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ABOUT US

The Government of Guam Retirement Fund (the “Fund”) was established and became operative on May 1, 1951 to provide retirement annuities and other benefits to employees of the Government of Guam. Plans administered by the Fund are as follows:

- The **Defined Benefit Plan (“DB Plan”)** is a single-employer defined benefit pension plan. The DB plan provides for retirement, disability, and survivor benefits to members of the Plan prior to October 1, 1995. All new employees whose employment commences on or after October 1, 1995 are required to participate in the Defined Contribution Retirement System.
- The **Defined Contribution Retirement System (“DC Plan”)** was created by Public Law 23-42:3 to provide an individual account retirement system for any person who is employed in the Government of Guam. The DC Plan is a single-employer pension plan and shall be the single retirement program for all new employees whose employment commences on or after October 1, 1995. The DC Plan, by its nature, is fully funded on a current basis from employer and member contributions.
- The **Deferred Compensation Plan (“457 Plan”)** is available to both DB and DC Plan members. It is a retirement savings plan that allows eligible employees to supplement any existing retirement and pension benefits by saving and investing before-tax dollars through a **voluntary** salary contribution. Contributions and earnings are tax-deferred until money is withdrawn. Distributions are usually taken at retirement, but participants can also take distributions if they terminate employment.
- The **Defined Benefit 1.75 Plan (“DB 1.75 Plan”)** comprises additional provisions to the DB Plan which establishes an alternative benefit structure, and constitutes a tax-qualified “governmental plan” as described under Sections 414(d) and 401(a) of the United States Internal Revenue Code. The alternative benefit structure is coordinated with participation in, and mandatory contribution to, the Government of Guam Deferred Compensation Plan.

The DB 1.75 Plan became effective January 1, 2018. All employees who were in the Defined Contribution Plan and were still employed had the option to transfer to the DB 1.75 Plan effective January 1, 2018. Employees hired on or after January 1, 2018 were not eligible for the DB or DB 1.75 Plans.

Re-Opening of DB 1.75 Plan: In accordance with Public Law 36-130, all employees who were members of the Defined Contribution Plan at any time between June 1, 2023 to December 31, 2023, had the option to transfer to the DB 1.75 Plan effective as of January 1, 2024. In addition, all new employees whose employment commences on or after January 1, 2024, may elect to become Defined Benefit 1.75 members.

OUR MISSION

The purpose of the Fund is to provide retirement annuities and other benefits for the Employees of the Government of Guam enabling them to accumulate reserves for themselves and their survivors to meet the hazards of old age, disability, death & termination of employment.



BOARD OF TRUSTEES

The Retirement Fund Board of Trustees (the “Board”) is responsible for the general administration and proper operation of the Fund. With the passage of Public Law 27-43, effective November 14, 2003 the Board consists of seven members. Three are appointed by the Governor with the advice and consent of the Legislature. Four trustees - 2 retirees and 2 active members - are elected by the class of members they represent. The term of office for all Board Members is five years.



PARTICIPATION COUNTS

2024 2023

DB PLAN & DB 1.75 PLAN MEMBERS

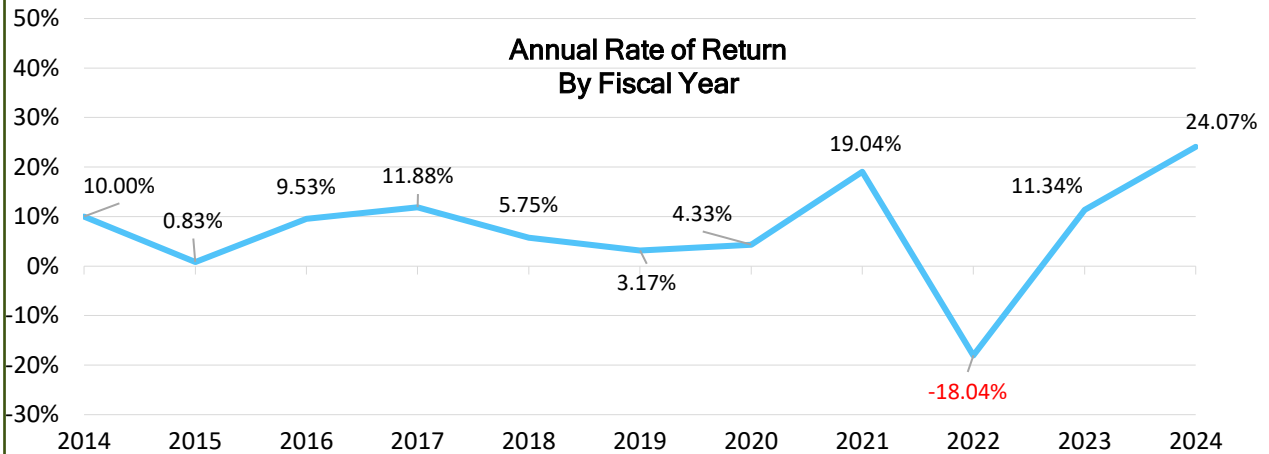
Active	5,255	3,447
Retired	<u>7,415</u>	<u>7,364</u>
TOTAL ACTIVES & RETIREES	12,670	10,811
Inactive & Terminated with Accumulated Contributions	<u>2,982</u>	<u>2,998</u>
TOTAL DB MEMBERSHIP	15,652	13,809

DC PLAN MEMBERS

Active	5,796	7,697
Inactive Members with Balances	<u>9,653</u>	<u>8,360</u>
TOTAL DC MEMBERSHIP	15,449	16,057

DEFINED BENEFIT PLAN

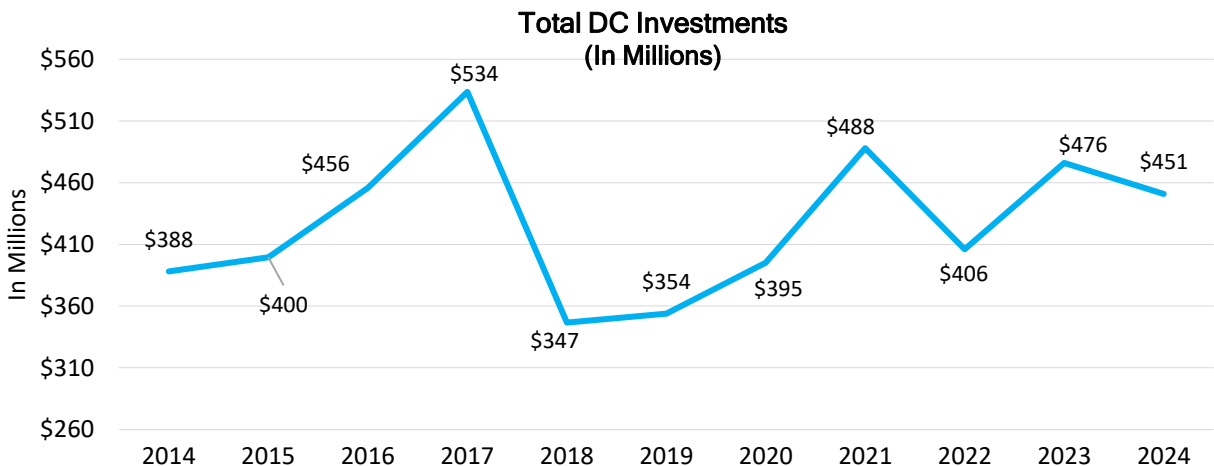
For 2024, the DB Plan investment portfolio posted a return of 24.07%, compared to 2023's return of 11.34%. The 2024 increase is due largely to market fluctuations.



The DB Plan investment returns averaged 7.66% from 1996 through 2024. Over that period there have been four years with negative returns.

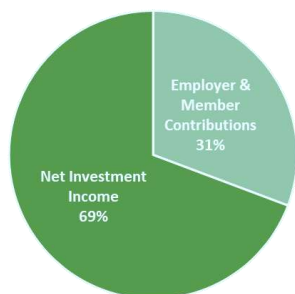
DEFINED CONTRIBUTION PLAN

For 2024, the DC Plan investment totaled \$451 million compared to \$476 million in 2023.

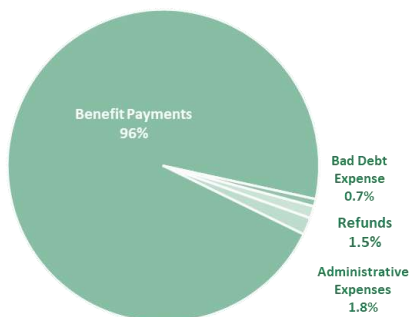


The DC Plan investments decreased \$25M or 5.3% from \$476M in 2023. These decreases were due largely to market fluctuations, and the transfer of approximately \$133 million from the DC Plan to the DB 1.75 Plan. The transfers were as a result of the re-opening of the DB 1.75 Plan effective January 1, 2024.

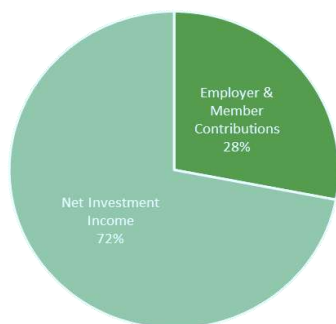
DB Contributions & Net Investment Income FY 2024



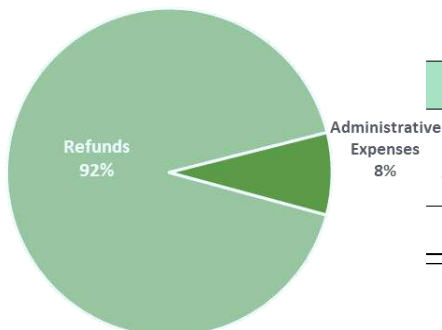
DB Expense FY 2024



DC Contributions & Net Investment Income FY 2024



DC Expense FY 2024



DEFINED BENEFIT PLAN

	2024	2023
Net Appreciation in Fair Value of Investments	\$419,499,135	\$166,394,961
Interest, Dividends & Other Investment Income	47,212,612	39,056,549
Less Investment Expenses	(6,074,152)	(5,313,438)
Net Investment Income	460,637,595	200,138,072
Employer & Member Contributions	204,268,161	171,954,439
Total Additions	\$664,905,756	\$372,092,511
Benefit Payments	255,171,862	253,023,271
Refunds	3,352,557	2,945,758
Interest on Refunds	519,638	228,123
Bad Debt Expense	1,996,097	-
Administrative Expenses	4,727,994	3,153,721
Total Deductions	\$265,768,148	\$259,350,873
Net Increase in Net Assets	\$399,137,608	\$112,741,638
Transfers from DC to DB Plan	132,711,988	-
Total Increase in Net Position	\$531,849,596	\$112,741,638

DEFINED CONTRIBUTION PLAN

	2024	2023
Net Appreciation in Fair Value of Investments	\$80,299,916	\$39,063,687
Interest, Dividends & Other Investment Income	17,197,562	16,452,896
Less Investment Expenses	(157,024)	(230,985)
Net Investment Income	97,340,454	55,285,598
Employer & Member Contributions	37,880,358	44,009,501
Total Additions	\$135,220,812	\$99,295,099
Refunds	25,124,757	27,751,980
Administrative Expenses	2,208,195	2,312,873
Total Deductions	\$27,332,952	\$30,064,853
Net Increase in Net Assets	\$107,887,860	\$69,230,246
Transfers from DC to DB Plan	(132,711,988)	-
Net (Decrease) Increase in Net Position	\$(24,824,128)	\$69,230,246

Independent Audit

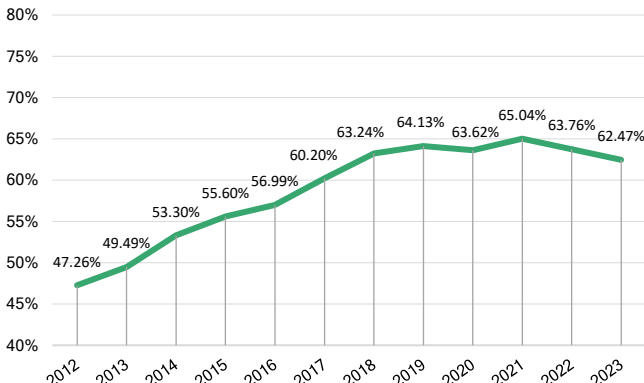
An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found at our website: www.ggrf.com

Fiscal Year 2024

DEFINED BENEFIT PLAN - UNFUNDED LIABILITY/SECURITY RATIO

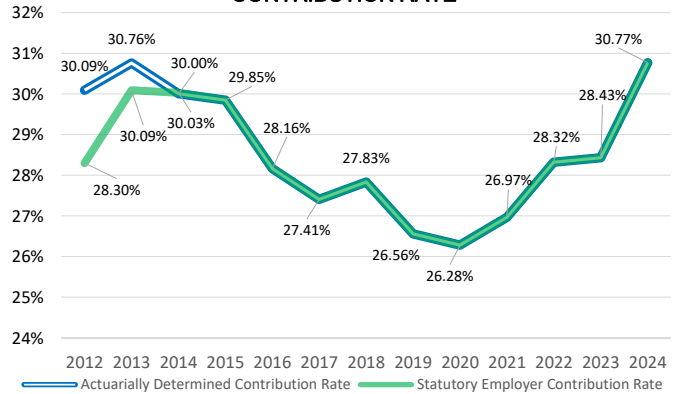
The unfunded liability is the present value of future benefits payable that are not covered by the actuarial value of assets as of the valuation date. The unfunded liability increased from \$552 million (at September 30, 1995) to \$1.21 billion (based on the 2023 actuarial valuation). This represents a decrease in the security ratio, from 66.5% in 1997 to 62.47% in 2023, and an increase in the unfunded liability ratio from 33.5% in 1995 to 37.53% in 2023. The security ratio is the ratio of assets to liabilities.

SECURITY RATIO - (% Funded)



If future contributions equal the actuarially determined contribution rate, and plan investments earn 7% each year, the **DB Plan** is expected to become fully funded in 2033. The Guam Legislature's efforts toward full funding since 2007 have narrowed the gap between the statutory and actuarially determined contribution rate. The increase in the gap from .82% in 2009 to 3.27% in 2010 is due largely to the negative return of 14.8% in 2008. A comparison of the "actuarially determined" versus the "statutory employer" contribution rates for 2010 to 2024 are reflected below.

CONTRIBUTION RATE



Future Outlook

LOOKING FORWARD - The GGRF Board will continue to mitigate the effects of market volatility by working with Investment Consultants to continue to strengthen both the DB and DC Plan investments through diversification.

In the **DB Plan**, a number of investment managers are utilized within each asset class, allowing the portfolio to achieve broad market exposure while minimizing overall risk. The Board will continue to: conduct quarterly reviews of portfolio performance, annual reviews of investment managers and revisit the asset allocation policy and related statutes to ensure assets are managed in accordance with the following objectives:

1. Ensuring payment of all benefit and expense obligations when due.
2. Maximizing expected return within reasonable and prudent risk levels.
3. Maximizing the probability of achieving the actuarial rate of return assumption.
4. Controlling costs of administering GGRF and managing the investments.

In the **DC Plan**, investments include core mutual funds and target date funds. The core mutual funds allow members to create their own portfolios based on the type of investments that best fit their time horizon, risk tolerance and investment goals. The Board will also continue to conduct quarterly reviews of the DC Plan investment portfolio performance and rebalance as needed.

The Plans have weathered periods of market volatility and uncertainty in the past. Since the portfolio's inception, the Plans have endured and survived extreme market events stemming from terrorists' attacks and global financial crisis. The Board will continue to manage the Plans in the same disciplined manner as it has in the past.

Stability. Security. Rewards.

We are committed to keeping you informed about your retirement plan.

We would like to hear from you... Do you like this report or believe it should include different / additional information? Please contact GGRF through our website www.ggrf.com, by telephone at (671) 475-8900, or by fax at (671) 475-8922. More information is available on our website.

Fiscal Year 2024