



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
Governor

Joshua F. Tenorio
Lieutenant Governor

Paula M. Blas
Director

Trustees:

Wilfred P. Leon Guerrero, Ed.D.
Chairman

Antolina S. Leon Guerrero
Vice Chair

Katherine T.E. Taitano
*Secretary
 Chair, Members and Benefits Committee*

Artemio R.A. Hernandez, Ph.D.
*Treasurer
 Chair, Investment Committee*

Thomas H. San Agustin
Trustee

David N. Sanford
Trustee

George A. Santos
Trustee

**BOARD OF TRUSTEES
 Regular Meeting**

Friday, January 20, 2023, 12:30 P.M.
 Retirement Fund Conference Room

MINUTES

DEFINED CONTRIBUTION

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Contribution Plan was called to order at 12:33 p.m. Friday, January 20, 2023, in the Retirement Fund Conference Room. Chairman Wilfred P. Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Chairman
 Antolina S. Leon Guerrero, Vice Chair
 Artemio R.A. Hernandez, Treasurer
 Thomas H. San Agustin, Trustee
 David N. Sanford, Trustee

Board of Trustees Absent:

George A. Santos, Trustee (*Excused*)
 Katherine T.E. Taitano, Secretary (*Excused*)

Staff Present:

Paula Blas, Director
 Jackie Blas, Recording Secretary

Third Party Administrator Present:

Bjom Hauerbach, Director, Client Relations & Participant Engagement, Empower

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. December 16, 2022 Regular Meeting

Vice Chair Antolina Leon Guerrero, seconded by Treasurer Artemio Hernandez, moved to approve the Minutes of the December 16, 2022 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Standard Insurance* - An updated summary report as of December 31, 2022 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Director Paula Blas stated that there are 39 active claims as of December 31, 2022.

Financial Report

1. *Contributions* - Director Blas stated that as of January 18, 2023, all agencies are current with their Fiscal Year 2023 employee and employer contributions with the exception of Guam Memorial Hospital Authority (GMHA). GMHA is in arrears for Pay Period Ending December 31, 2022 in the amount of approximately \$215,100.00. The exact amount will not be determined until the Retirement Fund receives the data file for the DC employees. Notices will be sent out on Monday, January 23, 2023. Contributions were due on January 13, 2023. Based on contributions being late, the Retirement Fund is not allowing GMHA employees to retire. Director Blas mentioned that GMHA is transitioning to a new financial system. The Retirement Fund is working with GMHA and hoping that payment will be received by Monday, January 23, 2023 for the Defined Contribution and Defined Benefit Plans.

2. *Financial Statements* - Director Blas stated that the books for the month ended December 31, 2022 are scheduled to close on January 31, 2023.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – December 2022

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower, provided the TPA Report for the month ended December 31, 2022 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Mr. Hauerbach stated that the 401(a) Plan had total assets of \$440,032,072.63. There was a decrease of \$13,099,155.97 or -2.89% from the previous month. The market effect was -3.58%. The 457 Plan had total assets of \$119,918,316.17. There was a decrease of \$3,239,563.59 or -2.63% from the previous month. The market effect was -3.43%.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,107,550.99. There was a decrease in contributions of \$458,866.85 or -12.87% from the previous month. The 457 Plan had total contributions of \$983,326.53. There was a decrease in contributions of \$276,805.39 or -21.97% from the previous month. Treasurer Artemio Hernandez asked whether the fluctuation a timing issue. Mr. Hauerbach replied, "Yes."

Mr. Hauerbach stated that the 401(a) Plan had disbursements totaling \$1,597,020.76. The 457 Plan had disbursements totaling \$252,857.00.

Mr. Hauerbach stated that the 401(a) Plan has 7,295 actively contributing participants and the 457 Plan has 5,645 actively contributing participants. The 401(a) Plan has 93 first-time contributors and the 457 Plan has 14 first-time contributors. Mr. Hauerbach stated that there were 7 retirees in the month of December; of the 7 retirees, 2 elected a full distribution, 1 elected a form of annuity payment, and 4 elected no distribution. Mr. Hauerbach pointed out that there were 420 walk-ins and 576 other participant engagements for a total of 996 engagements in the month of December.

Mr. Hauerbach provided the following updates:

- Member Call Center Experience and Empower Communications Engine
 - Member rating for calls to the Call Center was 4.06 on a scale of 1 to 5, with 5 being the best.
- Secure Act 2.0 (2022) Summary
 - Extending the age to 72 for beginning required minimum distribution.
 - Expanding existing tax credits and creating new tax credits for small employers who adopt retirement plans.
 - Encouraging the adoption of automatic enrollment, and automatic increase of contributions.
 - Allowing (but not required) plan sponsors to match certain student loan payments.
 - Increasing the catch-up contribution limit for certain individuals.
 - Decreasing the number of years of service part-time workers must complete to become eligible to participate in a 401(k) and certain 403(b) plans subject to ERISA.
 - Expanding the existing saver's credit and paying it as a federal match to a plan or an IRA.
 - Allowing (but not required) plans to provide an emergency savings account.
 - Creating a retirement savings lost and found to make it easier for participants to locate orphaned accounts.
 - Limiting the notice and disclosure requirements for unenrolled participants.
 - Requiring that catch-up contributions be made in the form of Roth contributions.
 - Allowing (but not requiring) plans to give participants the option to treat matching contributions as Roth contributions.
 - Easing the burden of sponsoring a plan, including making it easier to correct errors in plan administration.
 - Enhancing Pooled Employer Plans by extending them to 403(b) plans and expanding the universe of plan fiduciaries who are responsible for monitoring the timeliness of salary deferral contributions.
 - Eliminating the first-day-of-the-month rule for governmental 457(b) plans.
- 457(b) Deferral Rate
 - Empower's Campaigns are paying off.
 - GovGuam savers are steadily increasing their savings rate.
 - In the last year, DC members increased their savings rate 9.12%.
- Creation of Empower (2014) – Empower will launch Empower Wealth Management on February 15, 2023. This will make it easier for members to rollover their balances to an IRA.

- Personalized Automated Messaging System – 58,000 total messages were sent from July to December 2022.
- Temporary Hire – Tina is temporarily helping out in the office while Grace Atalig is on Maternity Leave.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Artemio Hernandez reported that there was no Investment Committee Meeting this month.

Next Quarterly Performance Meeting – Treasurer Hernandez informed the Board that the next Quarterly Performance Meeting is scheduled for March 9, 2023.

B. Members and Benefits Committee

No report was made at this time.

VII. OLD BUSINESS

None

VIII. NEW BUSINESS

None

IX. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

X. ANNOUNCEMENTS

None

XI. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Vice Chair Antolina Leon Guerrero, seconded by Treasurer Artemio Hernandez, and without objection, the meeting was adjourned at 12:54 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 20, 2023 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 10, 2023.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas