



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, October 14, 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 12:34 p.m. Friday, October 14, 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 (*Via Zoom*)
 Artemio R.A. Hernandez, Treasurer
 Thomas H. San Agustin, Trustee (*Via Zoom*)
 David N. Sanford, Trustee (*Via Zoom*)
 George A. Santos, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Secretary (*Excused*)

Staff Present:

Paula Blas, Director
 Jackie Blas, Recording Secretary

Third Party Administrator Present:

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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 2, 2022 Regular Meeting

Treasurer Artemio Hernandez, seconded by Trustee George Santos, moved to approve the Minutes of the September 2, 2022 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

I. Standard Insurance - An updated summary report as of September 30, 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 40 active claims as of September 30, 2022.

Financial Report

1. Contributions - Director Blas stated that the Fiscal Year 2023 employee and employer contributions are not due until next week. The Fiscal Year 2022 closed with all contributions coming in on time.

2. Financial Statements - Director Blas stated that the books for the month ended September 30, 2022 are scheduled to close on November 7, 2022.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – September 2022

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower, provided the TPA Report for the month ended September 30, 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 \$405,496,218.37. There was a decrease of \$33,434,420.93 or -7.62% from the previous month. The market effect was -8.39%. The 457 Plan had total assets of \$109,883,589.49. There was a decrease of \$8,454,850.05 or -7.14% from the previous month. The market effect was -8.28%.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,411,926.84. There was a decrease in contributions of \$499,890.45 or -12.78% from the previous month. The 457 Plan had total contributions of \$3,477,938.83. There was an increase in contributions of \$2,132,072.20 or 158.42% from the previous month.

Mr. Hauerbach stated that the 401(a) Plan had disbursements totaling \$2,232,549.58. The 457 Plan had disbursements totaling \$464,686.80.

Mr. Hauerbach stated that the 401(a) Plan has a total of 7,225 participants receiving employer contributions. The 457 Plan has 5,740 actively contributing participants. The 401(a) Plan has 176 first-time contributors and the 457 Plan has 40 first-time contributors.

Mr. Hauerbach stated that there were 10 retirees in the month of September; of the 10 retirees, 4 elected a full withdrawal, 2 elected a partial withdrawal, 1 elected a series of periodic payments, and 3 elected no distribution. Mr. Hauerbach pointed out that there were 460 walk-ins and 483 other participant engagements for a total of 943 engagements in the month of September.

Mr. Hauerbach stated that the Investment Committee asked him to expand on what Empower is doing with regards to the market volatility. Mr. Hauerbach stated that they thought that things will settle down, but they haven't. We have a looming recession, the inflationary pressures and some geopolitical instability, which are not positive factors as far as the stock market performance goes. Mr. Hauerbach stated that the market ended up with the largest positive gain in the last two years. We still have a long way to go to get back near where we were. The next six months could be very volatile.

Mr. Hauerbach provided the following updates:

- Empower Study - this is called "Empowering America's Financial Journey." Despite the difficult economic environment, most retirement plan participants are remained focused on their goal. Only 13% of participants reduced their deferral rate. Recently, there was a significant number of 457 contributors who increased their contribution rate. The study found that only 13% of public sector workers have access to financial wellness tools. Mr. Hauerbach stated that 100% of GovGuam employees have access to financial wellness tools on the guamretire.com website. The average balance of the 49-55 year old participants in the 401(a) as of September 30 was \$41,000. A year ago it was \$51,000, which is a 20% drop. And, two years ago, it was \$43,000, which is below the levels of two years ago, yet above the levels of three years ago. In two more years, things should settle down. Mr. Hauerbach stated that there are nine other plans that are very similar to the GovGuam DC 401(a) and 457 Plan and their asset level is around \$500 Million and they have 10,000 participants. The average balance for those plans is \$19,000 and Guam's member average balance is \$31,500 and so Guam is doing better than peers in the public sector space that are record-kept by Empower. The top 10% have average balances of \$46,000.
- Market Volatility Campaign - flyers were emailed in March 2022 geared to help participants understand market volatility and what to do about it. This campaign will run again next month.
- National Retirement Security Month - currently ongoing this month. Webinars and emails are going out regarding National Retirement Security Month.
- 2022 Campaigns - campaigns that had positive effects. We had the Guam History and Chamorro Heritage Day, Guam Liberation Day, New Participant Experience and currently in the National Retirement Security Month.

- Campaigns Regarding Market Volatility - customized to the Plan and a more personalized automated plan that takes advantage of the personal capital technology that targets specific members based on their holdings in their account, their age and other milestones. This is called Personalized Participant Communications and sometimes referred to as Empower Communications Engine.
- Diversification - the fact that diversification pays off is that whether there is a recovery, diversified portfolios recovered about half the time a non-diversified portfolio does.
- Best Performing Asset Class - it's the Stable Value Fund with a year-to-date return of 1.37%
- DC 401(a) Audit - currently ongoing and Empower is assisting with the audit.

Treasurer Artemio Hernandez thanked Mr. Hauerbauch for the extra information that was requested by the Investment Committee.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Investment Committee Meeting was held on October 11, 2022. The Committee reviewed and approved the Investment Committee Meeting Minutes of September 1, 2022.

Next Quarterly Performance Meeting – Treasurer Hernandez informed the Board that the next Quarterly Performance Meeting is scheduled for December 15, 2022. Treasurer Hernandez stated that Cameron Systemans of Mercer Investment Consulting, Inc. will be attending the meeting in person.

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 12:58 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 14, 2022 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 10, 2022.



KATHERINE T. E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas