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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.

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 Contributions and earnings are **tax-deferred** until money is withdrawn.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.

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

Board of Trustees

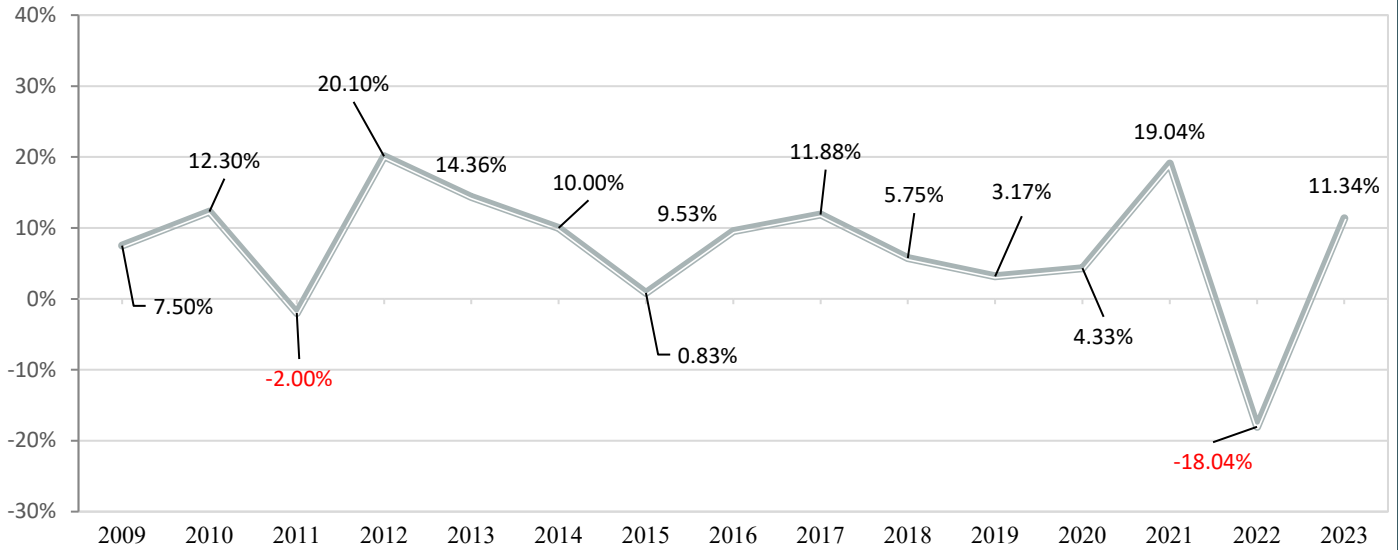
The Retirement Fund Board of Trustees (the “Board”) is responsible for the general administration and proper operation of the Fund. With the passage of Public Law 27-43, effective November 14, 2003 the Board consists of seven members. Three are appointed by the Governor with the advice and consent of 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	FY 2023	FY 2022
DB PLAN and DB 1.75 PLAN MEMBERS			
Active		3,447	3,693
Retired		7,364	7,435
TOTAL ACTIVES & RETIREES		10,811	11,128
Inactive and Terminated Members with Accumulated Contributions		2,998	3,022
TOTAL MEMBERSHIP		13,809	14,150
DC PLAN MEMBERS			
Active		7,697	7,571
Inactive Members with Account Balances		8,360	7,945
TOTAL MEMBERSHIP		16,057	15,516

DEFINED BENEFIT PLAN

For 2023, the **DB Plan** investment portfolio posted a return of 11.34%, compared to 2022's negative return of 18.04%. The 2023 increase is due largely to market fluctuations.

Annual Rate of Return - By Fiscal Year

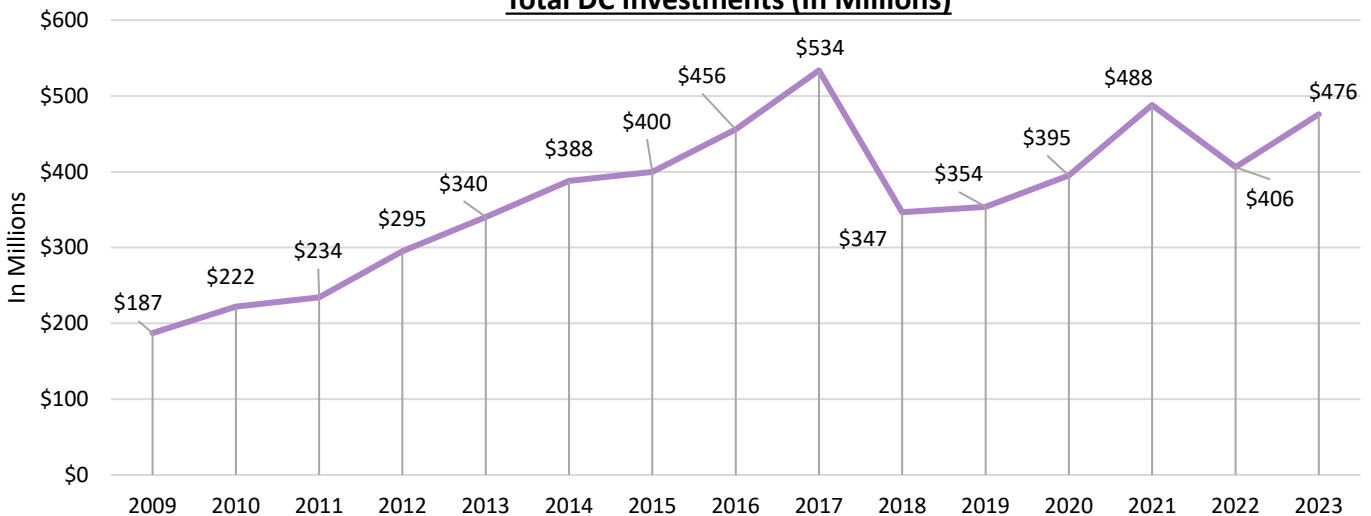


The DB Plan investment returns averaged 7.61% from 1995 through 2023. Over that period there have been four years with negative returns.

DEFINED CONTRIBUTION PLAN

For 2023, the **DC Plan** investments totaled \$476 million compared to \$406 million in 2022.

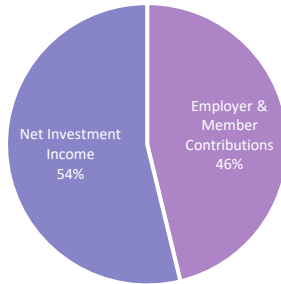
Total DC Investments (In Millions)



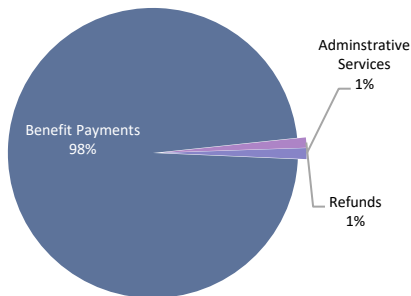
The DC Plan investments increased by \$70M or 17.2% from \$406M in 2022. These increases are due largely to market fluctuations.

DEFINED BENEFIT PLAN

DB Contributions & Net Investment Income FY 2023



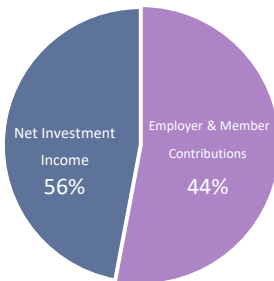
DB Expense FY 2023



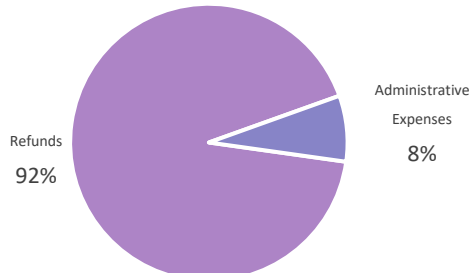
	2023	2022
Net Appreciation (Depreciation) in Fair Value of Investments	\$166,394,961	\$(427,351,840)
Interest, Dividends & Other Investment Income	39,056,549	41,156,659
Less Investment Expenses	<u>(5,313,438)</u>	<u>(5,522,446)</u>
Net Investment Income	200,138,072	(391,717,627)
Employer & Member Contributions	171,954,439	160,177,040
Total Additions	\$372,092,511	\$(231,540,587)
Benefit Payments	\$253,023,271	\$248,745,287
Refunds	2,945,758	2,155,285
Interest on Refunds	228,123	475,244
Administrative Fees	3,153,721	2,994,556
Total Deductions	259,350,873	254,370,372
Net Increase (Decrease) in Net Assets	\$112,741,638	\$(485,910,959)

DEFINED CONTRIBUTION PLAN

DC Contributions & Net Investment Income FY 2023



DC Expense FY 2023



	2023	2022
Net Appreciation (Depreciation) in Fair Value of Investments	\$39,063,687	\$(115,508,532)
Interest, Dividends & Other Investment Income	16,452,896	23,859,379
Less Investment Expenses	<u>(230,985)</u>	<u>(145,178)</u>
Net Investment Income	55,285,598	(91,794,331)
Employer & Member Contributions	44,009,501	38,116,201
Total Additions	99,295,099	(53,678,130)
Refunds	27,751,980	28,205,191
Administrative Expenses	2,312,873	2,142,711
Total Deductions	30,064,853	30,347,902
Net Increase (Decrease) in Net Assets	\$69,230,246	\$(84,026,032)

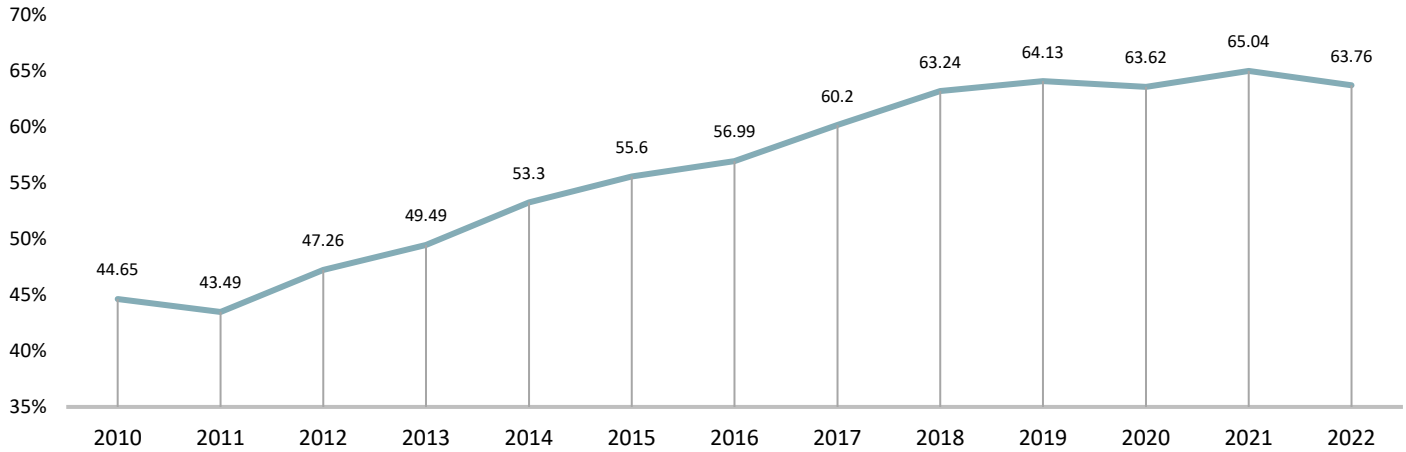
Independent Audit

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

DEFINED BENEFIT PLAN - UNFUNDED LIABILITY/SECURITY RATIO

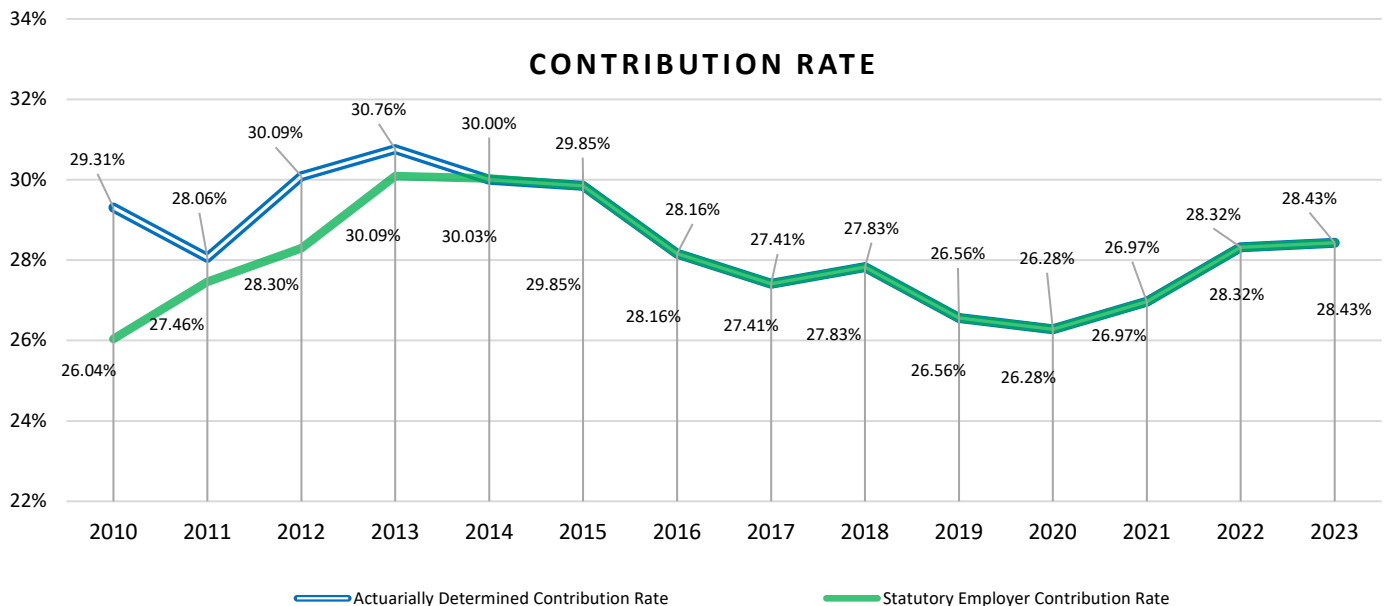
The unfunded liability is the present value of future benefits payable that are not covered by the actuarial value of assets as of the valuation date. The unfunded liability increased from \$552 million (at September 30, 1995) to \$1.17 billion (based on the 2022 actuarial valuation). This represents a decrease in the security ratio, from 66.5% in 1997 to 63.76% in 2022, and an increase in the unfunded liability ratio from 33.5% in 1995 to 36.24% in 2022. 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 2023 are reflected below.

CONTRIBUTION RATE



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.

Reopening of the DB 1.75 Plan on December 27, 2022, Public Law 36-130 was signed into Law. The Law provides that:

- All employees who were members of the DC Plan at any time between June 1, 2023 and December 31, 2023, were eligible to elect to become DB 1.75 Plan members effective January 1, 2024.
- All new employees whose employment commences on or after January 1, 2024, may elect to become DB 1.75 members.
- The DB 1.75 Plan service retirement amount is increased from 1.75% to 2.75% for service after 25 years. The maximum benefit remains at 85%.
- Effective January 1, 2024, active public safety and law enforcement officers of the DB 1.75 Plan will be eligible for unreduced service retirement after reaching age 55 with 25 years of service or age 57 with 5 years of service.

A total of 2,028 DC Plan members elected to transfer to the DB 1.75 Plan effective January 1, 2024.

During January and February 2024, approximately \$134M was transferred from the DC Plan to the DB 1.75 Plan. This represented employee and employer contributions for the 2,028 employees who transferred to DB 1.75 effective January 1, 2024.

AGENCY	TOTAL
Government of Guam General Fund	751
Guam Department of Education	418
Guam Memorial Hospital Authority	239
Judiciary of Guam	120
University of Guam	103
Port Authority of Guam	94
Guam Power Authority	70
Guam International Airport Authority	66
Guam Housing & Urban Renewal Authority	45
Guam Waterworks Authority	41
Guam Community College	27
Guam Economic Development Authority	13
Guam Legislature	13
Govt of Guam Retirement Fund	12
Public Defender Service Corporation	8
Guam Visitors Bureau	6
Guam Housing Corporation	2
TOTAL ELECTIONS	2,028

The table above reflects the total **member elections by agency**. Agencies must ensure that contributions are remitted accordingly effective with pay period ended January 13, 2024.