


I Mina'trentai Sais Na Liheslaturan Guåhan  
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
346-36 (LS)	Jose "Pedo" Terlaje Tina Rose Muña Barnes Joe S. San Agustin Clynton E. Ridgell Telena Cruz Nelson James C. Moylan Frank Blas Jr. V. Anthony Ada	AN ACT TO AMEND §§ 8502 AND 8503, OF ARTICLE 5, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT 1.75 RETIREMENT SYSTEM.	10/21/22 4:30 p.m.						

***I MINA'TRENTAI SAIS NA LIHESLATURAN GUÅHAN***  
**2022 (SECOND) Regular Session**

**Bill No. 346-36 (LS)**

Introduced by:

Jose “Pedro” Terlaje 

Tina Rose Muña Barnes 

Joe S. San Agustin 

Clynton E. Ridgell 

Telena C. Nelson 

James C. Moylan 

Frank Blas, Jr. 

V. Anthony Ada 

**AN ACT TO *AMEND* §§ 8502 AND 8503, OF ARTICLE 5,  
CHAPTER 8, TITLE 4 OF THE GUAM CODE  
ANNOTATED RELATIVE TO THE DEFINED BENEFIT  
1.75 RETIREMENT SYSTEM.**

**BE IT ENACTED BY THE PEOPLE OF GUAM:**

**Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that the Defined Benefit 1.75 Retirement System of the Government of Guam Retirement Fund (the DB 1.75 Plan) was established in 2016 to be comprised of membership under the Guam Retirement Fund established under Article 1, Chapter, 8, Title 4 of the Guam Code Annotated (the DB Plan), and the Deferred Compensation Program established under Article 3, Chapter 8, Title 4 of the Guam Code Annotated. The DB 1.75 Plan, established under Article 5, Chapter 8, Title 4 of the Guam Code Annotated, became effective in 2018 as the retirement program (not a separate fund or trust) for government of Guam employees in the Defined

1 Contribution Retirement System, established under Article 2, Chapter 8, Title 4 of  
2 the Guam Code Annotated (the DC Plan) to transfer to the DB 1.75 Plan upon timely  
3 election.

4 *I Liheslaturan Guåhan* further finds that as of September 30, 2021, there were  
5 7,070 active members in the Defined Contribution Plan, 1,226 active members in  
6 the Defined Benefit Plan, and 2,994 active members in the DB 1.75 Plan. *I*  
7 *Liheslaturan Guåhan* further finds that newly hired government of Guam employees  
8 and certain active DC Plan members would benefit from another opportunity to  
9 timely elect to participate as Defined Benefit 1.75 Plan members.

10 *I Liheslaturan Guåhan* further finds that uniformed personnel (as defined in  
11 Section 8104(p), Title 4 of the Guam Code Annotated) employed by the government  
12 of Guam have shorter life expectancies than other government employees, yet DB  
13 1.75 Plan members face the same requirements for age and length of service to  
14 qualify for retirement. *I Liheslaturan Guåhan* finds that approximately 95% of states  
15 and other U.S. territories provide for lower ages and shorter lengths of service for  
16 Law Enforcement Officers to qualify to retire with full (unreduced) benefits.

17 At the request of the Committee on Public Safety of *I Liheslatura*, the  
18 Government of Guam Retirement Fund (GGRF) commissioned an actuarial study to  
19 determine the financial impact on the Government of Guam's unfunded liability and  
20 the government of Guam's employer contribution rate arising from changes to the  
21 law to allow (a) new employees and active Defined Contribution Plan participants  
22 to transfer to the DB 1.75 Plan and (b) DB 1.75 Plan members who are uniformed  
23 personnel to be eligible for full retirement benefits at age 55 with 25 years of service  
24 or at age 57 with 5 years of service.

25 *I Liheslaturan Guåhan* further finds that, subject to the caveats and limitations  
26 in the actuarial study, the estimated cost to the government of Guam for enacting the

1 amendments in this Act would increase the unfunded actuarial accrued liability by  
2 0.09%, and increase the employer contribution rate by 0.04%.

3 Based on these findings, *I Liheslaturan Guåhan* intends to amend Sections  
4 8502 - 8503 to allow active Defined Contribution Plan participants with the  
5 opportunity to transfer to the DB 1.75 Plan during a designated transfer period, and  
6 to amend Section 8503 to provide law enforcement officers with lower age and  
7 length of service requirements for retirement with full (unreduced benefits).

8 **Section 2.** § 8502, Article 5, Chapter 8, Title 4 of the Guam Code  
9 Annotated, is hereby *amended* by adding the following paragraph at the end of §  
10 8502(b)(1), Paragraph (A):

11 “(A) All new employees whose employment commences between  
12 April 1, 2017 and December 31, 2017, inclusive, and who satisfy the  
13 eligibility requirements for membership under §§ 8105 and 8106, may elect  
14 to participate in the Retirement Fund as “Defined Benefit 1.75 Plan members”  
15 in accordance with such eligibility requirements. No additional new  
16 employees shall be admitted to the Existing Retirement System on or after  
17 January 1, 2018, except as provided hereunder or provided from time to time  
18 under the Existing Retirement System.

19 Further, all new employees whose employment commences on or after  
20 January 1, 2024, and who satisfy the eligibility requirements for membership  
21 under §§ 8105 and 8106, may elect to participate in the Retirement Fund as  
22 Defined Benefit 1.75 Plan members in accordance with such eligibility  
23 requirements, by making the appropriate election with the Defined Benefit  
24 1.75 Retirement System in the form and manner as determined by the Board  
25 during the election period commencing on an employee's date of employment  
26 and ending one month thereafter. Employees who elect to participate in the  
27 Retirement Fund as Defined Benefit 1.75 Plan members pursuant to §

1       8502(b)(1) may not change such election and shall not be eligible to be a  
2       member of the Defined Contribution System.

3       **Section 3.** § 8502, Article 5, Chapter 8, Title 4 of the Guam Code  
4       Annotated, is hereby *amended* by adding the following paragraph at the end of §  
5       8502(b)(1), Paragraph (C):

6               “(C) Except for those members who elect to participate in the Defined  
7       Benefit 1.75 Retirement System pursuant to § 8502(b)(2), any new employee  
8       hired after January 1, 2018 and who elects to participate in the Defined  
9       Contribution Retirement System and current members of the Defined  
10       Contribution System whose employment continues beyond December 31,  
11       2017, shall continue to contribute and participate in the Defined Contribution  
12       System without change in provisions or benefits, except as provided from time  
13       to time under the Defined Contribution System.

14               Further, any new employee who commences employment on or after  
15       January 1, 2024, and who does not elect to participate in the Retirement Fund  
16       as a Defined Benefit 1.75 Plan member pursuant to § 8502(b)(1), shall  
17       contribute and participate in the Defined Contribution System, except as  
18       provided from time to time under the Defined Contribution System.

19       **Section 4.** § 8502, Article 5, Chapter 8, Title 4 of the Guam Code Annotated,  
20       is hereby *amended* by adding the following paragraph at the end of § 8502(b)(2):

21               “(2) Defined Benefit 1.75 Plan Election by Current Employees in  
22       Defined Contribution System. All employees who are members in the Defined  
23       Contribution System on March 31, 2017 shall be eligible to elect on a  
24       voluntary basis to become Defined Benefit 1.75 Plan members effective as of  
25       January 1, 2018, and to terminate active participation in the Defined  
26       Contribution System as of such date, by making the appropriate election with  
27       the Defined Benefit 1.75 Retirement System in the form and manner as

1 determined by the Board during the election period commencing on April 1,  
2 2017 and ending on September 30, 2017. After having made such election to  
3 become a Defined Benefit 1.75 Plan member, the member may not change  
4 such election or again become an active member of the Defined Contribution  
5 System. The failure to make such election shall be deemed to constitute an  
6 election by the member to remain as an active member under the Defined  
7 Contribution System. Such election shall not apply to members in the Defined  
8 Contribution System who have retired or otherwise terminated employment  
9 from government service and who are not employed by the government of  
10 Guam at the time of the election and as of the January 1, 2018, effective date  
11 of participation in the Defined Benefit 1.75 Plan.

12 Further, all employees who are members in the Defined Contribution  
13 System at any time between June 1, 2023, and December 31, 2023, inclusive,  
14 shall be eligible to elect on a voluntary basis to become Defined Benefit 1.75  
15 Plan members effective as of January 1, 2024, and to terminate active  
16 participation in the Defined Contribution System as of such date, by making  
17 the appropriate election with the Defined Benefit 1.75 Retirement System in  
18 the form and manner as determined by the Board during the election period  
19 commencing on June 1, 2023, and ending on December 31, 2023 (or January  
20 31, 2024, for members who commenced employment during the month of  
21 December 2023). After having made such election to become a Defined  
22 Benefit 1.75 Plan member, the member may not change such election or again  
23 become an active member of the Defined Contribution System. The failure to  
24 make such election shall be deemed to constitute an election by the member  
25 to remain as an active member under the Defined Contribution System. Such  
26 election shall not apply to members in the Defined Contribution System who  
27 have retired or otherwise terminated employment from government service

1 and who are not employed by the government of Guam at the time of the  
2 election and as of the January 1, 2024, effective date of participation in the  
3 Defined Benefit 1.75 Plan.

4 **Section 5.** § 8502, Article 5, Chapter 8, Title 4 of the Guam Code  
5 Annotated, is hereby *amended* by adding the following new paragraph immediately  
6 following § 8502(b)(4)(B)(iii):

7 (B) Further, if such a member is reemployed between October 1,  
8 2017 and December 31, 2017, inclusive:

9 (i) the member shall be eligible to elect on a voluntary basis  
10 to become a member of the Defined Benefit 1.75 Plan if such member  
11 otherwise meets the eligibility requirements for membership under §§  
12 8105 and 8106;

13 (ii) the election period for such election shall be the thirty (30)  
14 day period beginning on the date of reemployment, and the effective  
15 date of the member's membership in the Defined Benefit 1.75 Plan  
16 shall be the date of reemployment; and

17 (iii) the member's account under the Defined Contribution  
18 System shall not be subject to transfer to the Retirement Fund.

19 Further, for any employee who is a member maintaining an interest in  
20 the Defined Contribution System, who leaves government service and who is  
21 later reemployed by the government of Guam between June 1, 2023, and  
22 December 31, 2023, inclusive:

23 (A) the member shall be eligible to elect on a voluntary basis  
24 to become a member of the Defined Benefit 1.75 Plan if such member  
25 otherwise meets the eligibility requirements for membership under §§  
26 8105 and 8106;

27 (B) the election period for this election shall be the period

1 commencing on June 1, 2023, and ending on December 31, 2023 (or  
2 January 31, 2024, for members reemployed during the month of  
3 December 2023), and the effective date of the member's membership  
4 in the Defined Benefit 1.75 Plan shall be January 1, 2024; and

5 (C) the member's account under the Defined Contribution  
6 System shall be subject to transfer to the Defined Benefit 1.75  
7 Retirement System in accordance with §§ 8503(d)(2) and 8504.”

8 **Section 6.** § 8503, Article 5, Chapter 8, Title 4 of the Guam Code  
9 Annotated, is hereby *amended* by revising § 8503(a)(1) to read as follows (additions  
10 are underscored):

11 “(1) an amount equal to one and seventy-five hundredths percent  
12 (1.75%) of average annual salary for each year of credited service, however,  
13 for a Defined Benefit 1.75 Plan member who is an active employee on or after  
14 January 1, 2024, the basic retirement annuity shall be an amount equal to one  
15 and seventy-five hundredths percent (1.75%) of average annual salary for  
16 each year of credited service, up to twenty-five (25) years of credited service,  
17 plus two and seventy-five hundredths percent (2.75%) of average annual  
18 salary for each additional year of credited service in excess of twenty-five (25)  
19 years of credited service, up to fifteen (15) years of additional credited  
20 service;”

21 **Section 7.** § 8503, Article 5, Chapter 8, Title 4 of the Guam Code  
22 Annotated, is hereby *amended* by adding the following paragraph at the end of  
23 §8503(c):

24 “(c) Retirement. Notwithstanding the otherwise applicable retirement  
25 requirements under §§ 8119 through 8120.1 or other successor provisions, a  
26 Defined Benefit 1.75 Plan member may retire on a service retirement annuity  
27 under the Retirement Fund, upon written application to and approval by the



1 Board; provided that such member shall have attained at least sixty-two (62)  
2 years of age and has completed five (5) years of service. However, at the  
3 option of the Defined Benefit 1.75 Plan member, whether active or inactive,  
4 such member may retire after (1) attaining at least fifty-five (55) years of age  
5 and (2) completing twenty-five (25) years of service, in which case the  
6 retirement annuity for such member shall be reduced one half (1/2) of one  
7 percent (1%) for each month such member is under the age of sixty-two (62)  
8 years at such time of retirement, from the amount of the retirement annuity  
9 determined for such member as of his attainment of age sixty-two (62).

10 Notwithstanding the foregoing portion of this § 8503(c), and  
11 notwithstanding the otherwise applicable retirement requirements under §§  
12 8119 through 8120.1 or other successor provisions, a Defined Benefit 1.75  
13 Plan member who is a member of the uniformed personnel and who is an  
14 active employee on or after January 1, 2024, may retire on a service retirement  
15 annuity under the Retirement Fund, upon written application to and approval  
16 by the Board; provided that such member shall have either (1) attained at least  
17 fifty-five (55) years of age and completed twenty-five (25) years of service or  
18 (2) attained at least fifty-seven (57) years of age and completed five (5) years  
19 of service. The retirement annuity for such member shall not be subject to the  
20 reduction which is described in the preceding paragraph.

21 **Section 8.** § 8503, Article 5, Chapter 8, Title 4 of the Guam Code  
22 Annotated, is hereby *amended* by adding the following paragraph at the end of  
23 §8503(d)(1), Paragraph (A):

24 “(A) With respect to a member in the Defined Contribution System on  
25 March 31, 2017 who timely elects to be a member in the Defined Benefit 1.75  
26 Retirement System effective as of January 1, 2018, in accordance with the  
27 election procedures under §8502(b)(2), the member’s account balance under

1 the Defined Contribution System shall be transferred to the Defined Benefit  
2 1.75 Retirement System, in accordance with § 8504, effective as of January  
3 1, 2018.

4 (1) With respect to an employee who is a member in the  
5 Defined Contribution System between June 1, 2023, and December 31,  
6 2023, inclusive, who timely elects to be a member in the Defined  
7 Benefit 1.75 Retirement System effective as of January 1, 2024, in  
8 accordance with the election procedures under § 8502(b)(2), the  
9 member's account balance under the Defined Contribution System  
10 shall be transferred to the Defined Benefit 1.75 Retirement System, in  
11 accordance with § 8504, effective as of January 1, 2024."

12 **Section 9.** § 8503, Article 5, Chapter 8, Title 4 of the Guam Code  
13 Annotated, is hereby *amended* by adding the following paragraph at the end of §  
14 8503(d)(1), Paragraph (B):

15 “(B) Further, with respect to a member in the Defined Contribution  
16 System who is reemployed by the government of Guam during the period  
17 between April 1, 2017 and September 30, 2017, inclusive, and who becomes  
18 a member in the Defined Benefit 1.75 Retirement System effective as of  
19 January 1, 2018, in accordance with the election procedures under §  
20 8502(b)(4), the member's account balance under the Defined Contribution  
21 System shall be transferred to the Defined Benefit 1.75 Retirement System, in  
22 accordance with § 8504, effective as of January 1, 2018.

23 (1) Further, with respect to a member in the Defined  
24 Contribution System who is reemployed by the government of Guam  
25 during the period between June 1, 2023, and December 31, 2023,  
26 inclusive, and who becomes a member in the Defined Benefit 1.75  
27 Retirement System effective as of January 1, 2024, in accordance with

1           the election procedures under § 8502(b)(4), the member's account  
2           balance under the Defined Contribution System shall be transferred to  
3           the Defined Benefit 1.75 Retirement System, in accordance with  
4           § 8504, effective as of January 1, 2024."

5           **Section 10. Effective Date.** Except as expressly provided herein, this Act  
6 shall become effective upon enactment.

7           **Section 11. Severability.** If any provision of this Act or its application to any  
8 person or circumstance is held invalid, the invalidity shall not affect any other  
9 provision or applications of this Act which can be given effect without the invalid  
10 provision or application, and to this end the provisions of the Act are severable.