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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.*

A Report to Our Members

For Fiscal Year 2022

Issued October 2023

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 Contributions and earnings are tax-deferred until money is withdrawn.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)* became effective January 1, 2018. The 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.

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.

The Fund is accounted for as a blended component unit, fiduciary fund type, pension trust fund of the Government of Guam.

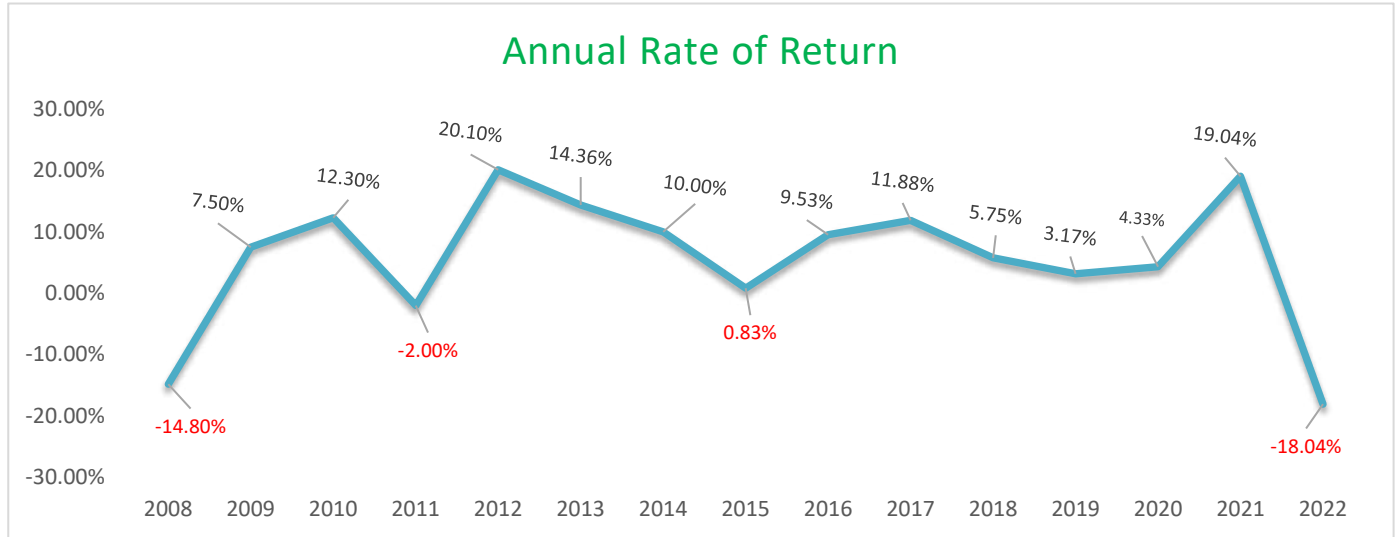
Participation Count

	FY 2022	FY 2021
Participant Counts - DB Plan		
Active – DB Members	1,031	1,215
Active – DB 1.75 Members	2,662	2,763
Retirees – DB Members	7,435	7,440
Retirees – DB 1.75 Members	276	197
TOTAL ACTIVES & RETIREES	11,404	11,615
Inactive and Terminated Members with Accumulated Contributions	3,022	3,113
TOTAL MEMBERSHIP	14,426	14,728
Participant Counts - DC Plan		
Active – DC Members	7,571	7,070
Inactive (Non-Contributing) Members with Account Balances	7,945	7,523
TOTAL MEMBERSHIP	15,516	14,593

How We Have Progressed

Defined Benefit Plan

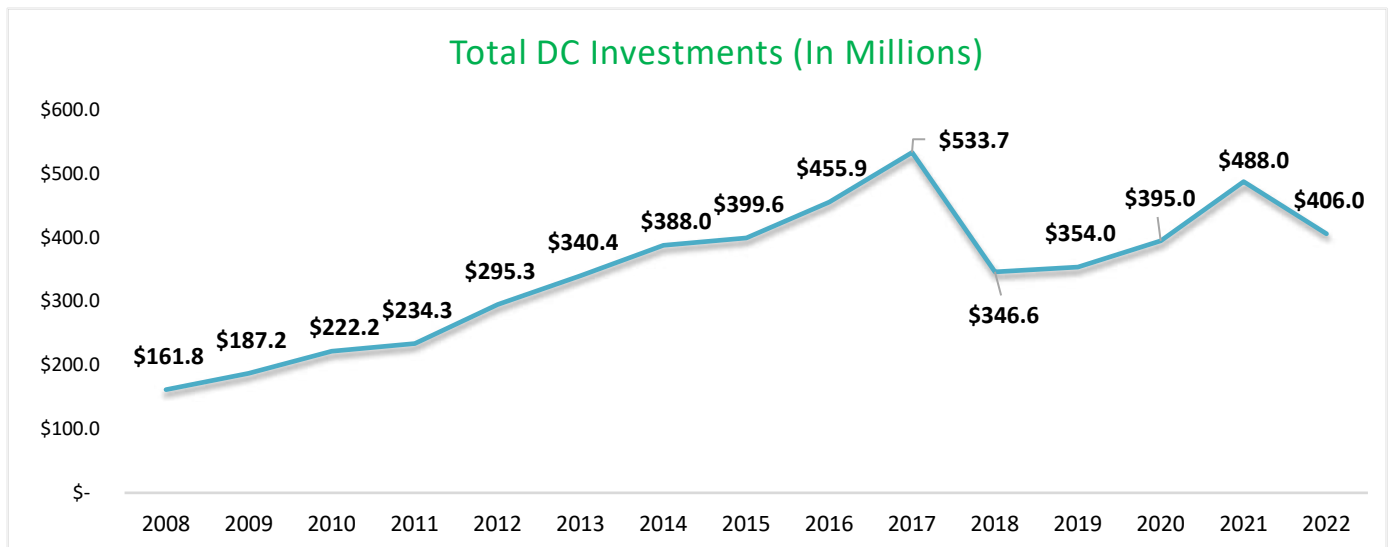
For 2022, the **DB Plan** investment portfolio posted a negative return of -18.04%, compared to 2021's return of 19.04%.



GGRF investment returns averaged 7.48% percent from 1995 through 2022. Over that period, there have been four years with negative returns. The 2022 decrease in the **DB Plan** investments was due largely to market fluctuations.

Defined Contribution Plan

For 2022, the **DC Plan** investment portfolio totaled \$406 million, compared to \$488 million in 2021.



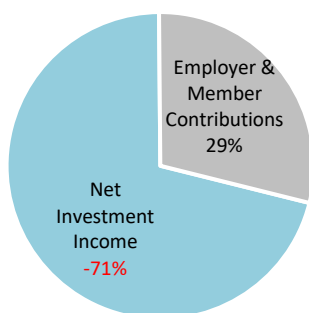
The DC Plan investments decreased by \$82 million or 16.8% from the 2021 total due largely to market fluctuations. The decrease in investments resulted in a corresponding reduction in **DC Plan** net position of \$84 million in 2022.

Income & Expense

Defined Benefit Plan

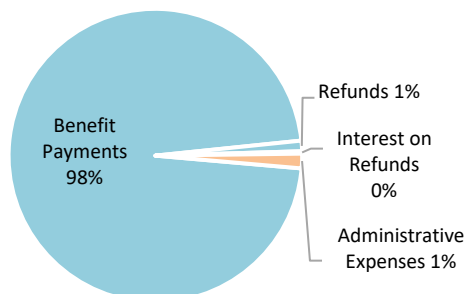
DB Contributions and Net Investment Income

FY 2022



DB Expense

FY 2022

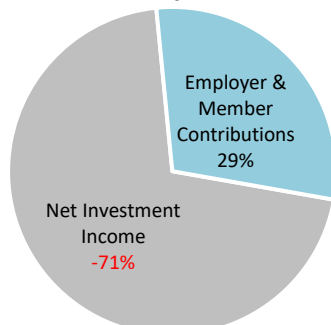


	2022	2021
Net Appreciation in Fair Value of Investments	(427,351,840)	\$340,457,123
Interest, Dividends & Other		
Investment Income	41,156,659	36,555,180
Less Investment Expenses	(5,522,446)	(5,441,584)
Net Investment Income	(391,717,627)	371,570,719
Employer & Member Contributions	160,177,040	144,667,191
Total Additions	(231,540,587)	516,237,910
Benefit Payments	248,745,287	241,590,111
Refunds	2,155,285	1,940,106
Interest on Refunds	475,244	630,421
Administrative Expenses	2,994,556	3,430,084
Total Deductions	254,370,372	247,590,722
Net Increase (Decrease) in Net Assets	(485,910,959)	268,647,188

Defined Contribution Plan

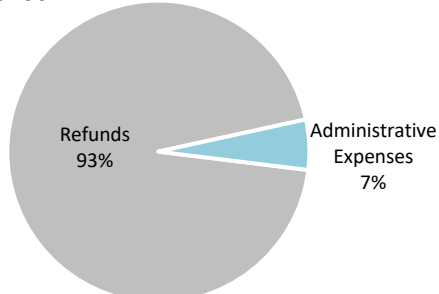
DC Contributions and Net Investment Income

FY 2022



DC Expense

FY 2022



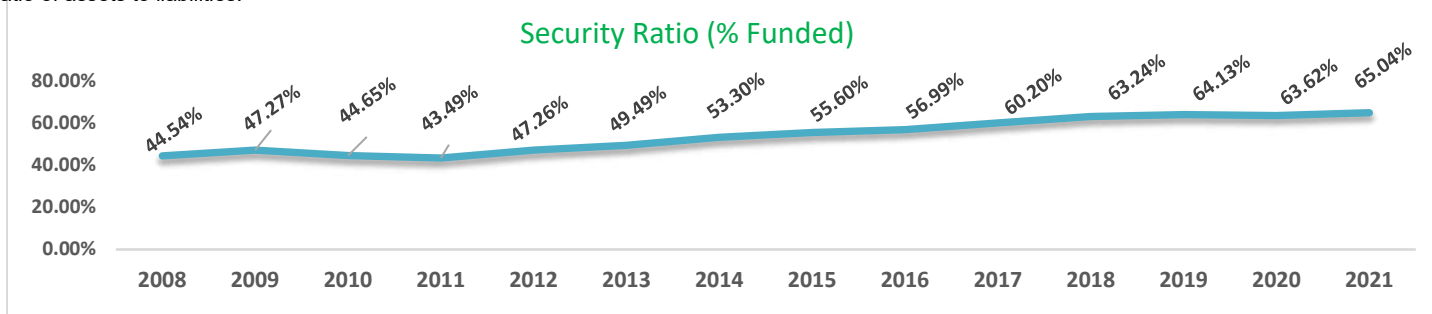
	2022	2021
Net Appreciation in Fair Value of Investments	(115,508,532)	73,609,791
Interest, Dividends & Other		
Investment Income	23,859,379	14,195,417
Less Investment Expenses	145,178	(139,594)
Net Investment Income	(91,794,331)	87,665,614
Employer & Member Contributions	38,116,201	36,197,632
Total Additions	(53,678,130)	123,863,246
Refunds	28,205,191	28,972,455
Administrative Expenses	2,142,711	2,235,920
Total Deductions	30,347,902	31,208,375
Net (Decrease) Increase in Net Assets	(84,026,032)	92,654,871

Independent Audit

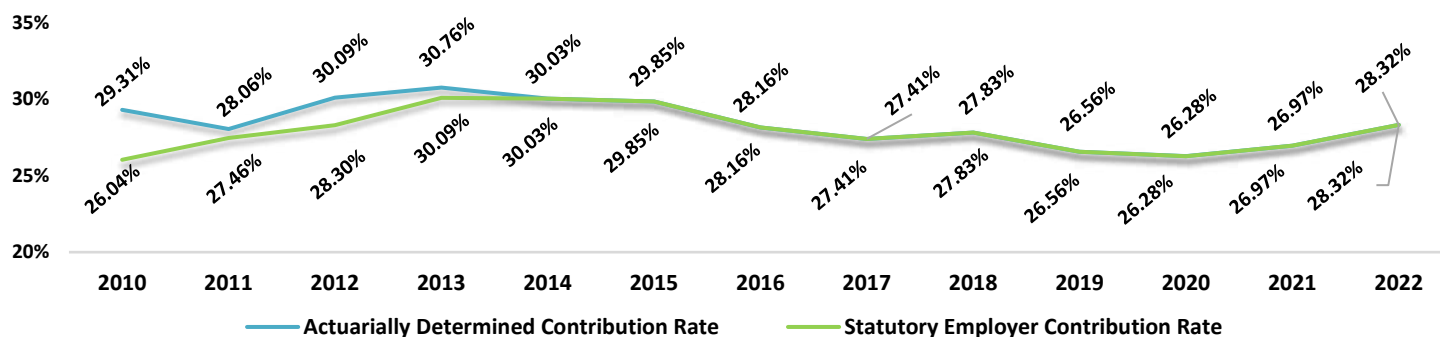
An independent audit was conducted, resulting in a clean audit opinion. Complete financial information can be found at our website: www.ggrf.com

Defined Benefit Plan – Unfunded Liability & Security Ratio

The unfunded liability has grown from \$552 million at September 30, 1995 to \$1.14 billion at September 30, 2021. This represents a decrease in the security ratio, from 66.5% in 1997 to 65.04% in 2021, and an increase in the unfunded liability ratio from 33.5% in 1995 to 34.96% in 2021. The security ratio is the ratio of assets to liabilities.



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 2022 are reflected below.



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.

On December 27, 2022, Public Law 36-130 was enacted into law and will be implemented effective January 1, 2024. It allows current DC plan members to elect to transfer to the DB 1.75 plan during the election period of June 1, 2023 to December 31, 2023. It also gives new employees hired the option to choose between the DC plan and the DB 1.75 plan.