environmental Protection Agency	38	18	38	18
Guam Fire Dept	144	169	136	175
Guam Housing & Urban Renewal Agency	69	37	62	39
Guam Housing Corporation	19	6	18	7
Guam Legislature	52	20	56	24
Guam Memorial Hospital Authority	602	253	566	269
Guam Police Dept	217	136	227	144
Guam Power Authority	270	233	278	249
Guam Reparation Commission	7	5	7	6
Guam Visitors Bureau	21	8	20	9
Guam Waterworks Authority	139	105	129	109
KGTF	3	0	5	6
Lt. Governor's Office	17	2	0	1
Mayor's Council	138	-	122	-
Nieves M. Flores Memorial Library	20	8	15	7
Port Authority Of Guam	198	122	181	129
Public Defender	23	24	21	24
Supreme Court Of Guam	214	119	201	125
Territorial Auditors	17	4	20	2
University Of Guam	281	219	269	232
Veteran's Affairs Office	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>
TOTAL	6,686	4,061	5,992	4,298

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION III. MEMBERSHIP DATA

Exhibit 8. Retired Employees (DB)

	<u>9/30/2007</u>	<u>9/30/2006</u>
Service Retirees		
Count	4,925	4,947
Average age	64.8	64.2
Average benefit	\$28,483	\$28,172
Disabled Retirees		
Count	467	476
Average age	63.1	62.3
Average benefit	\$19,468	\$19,189
Survivors		
Count	1,353	1,320
Average age	68.5	68.0
Average benefit	\$12,148	\$11,428
Child Pensioners		
Count	292	312
Average age	16.3	16.4
Average benefit	\$2,160	\$2,160
Total Retirees and Survivors		
Count	7,037	7,055
Average age*	65.4	64.8
Average benefit*	\$24,582	\$24,260

* Excludes child pensioners.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION III. MEMBERSHIP DATA

Exhibit 9. Terminated and Inactive Members

	<u>9/30/2007</u>	<u>9/30/2006</u>
Reported as Inactive		
Count	4,896	4,982
Accumulated contributions	\$ 1,770,998	\$ 2,068,510
Reported as Terminated		
Count	283	303
Accumulated contributions	\$ 1,132,448	\$ 891,630
Zero Earnings		
Count	1,535	1,632
Accumulated contributions	\$11,136,938	\$12,484,727
Refund of Contributions		
Count	24	61
Accumulated contributions	\$ 167,297	\$ 106,754
Total Terminateds and Inactives		
Count	6,738	6,978
Accumulated contributions	\$14,207,681	\$15,551,621

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION III. MEMBERSHIP DATA

Exhibit 10. Reconciliation of Membership Data

	<i>Act</i>	<i>Inact</i>	<i>Term</i>	<i>Zero</i>	<i>Refund</i>	<i>Ret</i>	<i>Surv</i>	<i>Disab</i>	<i>Child</i>	<i>Total</i>
9/30/2006	4,298	4,982	303	1,632	61	4,947	1,320	476	312	18,331
Additions:										
Actives		0	7	22	17	55	6	8	0	115
Inactives	5		2	14	3	1	0	0	0	25
Terminations	16	0		9	2	0	0	0	0	27
Zero earnings	24	0	2		0	1	4	1	0	32
Refunds	6	0	0	30		1	1	0	0	38
Retiree	0	0	0	0	0		0	1	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	0	3	1	7	0	55	87	7	41	201
Subtotal	51	3	12	82	22	113	98	17	41	439
Subtractions:										
Actives		-5	-16	-24	-6	0	0	0	0	-51
Inactives	0		0	0	0	0	0	0	0	0
Terminations	-7	-2		-2	0	0	0	0	0	-11
Zero earnings	-22	-14	-9		-30	0	0	0	0	-75
Refunds	-17	-3	-2	0		0	0	0	0	-22
Retiree	-55	-1	0	-1	-1		0	0	0	-58
Survivor	-6	0	0	-4	-1	0		0	0	-11
Disability	-8	0	0	-1	0	-1	0		0	-10
Child	0	0	0	0	0	0	0	0		0
Other drops ²	-173	-64	-5	-147	-21	-134	-65	-26	-61	-696
Subtotal	-288	-89	-32	-179	-59	-135	-65	-26	-61	-934
9/30/2007	4,061	4,896	283	1,535	24	4,925	1,353	467	292	17,836

- 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.).

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

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 members less the present value of future normal costs for active employees.

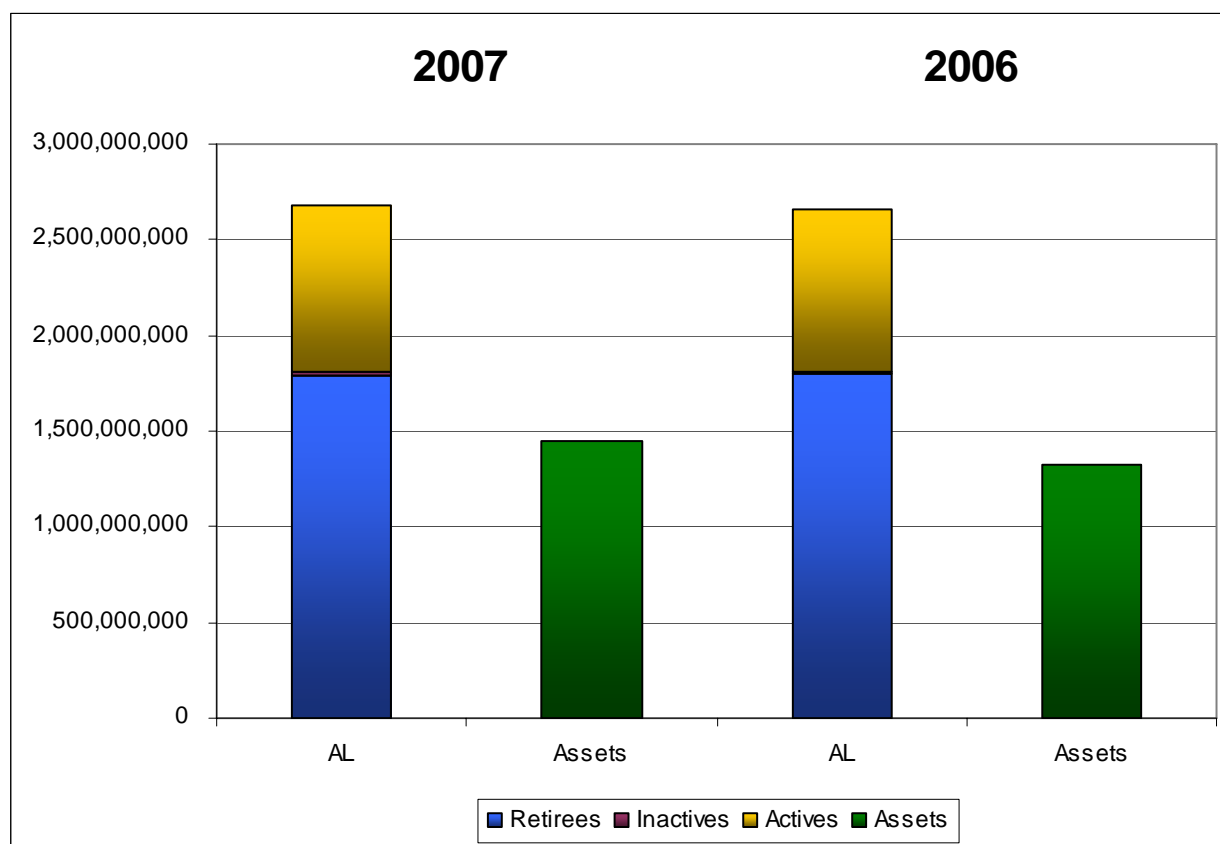
	<u>9/30/2007</u>	<u>9/30/2006</u>
Present Value of Benefits		
Active employees –		
Retirement	\$ 972,592,029	\$ 948,716,773
Disability	72,047,502	72,958,063
Death	27,244,378	27,441,808
Withdrawal	<u>36,380,871</u>	<u>36,932,223</u>
Total active PVB	1,108,264,780	1,086,048,867
Retirees and Survivors		
Retirees	1,536,475,980	1,548,868,870
Disabled retirees	80,919,728	83,404,162
Survivors	<u>175,121,434</u>	<u>164,281,937</u>
Total retirees and survivors	1,792,517,142	1,796,554,969
Terminated and inactive members	14,207,131	15,551,621
Total PVB	\$ 2,914,989,053	\$ 2,898,155,457
Present Value of Future Normal Cost		
Active employees –		
Retirement	\$ 167,038,911	\$ 173,438,981
Disability	30,239,652	31,519,252
Death	11,845,168	12,522,255
Withdrawal	<u>23,747,763</u>	<u>24,628,297</u>
Total active PVFNC	\$ 232,871,494	\$ 242,108,785
Accrued Liability		
Active members	\$ 875,393,286	\$ 843,940,082
Retirees and survivors	1,792,517,142	1,796,554,969
Terminations and inactives	<u>14,207,131</u>	<u>15,551,621</u>
Total accrued liability	\$ 2,682,117,559	\$ 2,656,046,672

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

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.

	<u>9/30/2007</u>	<u>9/30/2006</u>
Accrued Liability		
Active members	\$ 875,393,286	\$ 843,940,082
Retirees and survivors	1,792,517,142	1,796,554,969
Terminations and inactives	<u>14,207,131</u>	<u>15,551,621</u>
Total accrued liability	\$ 2,682,117,559	\$ 2,656,046,672
Actuarial Value of Assets	1,448,654,799	1,320,913,575
Unfunded accrued liability	\$ 1,233,462,760	\$ 1,335,133,097
Security Ratio = (Assets/AL)	54.01%	49.73%



GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

Exhibit 13. Calculation of Actuarial Gain/Loss

	<u>9/30/2007</u>	<u>9/30/2006</u>
Unfunded Accrued Liability, beginning of year	\$ 1,335,133,097	\$ 1,289,802,590
Additions:		
Normal cost	14,083,491	14,237,093
Interest to end of year	<u>94,445,161</u>	<u>91,282,778</u>
Total additions	108,528,652	105,519,871
Deductions:		
Employer contributions for year	76,973,397	85,771,426
Interest on contributions	<u>2,648,504</u>	<u>2,951,227</u>
Total deductions	79,621,901	88,722,653
Other Changes:		
Plan amendments	0	0
Changes in assumptions	<u>0</u>	<u>0</u>
Net other changes	0	0
Expected UAL, end of year	\$ 1,364,039,848	\$ 1,305,599,808
Actual UAL, end of year	<u>1,233,462,760</u>	<u>1,335,133,097</u>
Actuarial Gain/(Loss)	\$ 130,577,088	\$ (28,533,289)
Components of Actuarial Gain/(Loss):		
Investment gain/(loss)	\$ 109,397,951	\$ 3,921,237
Other changes	<u>21,179,137</u>	<u>(32,454,526)</u>
Total actuarial gain/(loss)	\$ 130,577,088	\$ (28,533,289)

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

Exhibit 14. Normal Cost

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

	<u>9/30/2007</u>		<u>9/30/2006</u>	
Expected defined benefit payroll for next fiscal year	\$ 183,752,128		\$ 184,452,597	
		<i>% of DB <u>Payroll</u></i>		<i>% of DB <u>Payroll</u></i>
Normal cost ¹ –				
Retirement	\$ 21,462,736	11.68%	\$ 21,712,817	11.77%
Disability	3,729,394	2.03%	3,764,439	2.04%
Withdrawal	3,051,421	1.66%	3,091,108	1.68%
Death	<u>1,487,208</u>	<u>0.81%</u>	<u>1,528,738</u>	<u>0.83%</u>
Total active normal cost	\$ 29,730,759	16.18%	\$ 30,097,102	16.32%
Assumed administrative expenses	<u>2,172,356</u>	<u>1.18%</u>	<u>2,995,106</u>	<u>1.62%</u>
Total normal cost and expenses	\$ 31,903,115	17.36%	\$ 33,092,208	17.94%
Expected member contributions	<u>(17,456,452)</u>	<u>(9.50%)</u>	<u>(17,522,997)</u>	<u>(9.50%)</u>
Government portion of normal cost	\$ 14,446,663	7.86%	\$ 15,569,211	8.44%

¹ Includes interest to mid-year.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

Exhibit 15. Amortization of Unfunded Liability

Pursuant to GCA Section 8137, the unfunded liabilities of the Government of Guam Retirement Fund are to be completed funded within 80 years from May 1, 1951. As of September 30, 2007, there are 23.58 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.

	<u>9/30/2007</u>	<u>9/30/2006</u>
Total payroll (DB and DC) for fiscal year following	\$ 390,245,659	\$ 389,785,591
Unfunded accrued liability	1,233,462,760	1,335,133,097
Remaining funding period	23.58 years	24.58 years
Annual amortization	76,787,147	80,894,117
As % of total payroll (DB and DC)	19.68%	20.75%

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

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 5% less than the total contribution rate shown below, since 5% of defined contribution payroll is deposited into the defined contribution plan.

	<u>9/30/2007</u>	<u>9/30/2006</u>
Expected payroll for next fiscal year		
Defined benefit (DB)	\$ 183,752,128	\$ 184,452,597
Defined contribution (DC)	<u>206,493,531</u>	<u>205,332,994</u>
Total payroll (DB and DC)	\$ 390,245,659	\$ 389,785,591
Government normal cost (DB)	14,446,663	15,569,211
As % of DB payroll	7.86%	8.44%
As % of total payroll (DB and DC)	3.70%	3.99%
Amortization of Unfunded Liability (DB)	76,787,147	80,894,117
As % of total payroll (DB and DC)	19.68%	20.75%
Government DC contributions	10,324,677	10,266,650
As % of DC payroll	5.00%	5.00%
As % of total payroll (DB and DC)	2.64%	2.63%
Total DB and DC contributions	\$ 101,558,487	\$ 106,729,978
% of total payroll (DB and DC)	26.02%	27.38%

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

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.

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Entry Age Normal Actuarial Accrued Liability (AAL)</i>	<i>Unfunded Actuarial Accrued Liability (UAAL)</i>	<i>Funded Ratio</i>	<i>Total Government Covered Payroll</i>	<i>UAAL as a Percentage of Covered Payroll</i>
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%

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

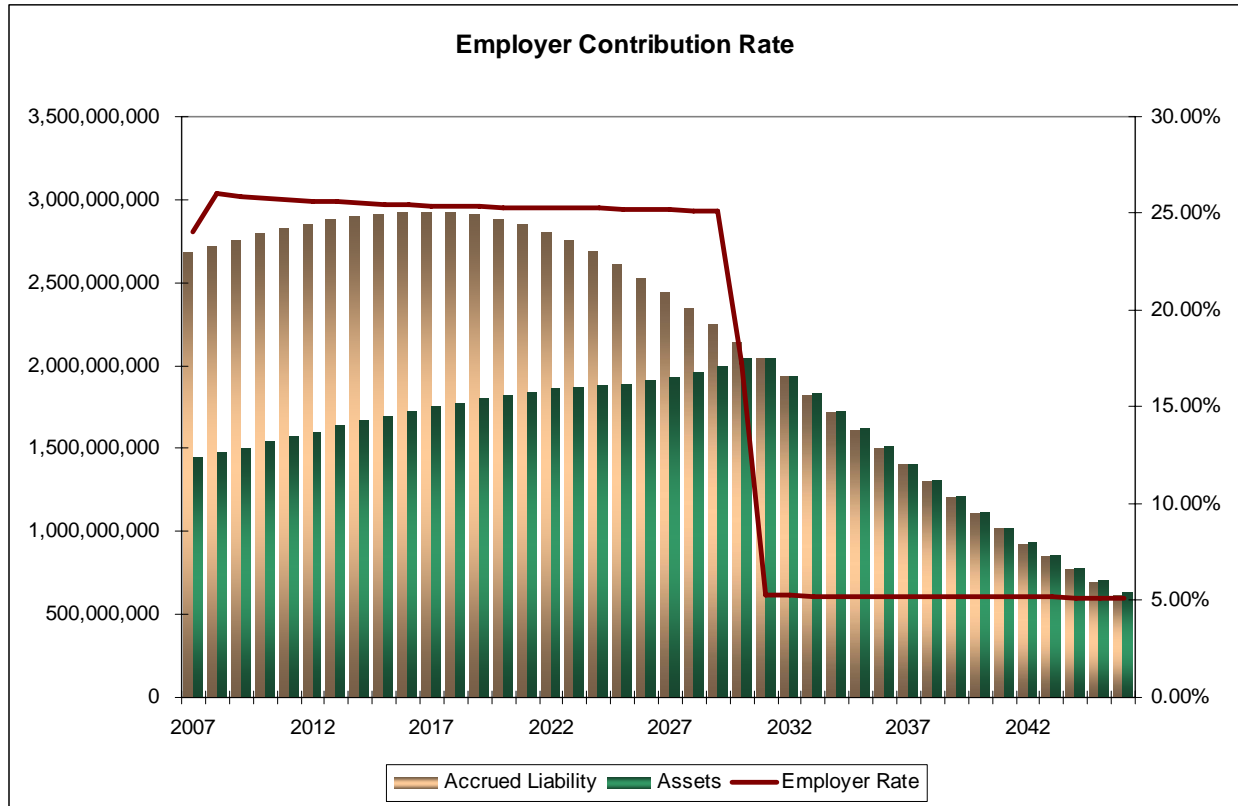
Exhibit 18. GASB No. 25 Schedule of Employer Contributions

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

<i>Fiscal Year Ending</i>	<i>Annual Required Contribution</i>	<i>Employer Contribution</i>	<i>Percentage Contributed</i>
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%

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

Exhibit 19. 40-Year Projection of Contribution Rate (Graph)



This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

Exhibit 19. 40-Year Projection of Contribution Rate (Values)

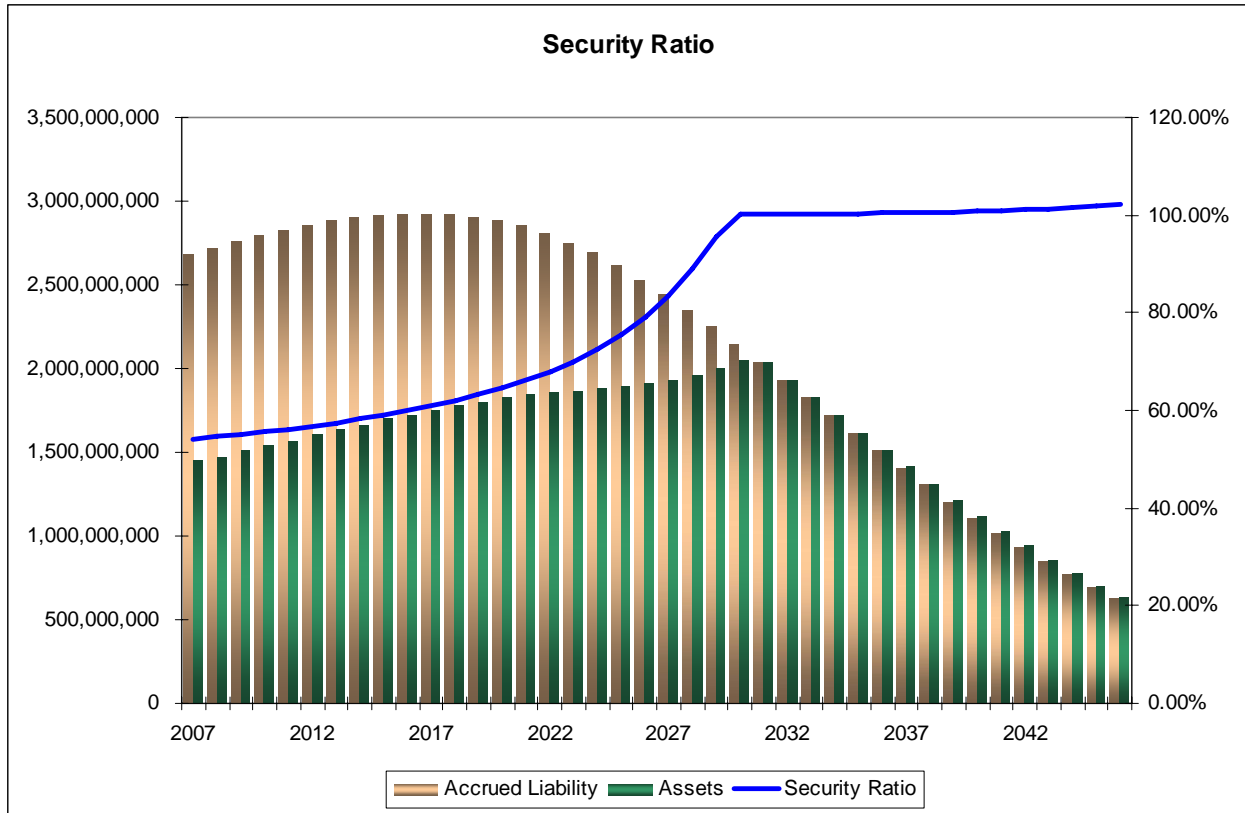
<i>Year</i> <i>Ending</i>	<i>Payroll</i> ¹		<i>Contrib Rate</i>		<i>Contributions</i>			<i>Invest</i> <i>Gain</i> ²	<i>Benefits/</i> <i>Expenses</i>	<i>DB Fund</i> <i>Balance</i>
	<i>DB</i>	<i>DC</i>	<i>DB</i>	<i>DC</i>	<i>DB</i>	<i>DC</i>	<i>EE</i>			
2007										\$ 1,448.65
2008	\$183.75	\$206.49	24.07%	19.07%	\$44.23	\$39.38	\$17.50	\$ 98.07	\$(173.53)	1,474.30
2009	178.96	224.95	26.02%	21.02%	46.57	47.29	17.04	100.01	(178.40)	1,506.82
2010	174.42	243.62	25.87%	20.87%	45.13	50.85	16.62	102.18	(182.67)	1,538.93
2011	169.86	262.82	25.79%	20.79%	43.80	54.63	16.17	104.34	(186.72)	1,571.14
2012	165.12	282.70	25.69%	20.69%	42.42	58.49	15.72	106.51	(190.60)	1,603.67
2013	159.12	304.37	25.63%	20.63%	40.79	62.80	15.15	108.68	(195.09)	1,636.00
2014	151.99	327.72	25.59%	20.59%	38.89	67.48	14.48	110.82	(200.22)	1,667.45
2015	144.00	352.50	25.54%	20.54%	36.77	72.39	13.71	112.87	(205.74)	1,697.46
2016	135.35	378.53	25.49%	20.49%	34.50	77.56	12.91	114.82	(211.39)	1,725.86
2017	126.72	405.15	25.44%	20.44%	32.24	82.82	12.08	116.67	(216.84)	1,752.83
2018	117.96	432.52	25.39%	20.39%	29.95	88.21	11.26	118.43	(221.97)	1,778.71
2019	107.91	461.83	25.36%	20.36%	27.36	94.02	10.30	120.09	(227.90)	1,802.58
2020	96.66	493.03	25.35%	20.35%	24.50	100.33	9.24	121.59	(234.40)	1,823.84
2021	84.76	525.57	25.33%	20.33%	21.47	106.82	8.11	122.89	(241.09)	1,842.04
2022	72.52	559.17	25.32%	20.32%	18.36	113.60	6.94	123.99	(247.71)	1,857.22
2023	60.45	593.35	25.30%	20.30%	15.29	120.43	5.81	124.91	(253.60)	1,870.06
2024	49.23	627.45	25.28%	20.28%	12.44	127.25	4.72	125.72	(258.56)	1,881.63
2025	39.20	661.17	25.25%	20.25%	9.90	133.89	3.77	126.51	(261.82)	1,893.87
2026	30.54	694.34	25.23%	20.23%	7.71	140.47	2.94	127.42	(263.54)	1,908.86
2027	23.84	726.41	25.20%	20.20%	6.01	146.75	2.31	128.62	(263.20)	1,929.33
2028	18.75	757.75	25.17%	20.17%	4.72	152.84	1.82	130.28	(261.10)	1,957.90
2029	14.78	788.90	25.14%	20.14%	3.72	158.92	1.43	132.57	(257.95)	1,996.57
2030	11.55	820.27	25.12%	20.12%	2.90	165.04	1.12	135.62	(253.62)	2,047.64
2031	8.87	852.06	17.24%	12.24%	1.53	104.26	0.86	137.24	(248.55)	2,042.99
2032	6.77	884.29	5.26%	0.26%	0.36	2.31	0.66	133.60	(242.58)	1,937.33
2033	5.17	917.08	5.25%	0.25%	0.27	2.29	0.50	126.45	(235.88)	1,830.97
2034	3.81	950.72	5.24%	0.24%	0.20	2.28	0.38	119.29	(228.54)	1,724.58
2035	2.65	985.29	5.23%	0.23%	0.14	2.28	0.27	112.15	(220.66)	1,618.75
2036	1.82	1,020.69	5.22%	0.22%	0.10	2.27	0.18	105.06	(212.44)	1,513.91
2037	1.25	1,057.05	5.21%	0.21%	0.07	2.26	0.12	98.07	(203.54)	1,410.89
2038	0.85	1,094.49	5.21%	0.21%	0.04	2.26	0.09	91.21	(194.41)	1,310.08
2039	0.57	1,133.11	5.20%	0.20%	0.03	2.25	0.06	84.53	(184.81)	1,212.14
2040	0.35	1,173.00	5.19%	0.19%	0.02	2.25	0.04	78.06	(175.10)	1,117.41
2041	0.21	1,214.21	5.19%	0.19%	0.01	2.25	0.02	71.81	(165.24)	1,026.27
2042	0.12	1,256.81	5.18%	0.18%	0.01	2.25	0.01	65.82	(155.35)	939.01
2043	0.06	1,300.86	5.17%	0.17%	-	2.25	0.01	60.10	(145.48)	855.88
2044	0.03	1,346.42	5.17%	0.17%	-	2.25	0.00	54.66	(135.72)	777.08
2045	0.01	1,393.57	5.16%	0.16%	-	2.25	0.00	49.52	(126.14)	702.71
2046	0.00	1,442.35	5.16%	0.16%	-	2.25	0.00	44.69	(116.76)	632.89

¹ Payroll is assumed to increase 3.5% per year.

² Investment earnings are assumed to be 7.0% per year.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

Exhibit 20. 40-Year Projection of Security Ratio (Graph)



GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION IV. VALUATION EXHIBITS

Exhibit 20. 40-Year Projection of Security Ratio (Values)

<i>Year Ending</i>	<i>Payroll</i> ¹	<i>Employer Contributions</i>		<i>Fund Balance</i> ²	<i>Accrued Liability</i>	<i>Security Ratio</i>
		<i>DB Rate</i>	<i>Contribs DB Plan</i>			
2007				\$ 1,448.65	2,682.12	54.01%
2008	\$ 390.25	24.07%	\$ 83.61	1,474.30	2,722.60	54.15%
2009	403.90	26.02%	93.86	1,506.82	2,759.74	54.60%
2010	418.04	25.87%	95.98	1,538.93	2,794.14	55.08%
2011	432.67	25.79%	98.43	1,571.14	2,825.72	55.60%
2012	447.82	25.69%	100.91	1,603.67	2,854.62	56.18%
2013	463.49	25.63%	103.59	1,636.00	2,879.86	56.81%
2014	479.71	25.59%	106.37	1,667.45	2,900.29	57.49%
2015	496.50	25.54%	109.16	1,697.46	2,915.05	58.23%
2016	513.88	25.49%	112.06	1,725.86	2,923.50	59.03%
2017	531.86	25.44%	115.06	1,752.83	2,925.38	59.92%
2018	550.48	25.39%	118.16	1,778.71	2,920.60	60.90%
2019	569.75	25.36%	121.38	1,802.58	2,907.82	61.99%
2020	589.69	25.35%	124.83	1,823.84	2,885.60	63.20%
2021	610.33	25.33%	128.29	1,842.04	2,853.07	64.56%
2022	631.69	25.32%	131.96	1,857.22	2,809.44	66.11%
2023	653.80	25.30%	135.72	1,870.06	2,754.78	67.88%
2024	676.68	25.28%	139.69	1,881.63	2,689.28	69.97%
2025	700.36	25.25%	143.79	1,893.87	2,614.22	72.44%
2026	724.88	25.23%	148.18	1,908.86	2,530.66	75.43%
2027	750.25	25.20%	152.76	1,929.33	2,440.47	79.06%
2028	776.51	25.17%	157.56	1,957.90	2,345.28	83.48%
2029	803.68	25.14%	162.64	1,996.57	2,246.04	88.89%
2030	831.81	25.12%	167.94	2,047.64	2,143.83	95.51%
2031	860.93	17.24%	105.79	2,042.99	2,039.30	100.18%
2032	891.06	5.26%	2.67	1,937.33	1,933.30	100.21%
2033	922.25	5.25%	2.56	1,830.97	1,826.59	100.24%
2034	954.52	5.24%	2.48	1,724.58	1,719.83	100.28%
2035	987.93	5.23%	2.42	1,618.75	1,613.58	100.32%
2036	1,022.51	5.22%	2.37	1,513.91	1,508.30	100.37%
2037	1,058.30	5.21%	2.33	1,410.89	1,404.80	100.43%
2038	1,095.34	5.21%	2.30	1,310.08	1,303.48	100.51%
2039	1,133.68	5.20%	2.28	1,212.14	1,205.01	100.59%
2040	1,173.35	5.19%	2.27	1,117.41	1,109.70	100.70%
2041	1,214.42	5.19%	2.26	1,026.27	1,017.93	100.82%
2042	1,256.93	5.18%	2.26	939.01	930.01	100.97%
2043	1,300.92	5.17%	2.25	855.88	846.18	101.15%
2044	1,346.45	5.17%	2.25	777.08	766.62	101.36%
2045	1,393.58	5.16%	2.25	702.71	691.44	101.63%
2046	1,442.35	5.16%	2.25	632.89	620.74	101.96%

¹ Payroll is assumed to increase 3.5% per year.

² Investment earnings are assumed to be 7.0% per year.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

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

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

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.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

- 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 $\frac{1}{4}$ 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.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

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

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

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 20 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.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

Appendix B. Actuarial Cost Method and Assumptions

	<u>September 30, 2007</u>	<u>September 30, 2006</u>
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Interest Rate	7.00%	7.00%
Salary Increases	<u>Service</u> 0 – 5 6 – 10 11 – 15 16 – 20 Over 20	<u>% Increase</u> 8.5% 7.0% 6.0% 5.0% 4.0%
	<u>Service</u> 0 – 5 6 – 10 11 – 15 16 – 20 Over 20	<u>% Increase</u> 8.5% 7.0% 6.0% 5.0% 4.0%
Total Payroll Growth	3.50%	3.50%
Cost of Living Adjustment	Specified in Plan	Specified in Plan
Mortality	1994 U.S. Uninsured Pensioners +2 for males +0 for females	1994 U.S. Uninsured Pensioners +2 for males +0 for females
Disability Incidence	1974-78 SOA LTD Non-Jumbo with rates increased for males by 30%	1974-78 SOA LTD Non-Jumbo with rates increased for males by 30%
Post-disability mortality	1984 U.S. Uninsured Pensioners +10 for males +8 for females	1984 U.S. Uninsured Pensioners +10 for males +8 for females
Withdrawal Rates	Age based rates (see attached)	Age based rates (see attached)
Retirement Age	50% assumed to retire at earliest eligibility for unreduced benefits. 20% per year thereafter until age 70 100% at age 70	50% assumed to retire at earliest eligibility for unreduced benefits. 20% per year thereafter until age 70 100% at age 70

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

	<i>September 30, 2007</i>	<i>September 30, 2006</i>
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	Retiree data included spouse information. For active employees, 65% are assumed to have spouses at retirement.	Retiree data included spouse information. For active employees, 65% are assumed to have spouses at retirement.
Sick Leave Adjustments	Assumed to add 1.5 years of service and increase average earnings by 10% at retirement	Assumed to add 1.5 years of service and increase average earnings by 10% at retirement
Administrative Expenses	\$2,172,356 per year, net of adjustment for bad debts	\$2,995,106 per year, net of adjustment for bad debts
Asset Valuation Method	Market, except fixed income investments at amortized cost	Market, except fixed income investments at amortized cost
Data Inconsistencies	None	None

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

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

<i>Male</i>				<i>Female</i>			
<u>Age</u>	<u>Withdrawal</u>	<u>Death</u>	<u>Disability</u>	<u>Age</u>	<u>Withdrawal</u>	<u>Death</u>	<u>Disability</u>
20	7.31	0.06	0.13	20	9.67	0.05	0.10
21	6.99	0.06	0.13	21	9.36	0.06	0.10
22	6.71	0.07	0.13	22	9.01	0.06	0.10
23	6.41	0.07	0.13	23	8.66	0.06	0.10
24	6.19	0.07	0.13	24	8.32	0.07	0.10
25	5.99	0.08	0.13	25	7.97	0.07	0.10
26	5.78	0.08	0.13	26	7.61	0.07	0.10
27	5.59	0.08	0.13	27	7.31	0.08	0.10
28	5.42	0.09	0.13	28	7.04	0.08	0.10
29	5.26	0.09	0.13	29	6.80	0.08	0.10
30	5.12	0.09	0.13	30	6.58	0.09	0.10
31	4.97	0.09	0.13	31	6.37	0.09	0.10
32	4.83	0.09	0.13	32	6.16	0.09	0.10
33	4.69	0.09	0.13	33	5.96	0.09	0.10
34	4.54	0.09	0.13	34	5.78	0.09	0.10
35	4.39	0.10	0.13	35	5.60	0.09	0.10
36	4.22	0.10	0.13	36	5.43	0.09	0.10
37	4.04	0.11	0.13	37	5.27	0.10	0.10
38	3.86	0.12	0.13	38	5.11	0.10	0.10
39	3.67	0.12	0.13	39	4.95	0.11	0.10
40	3.48	0.13	0.26	40	4.80	0.12	0.20
41	3.36	0.15	0.26	41	4.65	0.12	0.20
42	3.29	0.16	0.26	42	4.57	0.13	0.20
43	3.23	0.17	0.26	43	4.36	0.15	0.20
44	3.18	0.19	0.26	44	4.22	0.16	0.20
45	3.13	0.20	0.47	45	4.07	0.17	0.36
46	2.99	0.23	0.47	46	3.92	0.19	0.36
47	2.80	0.25	0.47	47	3.75	0.20	0.36
48	2.59	0.28	0.47	48	3.56	0.23	0.36
49	2.36	0.31	0.47	49	3.25	0.25	0.36
50	2.11	0.35	0.82	50	2.87	0.28	0.63
51	1.76	0.39	0.82	51	2.44	0.31	0.63
52	1.36	0.43	0.82	52	2.02	0.35	0.63
53	0.95	0.48	0.82	53	1.63	0.39	0.63
54	0.64	0.53	0.82	54	1.32	0.43	0.63
55	0.42	0.60	1.38	55	1.08	0.48	1.06
56	0.00	0.68	1.38	56	0.00	0.53	1.06
57	0.00	0.76	1.38	57	0.00	0.60	1.06
58	0.00	0.86	1.38	58	0.00	0.68	1.06
59	0.00	0.97	1.38	59	0.00	0.76	1.06
60	0.00	1.09	1.96	60	0.00	0.86	1.51
61	0.00	1.23	1.96	61	0.00	0.97	1.51
62	0.00	1.39	1.96	62	0.00	1.09	1.51
63	0.00	1.56	1.96	63	0.00	1.23	1.51
64	0.00	1.75	1.96	64	0.00	1.56	1.51

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

Appendix C. Summary of Participant Data

Active Non-Uniformed

<i>Age</i>	<i>Count</i>			<i>Annual Salaries</i>		
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>
Under 20	-	-	-	-	-	-
20 – 24	-	1	1	-	*	*
25 – 29	1	-	1	*	-	*
30 – 34	57	37	94	1,670,282	1,405,979	3,076,261
35 – 39	212	242	454	7,604,813	9,770,738	17,375,551
40 – 44	358	393	751	14,697,733	17,321,357	32,019,090
45 – 49	413	419	832	17,344,575	19,072,970	36,417,545
50 – 54	285	378	663	14,006,324	17,855,142	31,861,466
55 – 59	200	277	477	9,773,937	12,818,649	22,592,586
60 – 64	108	151	259	5,856,816	6,624,803	12,481,619
65 – 69	48	46	94	2,614,679	2,411,677	5,026,356
70 & Over	24	24	48	1,293,277	1,123,005	2,416,282
Total	1,706	1,968	3,674	\$74,862,436	\$88,404,320	\$163,266,756

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

<i>Age</i>	<i>Service</i>									<i>Total</i>
	<i>0 - 4</i>	<i>5 - 9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35-39</i>	<i>40+</i>	
Under 20	-	-	-	-	-	-	-	-	-	-
20 – 24	-	1	-	-	-	-	-	-	-	1
25 – 29	-	-	1	-	-	-	-	-	-	1
30 – 34	8	9	61	16	-	-	-	-	-	94
35 – 39	12	16	178	234	14	-	-	-	-	454
40 – 44	9	16	117	376	205	27	1	-	-	751
45 – 49	11	16	107	279	240	169	10	-	-	832
50 – 54	5	9	70	211	171	128	60	8	1	663
55 – 59	2	9	55	172	105	87	30	14	3	477
60 – 64	2	3	33	99	50	42	23	5	2	259
65 – 69	-	1	11	30	30	12	3	4	3	94
70 & Over	-	-	5	15	9	10	6	1	2	48
Total	49	80	638	1,432	824	475	133	32	11	3,674

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

Active Uniformed

<i>Age</i>	<i>Count</i>			<i>Annual Salaries</i>		
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>
Under 20	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-
25 – 29	-	-	-	-	-	-
30 – 34	15	-	15	*	-	*
35 – 39	76	3	79	3,699,789	*	3,699,789
40 – 44	115	7	122	6,262,054	*	6,262,054
45 – 49	103	3	106	6,079,122	*	6,079,122
50 – 54	41	1	42	2,579,436	*	2,579,436
55 – 59	17	-	17	*	-	*
60 – 64	5	-	5	*	-	*
65 – 69	1	-	1	*	-	*
70 & Over	-	-	-	-	-	-
Total	373	14	387	\$18,620,401	*	\$18,620,401

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

<i>Age</i>	<i>Service</i>									<i>Total</i>
	<i>0 - 4</i>	<i>5 - 9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35-39</i>	<i>40+</i>	
Under 20	-	-	-	-	-	-	-	-	-	-
20 – 24	-	-	-	-	-	-	-	-	-	-
25 – 29	-	-	-	-	-	-	-	-	-	-
30 – 34	-	2	8	5	-	-	-	-	-	15
35 – 39	-	-	25	49	4	1	-	-	-	79
40 – 44	-	-	10	59	49	4	-	-	-	122
45 – 49	-	-	5	28	43	28	2	-	-	106
50 – 54	-	-	2	8	9	17	6	-	-	42
55 – 59	-	-	1	9	4	2	1	-	-	17
60 – 64	-	-	-	1	1	2	1	-	-	5
65 – 69	-	-	-	-	1	-	-	-	-	1
70 & Over	-	-	-	-	-	-	-	-	-	-
Total	-	2	51	159	111	54	10	-	-	387

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

Active Total

<i>Age</i>	<i>Count</i>			<i>Annual Salaries</i>		
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>
Under 20	-	-	-	-	-	-
20 – 24	-	1	1	-	*	*
25 – 29	1	-	1	*	-	*
30 – 34	72	37	109	2,221,339	1,405,979	3,627,318
35 – 39	288	245	533	11,304,602	9,869,673	21,174,275
40 – 44	473	400	873	20,959,787	17,669,225	38,629,012
45 – 49	516	422	938	23,423,697	19,227,726	42,651,423
50 – 54	326	379	705	16,585,760	17,894,090	34,479,850
55 – 59	217	277	494	10,757,839	12,818,649	23,576,488
60 – 64	113	151	264	6,142,143	6,624,803	12,766,946
65 – 69	49	46	95	2,655,061	2,411,677	5,066,738
70 & Over	24	24	48	1,293,277	1,123,005	2,416,282
Total	2,079	1,982	4,061	\$95,343,505	\$89,044,827	\$184,388,332

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

<i>Age</i>	<i>Service</i>									<i>Total</i>
	<i>0 - 4</i>	<i>5 - 9</i>	<i>10-14</i>	<i>15-19</i>	<i>20-24</i>	<i>25-29</i>	<i>30-34</i>	<i>35-39</i>	<i>40+</i>	
Under 20	-	-	-	-	-	-	-	-	-	-
20 – 24	-	1	-	-	-	-	-	-	-	1
25 – 29	-	-	1	-	-	-	-	-	-	1
30 – 34	8	11	69	21	-	-	-	-	-	109
35 – 39	12	16	203	283	18	1	-	-	-	533
40 – 44	9	16	127	435	254	31	1	-	-	873
45 – 49	11	16	112	307	283	197	12	-	-	938
50 – 54	5	9	72	219	180	145	66	8	1	705
55 – 59	2	9	56	181	109	89	31	14	3	494
60 – 64	2	3	33	100	51	44	24	5	2	264
65 – 69	-	1	11	30	31	12	3	4	3	95
70 & Over	-	-	5	15	9	10	6	1	2	48
Total	49	82	689	1,591	935	529	143	32	11	4,061

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

Service Retirees

<i>Age</i>	<i>Count</i>			<i>Annual Benefits</i>		
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>
Under 25	-	1	1	-	*	*
25 – 29	-	-	-	-	-	-
30 – 34	-	-	-	-	-	-
35 – 39	-	-	-	-	-	-
40 – 44	12	5	17	*	*	*
45 – 49	78	48	126	2,529,921	1,409,866	3,939,787
50 – 54	320	269	589	11,333,587	7,803,412	19,136,999
55 – 59	522	436	958	18,146,065	12,736,350	30,882,415
60 – 64	427	442	869	14,588,820	12,657,776	27,246,596
65 – 69	395	399	794	13,104,572	10,321,877	23,426,449
70 – 74	339	343	682	9,173,969	7,621,769	16,795,738
75 – 79	249	239	488	5,772,014	5,270,504	11,042,518
80 – 84	160	129	289	3,195,083	2,271,443	5,466,526
85 – 89	39	47	86	664,231	775,362	1,439,593
90 & Over	10	16	26	*	*	*
Total	2,551	2,374	4,925	\$78,508,262	\$60,868,359	\$139,376,621

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

<i>Age</i>	<i>Annual Benefit Level</i>									<i>Total</i>
	<i><\$5k</i>	<i>\$5-10k</i>	<i>\$10-15k</i>	<i>\$15-20k</i>	<i>\$20-25k</i>	<i>\$25-30k</i>	<i>\$30-40k</i>	<i>\$40-50k</i>	<i>\$50k+</i>	
Under 40	0	0	0	0	1	0	0	0	0	1
40 – 44	0	0	1	2	2	7	4	1	0	17
45 – 49	0	5	4	17	19	17	37	17	10	126
50 – 54	1	15	26	47	89	99	164	94	54	589
55 – 59	2	14	54	75	142	181	278	129	83	958
60 – 64	0	7	54	90	159	159	222	102	76	869
65 – 69	1	26	100	107	118	127	162	75	78	794
70 – 74	2	53	130	121	108	88	104	41	35	682
75 – 79	0	29	140	103	65	47	57	23	24	488
80 – 84	0	19	116	68	30	28	15	6	7	289
85 – 89	0	4	44	23	5	4	3	2	1	86
90 & Over	0	0	19	4	2	0	0	0	1	26
Total	6	172	688	657	740	757	1,046	490	369	4,925

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

Disabled Retirees

<i>Age</i>	<i>Count</i>			<i>Annual Benefits</i>		
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>
Under 25	-	-	-	-	-	-
25 – 29	-	-	-	-	-	-
30 – 34	-	-	-	-	-	-
35 – 39	1	4	5	*	*	*
40 – 44	7	4	11	*	*	*
45 – 49	13	13	26	*	*	*
50 – 54	30	23	53	644,735	463,575	1,108,310
55 – 59	39	38	77	895,389	734,787	1,630,176
60 – 64	55	45	100	1,255,515	826,119	2,081,634
65 – 69	38	35	73	706,853	644,793	1,351,646
70 – 74	24	20	44	480,598	400,507	881,105
75 – 79	17	30	47	*	454,713	454,713
80 – 84	9	16	25	*	*	*
85 – 89	1	3	4	*	*	*
90 & Over	1	1	2	*	*	*
Total	235	232	467	\$3,983,090	\$3,524,494	\$7,507,584

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

<i>Age</i>	<i>Annual Benefit Level</i>									<i>Total</i>
	<i><\$5k</i>	<i>\$5-10k</i>	<i>\$10-15k</i>	<i>\$15-20k</i>	<i>\$20-25k</i>	<i>\$25-30k</i>	<i>\$30-40k</i>	<i>\$40-50k</i>	<i>\$50k +</i>	
Under 40	0	0	0	4	0	0	1	0	0	5
40 – 44	0	0	1	4	2	2	2	0	0	11
45 – 49	0	0	1	13	5	4	3	0	0	26
50 – 54	0	0	7	21	15	4	3	3	0	53
55 – 59	0	0	12	31	17	9	6	2	0	77
60 – 64	0	9	17	25	25	12	8	3	1	100
65 – 69	0	5	17	24	19	2	6	0	0	73
70 – 74	0	3	9	11	9	8	3	0	1	44
75 – 79	1	1	24	11	8	1	1	0	0	47
80 – 84	0	1	17	4	2	1	0	0	0	25
85 – 89	0	0	2	2	0	0	0	0	0	4
90 & Over	0	0	2	0	0	0	0	0	0	2
Total	1	19	109	150	102	43	33	8	2	467

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

Surviving Spouses and Child Pensioners

<i>Age</i>	<i>Count</i>			<i>Annual Benefits</i>		
	<i>Males</i>	<i>Females</i>	<i>Total</i>	<i>Males</i>	<i>Females</i>	<i>Total</i>
Under 25	132	143	275	285,120	308,880	594,000
25 – 29	2	3	5	*	*	*
30 – 34	1	1	2	*	*	*
35 – 39	3	11	14	*	*	*
40 – 44	3	27	30	*	247,012	247,012
45 – 49	8	47	55	*	593,609	593,609
50 – 54	11	89	100	*	1,290,252	1,290,252
55 – 59	21	123	144	246,801	1,634,436	1,881,237
60 – 64	29	134	163	339,707	1,848,732	2,188,439
65 – 69	43	125	168	497,300	1,667,045	2,164,345
70 – 74	29	174	203	297,271	2,027,504	2,324,775
75 – 79	42	159	201	469,981	1,805,021	2,275,002
80 – 84	40	135	175	561,956	1,434,342	1,996,298
85 – 89	13	66	79	148,993	682,035	831,028
90 & Over	1	30	31	*	317,463	317,463
Total	378	1,267	1,645	\$2,847,129	\$13,856,331	\$16,703,460

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

Surviving Spouses Only

<i>Age</i>	<i>Annual Benefit Level</i>									<i>Total</i>
	<i><\$5k</i>	<i>\$5-10k</i>	<i>\$10-15k</i>	<i>\$15-20k</i>	<i>\$20-25k</i>	<i>\$25-30k</i>	<i>\$30-40k</i>	<i>\$40-50k</i>	<i>\$50k +</i>	
Under 40	3	8	2	2	0	0	0	0	0	15
40 – 44	1	17	8	0	0	1	0	0	0	27
45 – 49	3	20	15	10	4	0	1	0	0	53
50 – 54	2	28	44	13	5	2	1	1	2	98
55 – 59	5	44	62	18	8	5	1	0	1	144
60 – 64	3	37	80	23	11	3	2	0	1	160
65 – 69	2	62	67	21	6	1	5	2	1	167
70 – 74	0	75	102	15	7	2	2	0	0	203
75 – 79	2	75	102	15	5	1	1	0	0	201
80 – 84	0	77	83	10	3	1	0	0	1	175
85 – 89	0	36	39	3	0	0	1	0	0	79
90 & Over	0	13	17	1	0	0	0	0	0	31
Total	21	492	621	131	49	16	14	3	6	1,353

This work product was prepared solely for the plan sponsor for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work.

GOVERNMENT OF GUAM RETIREMENT FUND ACTUARIAL VALUATION AS OF 9/30/2007
SECTION V. APPENDICES

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 smoothes gains and losses that occur in the market value.

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.