



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
 Governor

Joshua F. Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

Trustees:

Antolina S. Leon Guerrero
 Chair

George A. Santos
 Vice Chair

Thomas H. San Agustin
 Secretary

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

Katherine T.E. Taitano
 Trustee
 Chair, Members and Benefits Committee

David N. Sanford
 Trustee

Vacant
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Friday, August 30, 2024, 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 12:34 p.m. Friday, August 30, 2024, in the Retirement Fund Conference Room. Chair Antolina S. Leon Guerrero officiated.

Board of Trustees Present:

Antolina S. Leon Guerrero, Chair
 George A. Santos, Vice Chair
 Thomas H. San Agustin, Secretary
 Artemio R.A. Hernandez, Treasurer
 David N. Sanford, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee

Staff Present:

Paula Blas, Director
 Andrea Atalig, Recording Secretary

Third Party Administrator Present:

Alice Taijeron, Director, Client Relations & Participant Engagement, Empower
 Grace Atalig, Retirement Plan Counselor, Empower

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. July 26, 2024 Regular Meeting

Treasurer Artemio Hernandez, seconded by Trustee David Sanford, moved to approve the Minutes of the July 26, 2024 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 July 31, 2024 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. There are 42 active claims as of July 31, 2024.

Financial Report

1. *Contributions* - Director Paula Blas stated that as of August 27, 2024, all agencies are current with their Fiscal Year 2024 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended July 2024 are scheduled to close on September 17, 2024.

Chair Leon Guerrero inquired on the delay of the books closing. Director Blas stated due to the closure of the DB 1.75 Plan, construction and the relocation of staff the closing of the books for July was delayed. Director Blas stated that once the books for the month of July closes on September 17, 2024 a week later they will close the books for August.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – July 2024

Director Blas stated that Alice Taijeron, Director, Client Relations & Participant Engagement, Empower, provided the TPA Report for the month ended July 31, 2024 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$436,083,871.56. There was an increase of \$11,245,196.86 or 2.65% from the previous month. The market effect was 96%. The 457 Plan had total assets of \$168,508,011.78. There was an increase of \$4,351,367.97 or 2.65% from the previous month. The market effect was 96%.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,045,875.60. There was an increase in contributions of \$106,040.82 or 3.61% from the previous month. The 457 Plan had total contributions of \$1,634,902.54. There was an increase in contributions of \$166,127.62 or 11.31% from the previous month. Ms. Taijeron stated that the 401(a) Plan had disbursements totaling \$2,630,857.64. The 457 Plan had disbursements totaling \$1,446,989.56.

Ms. Taijeron stated that there were 10 retirees in the month of August. Chair Leon Guerrero inquired if a participant can retire or separate from the government and come back at a later date to receive their funds. Ms. Taijeron stated some participants opt not to receive their funds right away due to the participant not needing the funds right away and tax consequences. Treasurer Hernandez inquired if there is a minimum required for distribution. Ms. Taijeron stated when you reach the age of 73, it was 70 and was increased to 73, they do have to take the Required Minimum Distribution (RMD). There are participants that have taken the RMD. Chair Leon Guerrero stated that in the past the board was concerned about participants taking a full withdrawal. Ms. Taijeron stated that Empower speaks to the participant on an individual basis about their retirement plan.

Ms. Taijeron stated the board inquired on how many participants are in the DB 1.75 Plan who are actively participating in the 457 Plan. Ms. Taijeron stated there are 6,619 actively contributing to the 457 Plan, 2,309 are DB 1.75 members who are contributing 1%. Empower pulled a report of all those contributing 1% which is the minimum requirement for DB 1.75 members, these numbers are not counting those who are contributing more than 1%, there are about over a third of those who are contributing over 1%. Secretary San Agustin inquired about members who are participating in the 401(a) who may not be contributing to the 457 Plan who should be actively participating as well. Ms. Taijeron stated that new employees have an automatic enrollment with a minimum of 3% contributions which the board decided, the participant can opt out of the 3% contributions or increase or decrease their contributions in person or online. Ms. Taijeron stated they will provide the information of how many 401(a) participants are not participating in the 457 Plan.

Ms. Taijeron stated that the 457 Plan has 858 participants who have outstanding loans. Treasurer Hernandez inquired on the purpose of those loans. Ms. Taijeron stated there are two reasons you can take a loan out, one being for general purpose with up to five years to pay it back, and two for the purpose of purchasing a primary residence, provided documentation is in order, due to the fact that you are allowed an extended period of time which is ten years and capped at \$50,000. Ms. Taijeron stated the minimum is \$1,000 or 50% of your account not to exceed \$50,000, with an interest rate of 10.5%, but you are paying yourself back with principal and interest. Chair Leon Guerrero inquired on how the interest rate is set. Ms. Taijeron stated the interest rate is 2% above prime rate on the day your loan becomes effective.

Ms. Taijeron pointed out the following page in the presentation is the asset-by-asset class with what percentages they make up in the different investment assets. Chair Leon Gurrero inquired if the Secure Foundation and State Street are the target date funds that is managed where as the other asset classes reflect participants selecting their individual investments. Ms. Taijeron states that is not that case and each participant selects their individual investments and the default fund is State Street which changed out of the Secure Foundation, the only Secure Foundation available is the Secure Foundation Balanced Fund. Ms. Taijeron reminds the board that the Secure Foundation is an investment option today or when you retire you can move your funds into the Secure Foundation Balance Fund which offers the lifetime annuity and with the Secure Foundation the retiree's annuity will not decrease regardless of market fluctuation, access to cash withdraw which will decrease your annuity, and your spouse will receive 100% of your annuity should the retiree pass away. Ms. Taijeron stated participants have payment options such as taking all their funds at once or periodic payments.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Informational Items

1. Next Quarterly Performance Review – Treasurer Hernandez informed the Board that the next Quarterly Performance Review is scheduled for September 19, 2024.

B. Members and Benefits Committee

VII. OLD BUSINESS

None

VIII. NEW BUSINESS

None

IX. OPEN DISCUSSION / GENERAL PUBLIC INPUT

X. ANNOUNCEMENTS

XI. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Vice Chair George Santos, seconded by Treasurer Artemio Hernandez, and without objection, the meeting was adjourned at 12:53 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 30, 2024 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 20, 2024.



THOMAS SAN AGUSTIN, Board Secretary

RECORDING SECRETARY:



Andrea Atalig