



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 21, 2022, 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 12:35 p.m. Friday, January 21, 2022, 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
- Katherine T.E. Taitano, Secretary (*Via Zoom*)
- Artemio R.A. Hernandez, Treasurer
- Thomas H. San Agustin, Trustee
- David N. Sanford, Trustee (*Via Zoom*)
- George A. Santos, Trustee

Staff Present:

- Paula Blas, Director
- Jackie Blas, Recording Secretary

Third Party Administrator Present:

- Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. December 17, 2021 Regular Meeting

Vice Chair Antolina Leon Guerrero, seconded by Treasurer Artemio Hernandez, moved to approve the Minutes of the December 17, 2021 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, 2021 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 40 active claims as of December 31, 2021.

Financial Report

1. Contributions - Director Blas stated that as of January 18, 2022, all agencies are current with their Fiscal Year 2022 employee and employer contributions.

2. Financial Statements - Director Blas stated that the books for the month ended December 31, 2021 are scheduled to close on February 11, 2022.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – December 2021

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement, provided the TPA Report for the month ended December 31, 2021 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 \$511,247,703.19. There was an increase of \$14,737,389.08 or 2.97% from the previous month. The market effect was 2.32%. The 457 Plan had total assets of \$135,856,756.02. There was an increase of \$4,135,570.22 or 3.14% from the previous month. The market effect was 2.23%.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,198,082.88. There was a decrease in contributions of \$232,344.32 or -6.77% from the previous month. The 457 Plan had total contributions of \$1,198,498.22. There was an increase in contributions of \$37,559.65 or 3.24% from the previous month.

Mr. Hauerbach stated that the 401(a) Plan had disbursements totaling \$3,097,041.65. The 457 Plan had disbursements totaling \$910,819.59.

Mr. Hauerbach stated that the 401(a) Plan has a total of 6,826 participants receiving employer contributions. The 457 Plan has 5,787 actively contributing participants.

Mr. Hauerbach stated that the average participant balance in the 401(a) Plan is \$34,088.06. The average participant balance in the 457 Plan is \$17,894.62. The 401(a) Plan has 115 first-time contributors and the 457 Plan has 54 first-time contributors. Mr. Hauerbach stated that there were 8 retirees in the month of December; of the 8 retirees, 5 elected a full withdrawal; 2 elected no distribution and 1 elected a partial withdrawal.

Chairman Leon Guerrero inquired about the average balance of \$34,088.06 in the 401(a) Plan as it relates to age. Mr. Hauerbach stated that a breakdown of the "Average Participant Balance by Age Group" is provided in the report. Mr. Hauerbach stated that Empower is trying to clean up the very old inactive accounts. Chairman Leon Guerrero asked whether the Board has a fiduciary responsibility regarding members not saving enough for retirement. Mr. Hauerbach stated that Empower are doing things that encourage greater participation. Participants on the 401(a) Plan are automatically contributing 6.2% with a 6.2% government match, which is a really good foundation. There is also the 457 Plan to increase their savings. Empower has made it easier for participants to change their contribution amount on-line. Mr. Hauerbach stated that there is a trend to add auto-escalation, which establishes an initial contribution amount in the 457 Plan. Mr. Hauerbach stated that in one of their studies, they concluded that having an automatic enrollment feature is a great foundation, but it's not enough to encourage and help drive greater participation and greater contribution percent. This is something Empower will look at and study to see what the pros and cons are.

Chairman Leon Guerrero stated that he does not think that members are contributing a minimal amount and he is concerned of participants not having enough when retiring. Mr. Hauerbach stated that the Plan is designed to be successful to help participants reach a successful retirement income. Mr. Hauerbach stated that he will address Chairman Leon Guerrero's concern. Treasurer Artemio Hernandez asked whether Empower is able to filter out on account balance by threshold. Mr. Hauerbach replied, "Yes." Director Blas stated that at the last Board Meeting, Empower mentioned that they'll be sending out notices to members that have not been contributing into their account for so many years. Mr. Hauerbach stated that Empower is looking at cleaning out the inactive accounts.

Mr. Hauerbach provided the following updates:

- Lowering the Managed Accounts Fee - the fee for balances up to \$100,000 was reduced from .55% to .5%, balances of up to \$150,000 was reduced from .45% to .4%. Fee for amounts above \$400,000 went from .25% to .2%.
- On-Line Enhancements - participants may change their contributions on the 457 Plan; beneficiary information could be initially added and updated.
- Annual Participant Survey - the close date of the survey was January 7, 2022. There were 257 participants that responded. Participants gave highest marks to their level of trust with Empower and the website.
- Secure Foundation Balanced Fund Change - is scheduled for February 25, 2022. Participant notification will be via a customized letter.
- Ninety One Fund Change - SEI and Empower are still working to come to an agreement related to some reporting required by the fund distributor.
- Marketing and Communications Award - Empower received a Gold Award for its "Stay in the Plan" campaign.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Investment Committee Meeting was held on January 13, 2022. The Committee reviewed and approved the Investment Committee Meeting Minutes of December 16, 2021 and the Minutes of the December 16, 2021 Due Diligence Meeting for the Quarter Ended September 30, 2021.

Next Quarterly Performance Meeting – Treasurer Hernandez informed the Board that the next Quarterly Performance Meeting is scheduled for March 17, 2022.

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

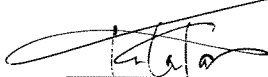
X. ANNOUNCEMENTS

None

XI. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Treasurer Artemio Hernandez, and without objection, the meeting was adjourned at 1:07 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 21, 2022 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 18, 2022.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas