



Financial Highlights

Government of Guam 457 Deferred Compensation Plan

Calendar Year 2024

August 17, 2025

The Government of Guam’s (GovGuam) 457 Deferred Compensation Plan (the “457 Plan”) received an unmodified (clean) opinion from independent auditors, Burger & Comer, P.C. (BC), on its financial statements for the calendar year (CY) ended December 31, 2024. In the Report on Internal Control over Financial Reporting, BC did not identify any deficiencies in internal control that are considered to be material weaknesses. In the Report on Compliance & Other Matters, BC did not identify any instances of non-compliance or other matters that are required to be reported under the Government Auditing Standards.

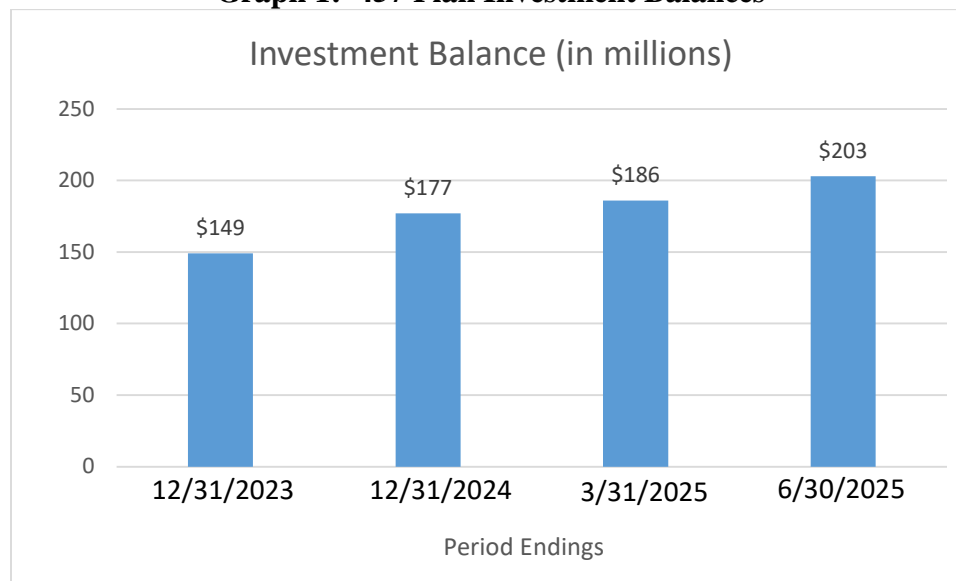
The 457 Plan ended CY 2024 with a fiduciary net position of \$185 million (M), an increase of \$29.8M (or 19.2%) from the prior year’s net position of \$155.2M. The increase is attributable to market fluctuations, interest and dividend income, and member contributions.

Investment Balances Consistently Increasing

Based on the graph below, the 457 Plan investments have been consistently increasing: by \$28M, from CY 2023 to CY 2024; by \$9M, from CY 2024 to March 31, 2025, and by \$17M, from March 31, 2025, to June 30, 2025. Overall, the market value of the 457 Plan’s investments increased by \$26.M, from \$177.M as of December 31, 2024, to \$203.M as of June 30, 2025.

It is not possible to state the rate of return for the 457 Plan over a particular time because it is not managed by a single portfolio. Instead, each participant selects their own investment strategy.

Graph 1: 457 Plan Investment Balances



The \$28M increase in investments as of CY 2024 was due largely to market fluctuations and an increase in interest and dividend income by \$3.2M. All investment options in the plan delivered positive returns, with many delivering double-digit returns. The 457 Plan has weathered periods of market volatility and uncertainty in the past, and the Government of Guam Retirement Fund (GGRF) Board of Trustees continues to manage it with the same disciplined manner as it has in the past.

Total Plan Additions Increased by \$787K

Compared to CY 2023, the total 457 Plan additions in CY 2024 increased slightly by \$788 thousand (K), mainly due to a \$3.4M increase in member contributions, offset by a \$2.6M decrease in net investment income. This decrease resulted from the net depreciation in fair value of investments by \$5.6M. As of CY 2023, the net appreciation in fair value of investments was \$15.8M; compared to \$10.2M as of CY 2024.

The \$3.4M increase in member contributions was primarily due to fluctuations in the average contributions per participant and the increase in the number of active plan participants. There were 8,698 active participants with account balances as of December 31, 2024, compared to 7,604 as of December 31, 2023, or an increase of 1,094. The increases in contributions and number of active participants were due to the transfer of 2,028 Defined Contribution Plan participants to the Defined Benefit 1.75 Plan. Participants who transferred were required to contribute a mandatory 1% to the 457 Deferred Compensation Plan.

Increase in Plan Deductions by \$731K

The money used to pay participants' benefits is accumulated from contributions made by each participant and income generated from the participant's investments, including investment appreciation and interest/dividends. In CY 2024, benefits paid to participants increased by \$731K, from \$6.4M in CY 2023 to \$7.2M in CY 2024. The increase was attributed to:

- 1) the number of participants choosing to take lump sum distributions at retirement or upon severance of employment in any one year;
- 2) changes in the number of participants receiving benefits in the 457 Plan; and
- 3) the size of the participant's account balance.

Fund Management and Administration

The GGRF Board of Trustees is responsible for administering the 457 Plan, while Empower Retirement (Empower) is the trustee and record keeper. Empower invests funds received from contributions in accordance with participants' elections, records investment sales and interest income, and makes distribution payments to participants. During CY 2024, GGRF paid Empower \$314K in administrative fees.

GovGuam 457 Plan Participation and Contributions

The 457 Plan was established in May 1999. GovGuam has established the Plan with the bona fide intention and expectation that the Plan shall continue indefinitely. Participation in the 457 Plan is voluntary for all employees who are members of the GovGuam Defined Benefit Plan and GovGuam Defined Contribution Retirement System; however, participation is mandatory for all employees who are members of the DB 1.75 Plan. These employees are required to contribute a minimum of 1% of their base salary to the 457 Plan. Each participant's account is credited with

the participant's contributions and allocations of 457 plan earnings, including interest, dividends, and gains/losses from investments.

Plan participants may direct the investment of their accounts among various investment options offered by the 457 Plan. , The Plan offered 24 investment options (mutual fund options) with a total value of \$177M as of December 31, 2024. The investment options are monitored by the GovGuam Retirement Fund Board of Trustees, which has full discretionary authority and responsibility for the day-to-day administration of the 457 Plan and selection of investment options.

Risks and Uncertainties

Investment securities are exposed to various risks, such as credit risks, custodial credit risks, interest rate risks, concentration of credit risks, and foreign currency risks. Interest rate risk is the risk that changes in interest rates will adversely affect the value of the investment. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer, and foreign currency risk refers to the risk that changes in exchange rates will adversely affect the fair value of an investment.

As of December 31, 2024, there were 24 mutual fund investment options with an overall value of \$177M. Two mutual funds valued at \$30.8M, have exposure to both concentration of credit risk and interest rate risk, while three valued at \$21.1M, have exposure to foreign currency risk.

For a more detailed discussion, refer to the 457 Deferred Compensation Plan's Financial Statements, Report on Internal Control and Compliance, and Auditor's Communication with Those Charge with Governance at www.opaguam.org and www.ggrf.com.