



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, December 17, 2021, 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, December 17, 2021, 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
 David N. Sanford, Trustee
 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 Retirement

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc. (*Via Zoom*)

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 19, 2021 Regular Meeting

Trustee George Santos, seconded by Trustee Thomas San Agustin, moved to approve the Minutes of the November 19, 2021 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 November 30, 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 41 active claims as of November 30, 2021.

Financial Report

1. *Contributions* - Director Blas stated that as of December 15, 2021, 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 October 31, 2021 were closed on December 15, 2021. The books for the month ended November 30, 2021 are scheduled to close on December 30, 2021.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – November 2021

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement, provided the TPA Report for the month ended November 30, 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 \$496,510,314.11. There was a decrease of \$7,635,274.32 or -1.51% from the previous month. The market effect was -2.19%. The 457 Plan had total assets of \$131,721,185.80. There was a decrease of \$1,337,500.58 or -1.01% from the previous month. The market effect was -1.88%.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,430,427.20. There was an increase in contributions of \$334,250.18 or 10.80% from the previous month. The 457 Plan had total contributions of \$1,160,938.57. There was an increase in contributions of \$122,368.49 or 11.78% from the previous month.

Mr. Hauerbach stated that the 401(a) Plan had disbursements totaling \$1,820,503.48. The 457 Plan had disbursements totaling \$489,494.29.

Mr. Hauerbach stated that the 401(a) Plan has a total of 6,809 participants receiving employer contributions. The 457 Plan has 5,814 actively contributing participants. The 401(a) Plan has 151 first-time contributors and the 457 Plan has 115 first-time contributors. Mr. Hauerbach stated that there were 6 retirees in the month of November; of the 6 retirees, 1 elected a Guaranteed Lifetime Withdrawal, 2 took a partial withdrawal and 3 with no distribution taken.

Mr. Hauerbach provided the following updates:

- New Empower Study: "Empower in America's Financial Journey" - Mr. Hauerbach first talked about what Grace Atalig, Retirement Plan Counselor, has done throughout the year in connection with Guam Participants' Financial Journey. Ms. Atalig had 53 Webinars with over 280 participants. She has conducted over 700 one-on-one meetings. Ms. Atalig has finalized the first quarter 2022 Webinar schedule. Mr. Hauerbach stated that the study is geared towards helping America workers along their individual path. One of the reasons the study was conducted was to see how participants are doing on the economic expected hardship over the last two years. The study found that the average participant savings rate is an increase over the last two years. The average two years ago was 7.9% and the average today is 8.2%. The study also looked at the level of engagement, interactions, auto-enrollment and Target Date Funds. Mr. Hauerbach stated that a copy of the study will be provided to the Board. Trustee David Sanford inquired about the study's comparison to Guam participants. Mr. Hauerbach stated that he has information that he could look at to see how it's compared to Guam.
- Key Takeaways of the Study - It is important for participants to stay focused and become engaged. Engagement is very critical and building confidence is important.
- Annual Participant Survey - Results should be presented by January 2022.
- On-Line Services - Empower is able to process beneficiary designations online, and will also have the ability to make payroll contribution changes online for the 457 Plan.
- Average Participant Account Balance by Age Group - In October 2021, the average participant balance was \$34,009. As of the end of November 2021, it dropped to \$33,249 and as of December 15, 2021 it was \$33,675. Trustee Thomas San Agustin inquired about Guam's account balance compared nationally. Mr. Hauerbach stated that Guam's balance is quite lower. Trustee San Agustin inquired about the national average account balance. Mr. Hauerbach stated that the average balance is about \$44,000. Treasurer Artemio Hernandez stated that the goal of the data tracking of participant balances is to increase their account balances. We need to look if we're achieving that goal. Treasurer Hernandez pointed out that participant disbursements is an impact on the account balance and asked if the disbursement process is too liberal. Mr. Hauerbach stated that Empower is working on trying to educate participants about staying in the Plan. Mr. Hauerbach asked whether the data on the account balance is to be reported on a monthly or quarterly basis. Treasurer Hernandez replied, "Quarterly."
- De minimis Distributions - There are several accounts with balances of less than \$5,000 who have retired or separated for quite some time. Treasurer Hernandez suggested to get the data on the number of inactive accounts with a \$5,000 threshold, and with a time frame of greater than one year of being inactive. Mr. Hauerbach stated that he could run a report on the inactive accounts. Director Blas stated that notices should be sent to the inactive members informing them that they still have a balance. Treasurer Hernandez asked whether GRT are being paid when taxes are taken out. Mr. Hauerbach replied, "Yes."

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2021 was held on December 16, 2021. The Investment Committee Meeting was also held on December 16, 2021. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 18, 2021.

1. DC Plan Quarterly Performance

Treasurer Hernandez stated that Cameron Systemans of Mercer Investment Consulting, Inc. provided an overview of the DC Plan's Investment Performance for the Quarter Ended September 30, 2021. Treasurer Hernandez stated that Mr. Systemans indicated that there are no recommendations to place any of the funds on watch.

2. Recommendation: Share Class Change for the Great West Secure Foundation Balanced Fund

Mr. Systemans stated that Great West Secure Foundation Balanced Fund is the only investment option on the plan lineup that includes a revenue sharing component. Treasurer Hernandez stated that the Investment Committee recommends to change the share class for the Great West Secure Foundation Balanced Fund from the Investor Share Class to the Institutional Share Class. Mr. Systemans stated that this will remove the revenue sharing component from this Fund. Treasurer Hernandez stated that the newer share component is 35 basis points. This will not impact the actual plan expense basis points. Chairman Leon Guerrero asked whether the participants will gain from this. Treasurer Hernandez replied, "Yes."

Treasurer Artemio Hernandez, seconded by Trustee Thomas San Agustin, moved to accept the Investment Committee and Mercer Investment Consulting, Inc.'s recommendation to change the share class for the Great West Secure Foundation Balanced Fund from the Investor Share Class to the Institutional Share Class. Without objection, the motion passed.

Next Quarterly Performance Meeting – Treasurer Hernandez informed the Board that the next Quarterly Performance Meeting is tentatively 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

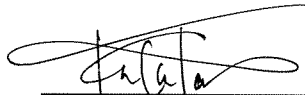
X. ANNOUNCEMENTS

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 1:12 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 17, 2021 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 21, 2022.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas