



FILE COPY

***I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN***  
THIRTY THIRD GUAM LEGISLATURE  
155 Hesler Place, Hagåtña, Guam 96910

September 14, 2016

The Honorable Edward J.B. Calvo  
*I Maga'låhen Guåhan*  
*Ufisinan I Maga'låhi*  
*Hagåtña, Guam*

Dear *Maga'låhi* Calvo:

Transmitted herewith is Substitute Bill No. 2-33 (LS), which was overridden by *I Mina'Trentai Tres Na Liheslaturan Guåhan* on September 14, 2016, notwithstanding your veto.

Sincerely,

TINA ROSE MUÑA BARNES  
Legislative Secretary

Enclosure (1)

OFFICE OF THE GOVERNOR  
CENTRAL FILES

RECEIVED BY \_\_\_\_\_  
TIME 3:00 pm DATE 14 SEPT 16

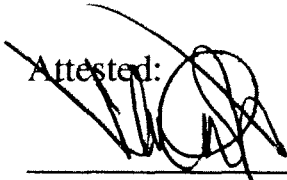
I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN  
2016 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LÅHEN GUÅHAN

This is to certify that Substitute Bill No. 2-33 (LS), "AN ACT TO ADD A NEW ARTICLE 5 TO CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED RELATIVE TO CREATING A NEW "DEFINED BENEFIT 1.75" RETIREMENT SYSTEM; AND TO CREATING A NEW CASH BALANCE PLAN ("GUAM RETIREMENT SECURITY PLAN") AS ALTERNATIVES TO THE DEFINED CONTRIBUTION RETIREMENT SYSTEM UPON TIMELY ELECTION IN ACCORDANCE WITH REGULATIONS TO BE PROMULGATED; TO AMEND §§ 8208 AND 8209(a) OF ARTICLE 2, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE DEFINED CONTRIBUTION RETIREMENT SYSTEM MEMBER AND EMPLOYER CONTRIBUTIONS TO SIX AND TWO TENTHS PERCENT (6.2%); AND TO AMEND § 8137(B), ARTICLE 1, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE AMORTIZATION PERIOD OF THE UNFUNDED LIABILITY FOR PRIOR SERVICE," was reconsidered by *I Liheslaturan Guåhan* and after such consideration, did agree, on the 14<sup>th</sup> day of September 2016, to pass said bill notwithstanding the veto of *I Maga'låhen Guåhan* by a vote of eleven (11) members.

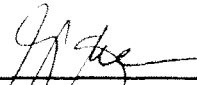


Judith T. Won Pat, Ed.D.  
Speaker

Attested: 

Tina Rose Muña Barnes  
Legislative Secretary

This Act was received by *I Maga'låhen Guåhan* this 14<sup>th</sup> day of SEPT,  
2016, at 3:00 P o'clock P.m.

  
Assistant Staff Officer  
*Maga'låhi's* Office

OFFICE OF THE GOVERNOR  
CENTRAL FILES

Public Law No. \_\_\_\_\_

RECEIVED BY \_\_\_\_\_  
TIME \_\_\_\_\_ DATE 14 SEPT 16

***I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN***  
**2015 (FIRST) Regular Session**

**Bill No. 2-33 (LS)**

As substituted by the Committee on Appropriations  
and Adjudication; amended in the Committee of the Whole;  
and further amended on the Floor.

Introduced by:

B. J. F. Cruz  
Michael F.Q. San Nicolas  
T. C. Ada  
V. Anthony Ada  
FRANK B. AGUON, JR.  
Frank F. Blas, Jr.  
James V. Espaldon  
Brant T. McCreadie  
Tommy Morrison  
T. R. Muña Barnes  
R. J. Respicio  
Dennis G. Rodriguez, Jr.  
Mary Camacho Torres  
N. B. Underwood, Ph.D.  
Judith T. Won Pat, Ed.D.

**AN ACT TO ADD A NEW ARTICLE 5 TO CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED RELATIVE TO CREATING A NEW "DEFINED BENEFIT 1.75" RETIREMENT SYSTEM; AND TO CREATING A NEW CASH BALANCE PLAN ("GUAM RETIREMENT SECURITY PLAN") AS ALTERNATIVES TO THE DEFINED CONTRIBUTION RETIREMENT SYSTEM UPON TIMELY ELECTION IN ACCORDANCE WITH REGULATIONS TO BE PROMULGATED; TO AMEND §§ 8208 AND 8209(a) OF ARTICLE 2, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCREASING THE DEFINED CONTRIBUTION RETIREMENT SYSTEM MEMBER AND EMPLOYER CONTRIBUTIONS TO SIX AND TWO TENTHS PERCENT (6.2%); AND TO AMEND §**

**8137(B), ARTICLE 1, CHAPTER 8, TITLE 4, GUAM CODE  
ANNOTATED, RELATIVE TO EXTENDING THE  
AMORTIZATION PERIOD OF THE UNFUNDED  
LIABILITY FOR PRIOR SERVICE.**

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

**Section 1. Legislative Findings and Intent.** *I Mina'Trentai Tres Na Liheslaturan Guåhan* finds that there are three (3) separate retirement plans generally available to government of Guam employees: (a) employees employed on or before September 30, 1995 were required to become members of the Retirement Fund (Defined Benefit Plan) under Article 1, Chapter 8, Title 4 of the Guam Code Annotated; (b) employees employed after September 30, 1995 were and remain required to become participants in the Defined Contribution Retirement System under Article 2, Chapter 8, Title 4 of the Guam Code Annotated; and (c) all employees, except those participating in a government of Guam sponsored plan under Section 403(b) of the Internal Revenue Code, may voluntarily participate in the Deferred Compensation Program under Article 3, Chapter 8, Title 4 of the Guam Code Annotated.

*I Mina'Trentai Tres Na Liheslaturan Guåhan* further finds that the Defined Contribution Retirement System was established in 1995 amid concerns and findings by the Twenty-Third Guam Legislature that:

(a) The Actuarial Valuation of the Retirement [Defined Benefit] Plan prepared by Deloitte & Touche as of September 30, 1993, expressed concern that benefit levels are rather excessive in comparison to most other government retirement systems.

(b) Benefit levels and retirement policy should be reviewed and benefit levels should be adjusted in order to address specific inequities, excessiveness, and desired policy objectives.

1 (c) In establishing benefits for a new plan, generally accepted  
2 retirement income levels standards should be observed and the details of any  
3 new plan must be considered thoroughly and a comprehensive education and  
4 implementation plan must be developed.

5 Public Law 23-42:1.

6 *I Mina'Trentai Tres Na Liheslaturan Guåhan* has continued to review benefit  
7 levels and retirement policy in light of retirements of participants in the Defined  
8 Contribution Retirement System, as well as the Defined Benefit Plan. The review  
9 by *I Mina'Trentai Tres Na Liheslaturan Guåhan* involved consideration of a  
10 comprehensive and detailed study by Milliman, Inc. of alternative retirement plans  
11 and arrangements, based upon the Actuarial Valuation under the Defined Benefit  
12 Plan as of September 30, 2008, and updated through September 30, 2014. The  
13 alternatives, which included cost comparisons between Social Security, the Defined  
14 Contribution Retirement System, Social Security plus the Defined Contribution  
15 Retirement System, and the Defined Benefit 1.75 Plan (formerly known as the  
16 Hybrid Plan) herein, were prepared as part of an analysis of funding requirements  
17 and retirement benefit levels of participants in the Defined Contribution Retirement  
18 System and future government of Guam employees.

19 *I Mina'Trentai Tres Na Liheslaturan Guåhan* finds that an alternative  
20 retirement program that combines a defined benefit “floor” of benefits, along with a  
21 mandatory salary reduction deferred compensation program, is necessary to provide  
22 a reasonable opportunity for current government employees to maintain their  
23 standards of living in retirement, while also balancing the government’s budgetary  
24 needs and obligations to active and retired government employees and their  
25 survivors. *I Mina'Trentai Tres Na Liheslaturan Guåhan* finds that this combination  
26 of benefits under an alternative “Defined Benefit 1.75 Retirement System” is  
27 reasonable and prudent to balance the needs of government employees as well as the

1 government as a whole.

2 *I Mina'Trentai Tres Na Liheslaturan Guåhan* intends to establish a new  
3 “Defined Benefit 1.75 Retirement System” to be comprised of participation in: (1)  
4 the preexisting Retirement Fund that *shall* provide for an unreduced retirement  
5 defined benefit equal to one and seventy-five hundredths percent (1.75%) of an  
6 employee’s average annual salary for each year of credited service at retirement age  
7 62; and (2) the preexisting Deferred Compensation Program providing for a  
8 mandatory pre-tax salary reduction contribution equal to one percent (1%) of a  
9 member’s base salary.

10 *I Mina'Trentai Tres Na Liheslaturan Guåhan* further intends to create and  
11 establish an alternative new retirement plan to provide for the secure, fair, and  
12 orderly retirement of the personnel of the government of Guam. The new retirement  
13 plan is intended to be a tax-qualified cash balance plan to be known as the  
14 government of Guam Retirement Security Plan (GRSP) which *shall* constitute a  
15 body corporate and all business of the GRSP *shall* be established in the name of the  
16 government of Guam Retirement Security Plan. The Board of Trustees created  
17 pursuant to Article 1, Chapter 8, Title 4 of the Guam Code Annotated *shall*  
18 administer the government of Guam Retirement Security Plan. The Board of  
19 Trustees may sue and be sued, contract and be contracted with and conduct all the  
20 business of the GRSP in the name of the government of Guam Retirement Security  
21 Plan.

22 *I Mina'Trentai Tres Na Liheslaturan Guåhan* intends that beginning January  
23 1, 2018, the GRSP and the Defined Contribution Retirement System *shall* be the  
24 retirement programs for all new employees whose employment commences on or  
25 after that date. After January 1, 2018, all new employees *shall* be automatically  
26 enrolled into the GRSP but will have sixty (60) days from the date of hire to elect to  
27 participate in the Defined Contribution Retirement System.

1            *I Mina'Trentai Tres Na Liheslaturan Guåhan* further intends to allow  
2 participants with interests in the Defined Contribution Retirement System to timely  
3 elect to participate in, and in certain circumstances, transfer their account balances  
4 to, either the “Defined Benefit 1.75 Retirement System” or the GRSP, in accordance  
5 with the adoption of regulations promulgated by the Board of Trustees of the  
6 Retirement Fund pursuant to the Administrative Adjudication Act.

7            *I Mina'Trentai Tres Na Liheslaturan Guåhan* further intends that, effective  
8 January 1, 2018, members’ and employer contributions to members’ accounts in the  
9 Defined Contribution Retirement System *shall* be increased from five percent (5%)  
10 to six and two tenths percent (6.2%).

11            **Section 2. Summary of Key Provisions in New Defined Benefit 1.75**  
12 **Retirement System.** A new Article 5 as described in Section 3 of this Act *shall* be  
13 *added* to Title 4 (Public Officers and Employees), Chapter 8 (Retirement of Public  
14 Employees), of the Guam Code Annotated, to create a “Defined Benefit 1.75  
15 Retirement System” that is comprised of participation in the preexisting Retirement  
16 Fund and Deferred Compensation Program. Subsections A to E of this Section 2 are  
17 provided only as a convenient summary of the key provisions of the Defined Benefit  
18 1.75 Retirement System, and are not meant to be codified in Chapter 8, Title 4 of the  
19 Guam Code Annotated.

20            **A. Voluntary Participation in the Defined Benefit 1.75**  
21 **Retirement System**

22                    (1) New Employees  
23                    With limited exceptions, new employees whose employment  
24 commences between April 1, 2017 and December 31, 2017, inclusive,  
25 may elect, during the “Election Window” commencing on April 1, 2017  
26 and ending on December 31, 2017, to participate in the Defined Benefit  
27 1.75 Retirement System effective as of January 1, 2018.

1 (2) Former Employees Who Are Reemployed

2 (a) Reemployed employees who have retired under  
3 government of Guam sponsored plans are prohibited from  
4 participating in the Defined Benefit 1.75 Retirement System. All  
5 reemployed employees who retired under the Defined Benefit  
6 Plan, the Defined Contribution Retirement System, or the  
7 Defined Benefit 1.75 Retirement System are required to  
8 participate in the Defined Contribution Retirement System.

9 (b) Reemployed employees who were members of the  
10 Defined Benefit Plan and did not refund (withdraw) their  
11 employee contributions upon separation from service *shall*  
12 resume membership in the Defined Benefit Plan.

13 (c) Reemployed employees (prior to January 1, 2018)  
14 with interests in the Defined Contribution Retirement System  
15 *shall* participate in the Defined Contribution Retirement System,  
16 unless such eligible employees timely elect to participate in the  
17 Defined Benefit 1.75 Retirement System (and in some cases,  
18 transfer their account balances) under the following  
19 circumstances:

20 i. Such eligible employees who are reemployed  
21 prior September 30, 2017, may, during the “Election  
22 Window” commencing on April 1, 2017 and ending on  
23 September 30, 2017 (October 31, 2017 for reemployment  
24 commencing during the month of September 2017) elect  
25 to participate in the Defined Benefit 1.75 Retirement  
26 System, and transfer the required portion of their Defined  
27 Contribution Retirement System account balances to the



1 Retirement Fund for credited service effective as of  
2 January 1, 2018.

3 ii. Such eligible employees who are reemployed  
4 between October 1, 2017 and December 31, 2017,  
5 inclusive, may, within thirty (30) days of their  
6 reemployment, elect to participate in the Defined Benefit  
7 1.75 Retirement System effective as of January 1, 2018,  
8 but may not transfer their account balances in the Defined  
9 Contribution System to the Retirement Fund for credited  
10 service.

11 (3) Disabled Participants Receiving Ancillary Benefits Under  
12 Article 4

13 Disabled participants in the Defined Contribution Retirement  
14 System who are receiving pre-retirement disability benefits under Title  
15 4, Chapter 8, Article 4 of the Guam Code Annotated prior to December  
16 31, 2017, may, during the “Election Window” commencing on April 1,  
17 2017 and ending on December 31, 2017, elect to participate in the  
18 Defined Benefit 1.75 Retirement System, and transfer their account  
19 balance in the Defined Contribution Retirement System to the  
20 Retirement Fund for credited service, to be effective upon the later of  
21 (A) January 1, 2018, or (B) termination of their disability benefits in  
22 connection with their retirement or their reemployment with the  
23 government of Guam.

24 (4) Current Employees

25 Employees participating in the Defined Contribution Retirement  
26 System on March 31, 2017 may, during the Election Window”  
27 commencing April 1, 2017 and ending on September 30, 2017, elect to

1 participate in the Defined Benefit 1.75 Retirement System, and transfer  
2 the required portion of their Defined Contribution Retirement System  
3 account balances to the Retirement Fund thereunder, effective as of  
4 January 1, 2018. If the participant's account has been reduced by any  
5 withdrawal, the participant may repay the withdrawn amounts, plus  
6 interest, in order to reinstate full credited service under the Defined  
7 Benefit 1.75 Retirement System.

8 **B. Employee Contributions**

9 (1) Mandatory pre-tax employee contributions equal to nine  
10 and five tenths percent (9.5%) of the member's base salary *shall* be  
11 made to the Retirement Fund and subject to the management and  
12 administration of the Retirement Fund under Article 1, Chapter 8, Title  
13 4, of the Guam Code Annotated.

14 (2) Mandatory pre-tax employee contributions equal to one  
15 percent (1%) of the member's base salary *shall* be made to the Deferred  
16 Compensation Program under Article 3, Chapter 8, Title 4 of the Guam  
17 Code Annotated.

18 **C. Employer Contributions**

19 Employer contributions on behalf of members under the  
20 Retirement Fund *shall* be in accordance with applicable contribution  
21 requirements described in § 8137, Article 1, Chapter 8, Title 4 of the  
22 Guam Code Annotated.

23 **D. Member Retirement Benefits**

24 (1) The Retirement Fund *shall* provide a retirement annuity in  
25 an amount equal to one and seventy-five hundredths percent (1.75%)  
26 of a member's average annual salary (the average of the highest three  
27 (3) annual base salaries, and where non-base compensation is excluded)

1 for each year of credited service (subject to a minimum of One  
2 Thousand Two Hundred Dollars (\$1,200) per year, and a maximum of  
3 eighty-five percent (85%) of average annual salary). The retirement  
4 annuity *shall* be subject to annual increase based on specified fixed  
5 dollar increments. A member *shall* be eligible to receive an unreduced  
6 retirement annuity at age sixty-two (62) (where the maximum benefit  
7 of eighty-five percent (85%) of average annual salary is achieved with  
8 forty-nine (49) years of credited service), and *shall* be eligible to  
9 receive a reduced retirement annuity at age fifty-five (55) and twenty-  
10 five (25) years of credited service (subject to a reduction of five tenths  
11 percent (.5% ) per month for each month under age sixty-two (62)).

12 (2) The Deferred Compensation Program *shall* provide a  
13 retirement benefit equal to a member's account balance at the time of  
14 distribution, which account balance may be paid in the form of annuity,  
15 installment, or lump sum payments as may be elected by the member.

#### 16 **E. Survivor And Disability Benefits**

17 (1) Under the Retirement Fund, surviving spouses *shall* be  
18 eligible for survivor benefits equal to sixty percent (60%) of a  
19 member's retirement annuity (minimum of One Thousand Two  
20 Hundred Dollars (\$1,200) per year). Surviving minor children *shall* be  
21 eligible for surviving child benefits equal to Two Thousand Eight  
22 Hundred Eighty Dollars (\$2,880) per child (up to Fourteen Thousand  
23 Four Hundred Dollars (\$14,400) in the aggregate). An additional lump  
24 sum benefit of One Thousand Dollars (\$1,000) also is available. The  
25 survivor annuity (but not annuity for surviving minor children) *shall* be  
26 subject to annual increase based on specified fixed dollar increments.

1           (2) Under the Retirement Fund, a member *shall* be eligible for  
2 a disability retirement annuity equal to fifty percent (50%) of the  
3 member’s average annual salary. The disability annuity *shall* be subject  
4 to annual increase based on specified fixed dollar increments.

5           **Section 3. Statutory Provisions Establishing Defined Benefit 1.75**  
6 **Retirement System.** A new Article 5 is hereby *added* to Chapter 8, Title 4 of the  
7 Guam Code Annotated, to read as follows:

8                                   **“Article 5**

9                                   **Defined Benefit 1.75 Retirement System**

10           **“§ 8501. Definitions.**

11           As used in this Article, unless the context otherwise requires:

12                   (a) *Actuarial Cost of Credited Service* means a percentage of  
13 historical base salary corresponding to the service for which a  
14 member’s account is credited with employer contributions under the  
15 Defined Contribution Retirement System through the date preceding  
16 the member’s transfer to the Defined Benefit 1.75 Retirement System.  
17 The applicable percentage *shall* be specified by the Board based on an  
18 actuarial review of the cost of credited service. The same percentage  
19 *shall* apply to all members.

20                   (b) *Board of Trustees* or *Board* means the Board of Trustees  
21 of the government of Guam Retirement Fund, which is responsible for  
22 the direction and operation of the affairs and business of the Defined  
23 Benefit 1.75 Retirement System.

24                   (c) *Code* means the United States Internal Revenue Code of  
25 1986, as amended, and corresponding references to the Guam  
26 Territorial Income Tax Code, as may be appropriate.

27                   (d) *Deferred Compensation Program* means the government

1 of Guam Deferred Compensation Program established and operated in  
2 accordance with Article 3 of this Chapter and inclusive of modifications  
3 in the terms and conditions of the Deferred Compensation Program  
4 applicable to the members of the Defined Benefit 1.75 Retirement  
5 System under this Article 5.

6 (e) *Defined Contribution System* means the government of  
7 Guam Defined Contribution Retirement System established and  
8 operated in accordance with Article 2 of this Chapter and inclusive of  
9 modifications in the terms and conditions of the Defined Contribution  
10 Retirement System applicable to the members of the Defined Benefit  
11 1.75 Retirement System under this Article 5.

12 (f) *Director* means the Director of the government of Guam  
13 Retirement Fund as appointed by the Board in accordance with § 8140  
14 of Article 1, Chapter 8, Title 4 of the Guam Code Annotated.

15 (g) *Employer* means each and every line department or agency  
16 of the Executive Branch, every autonomous and semi-autonomous  
17 agency or instrumentality, every public corporation, every educational  
18 institution, whether secondary or post-secondary, the Legislative  
19 Branch, the Judicial Branch, the Public Defender Corporation, and  
20 every public entity hereafter to be created by law within Guam that has  
21 employed or employs a member.

22 (h) *Excess Account Balance* means the amount by which a  
23 member's account balances in § 8208 (Member's Contributions) and §  
24 8209.1(a) (Rollover of Member's Contributions from § 8164(a)) of this  
25 Chapter exceeds the member's Actuarial Cost of Credited Service.

26 (i) *Existing Retirement System* means the government of  
27 Guam Retirement Fund established and operated in accordance with

1 Article 1 of this Chapter and exclusive of modifications in the terms  
2 and conditions of the Existing Retirement System applicable to the  
3 members of the Defined Benefit 1.75 Retirement System under this  
4 Article 5.

5 (j) *Defined Benefit 1.75 Retirement System or DB 1.75 Plan*  
6 means the government of Guam Defined Benefit 1.75 Retirement  
7 System established and operated under this Article 5. The Defined  
8 Benefit 1.75 Retirement System *shall* consist of the mandated and  
9 coordinated participation of members in two separate and preexisting  
10 retirement programs:

11 (1) the Retirement Fund established and maintained  
12 under Article 1, Chapter 8, Title 4 of the Guam Code Annotated;  
13 inclusive of the modifications to the terms and conditions of the  
14 Retirement Fund for Defined Benefit 1.75 Plan members as set  
15 forth in this Article 5; and

16 (2) the Deferred Compensation Program established  
17 and maintained under Article 3, Chapter 8, Title 4 of the Guam  
18 Code Annotated.

19 (k) *Member or Defined Benefit 1.75 Plan member* means any  
20 person who meets the eligibility requirements for membership in the  
21 Defined Benefit 1.75 Retirement System as described in § 8502 and  
22 participates in the Defined Benefit 1.75 Retirement System.

23 (l) *Retirement Fund* means the government of Guam  
24 Retirement Fund established and operated in accordance with Article 1  
25 of this Chapter and inclusive of the modifications in the terms and  
26 conditions of the Existing Retirement System applicable to members of  
27 the Defined Benefit 1.75 Retirement System under this Article 5.

1           **§ 8502.       Establishment of the Government of Guam Defined**  
2 **Benefit 1.75 Retirement System; Membership in DB 1.75 Retirement**  
3 **System.**

4           (a)   Defined Benefit 1.75 Retirement System.   Beginning  
5           January 1, 2018, the government of Guam Defined Benefit 1.75  
6           Retirement System *shall* be established hereunder and System *shall* be  
7           comprised of membership under the government of Guam Retirement  
8           Fund established under Article 1 of this Title and the Deferred  
9           Compensation Program established under Article 3 of this Title. The  
10          Defined Benefit 1.75 Retirement System does not comprise a separate  
11          fund or trust for members thereunder, but is the coordinated  
12          participation on a mandatory basis at specified benefit levels in the  
13          Retirement Fund and voluntary basis at specified benefit levels in the  
14          Deferred Compensation Program. Beginning January 1, 2018, the  
15          Defined Benefit 1.75 Retirement System *shall* be the retirement  
16          program for employees who timely elect to participate in the Defined  
17          Benefit 1.75 Retirement System. Members of the Defined Contribution  
18          System whose employment continues beyond December 31, 2017,  
19          *shall* continue to contribute to and participate in the Defined  
20          Contribution System without change in provisions or benefits, except  
21          as provided from time to time under the Defined Contribution System.

22                   (b)   Membership in Retirement Fund

23                   (1)   Defined Benefit 1.75 Plan Election by New  
24                   Employees in Defined Contribution System. All new employees  
25                   whose employment commences between April 1, 2017 and  
26                   December 31, 2017, inclusive, and who satisfy the eligibility  
27                   requirements for membership under §§ 8105 and 8106, may elect

1 to participate in the Retirement Fund as “Defined Benefit 1.75  
2 Plan members” in accordance with such eligibility requirements.  
3 No additional new employees *shall* be admitted to the Existing  
4 Retirement System on or after January 1, 2018, except as  
5 provided hereunder or provided from time to time under the  
6 Existing Retirement System. Members of the Existing  
7 Retirement System whose employment continues beyond  
8 December 31, 2017, *shall* continue to contribute and participate  
9 in the Existing Retirement System without change in provisions  
10 or benefits, except as provided from time to time under the  
11 Existing Retirement System. Except for those members who  
12 elect to participate in the Defined Benefit 1.75 Retirement  
13 System pursuant to § 8502(b)(2), any new employee hired after  
14 January 1, 2018 and who elects to participate in the Defined  
15 Contribution Retirement System and current members of the  
16 Defined Contribution System whose employment continues  
17 beyond December 31, 2017, *shall* continue to contribute and  
18 participate in the Defined Contribution System without change  
19 in provisions or benefits, except as provided from time to time  
20 under the Defined Contribution System.

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



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

16 (3) Reemployment of Existing Retirement System  
17 Member. Any employee who is a member in the Existing  
18 Retirement System, who leaves government service and who is  
19 later reemployed after December 31, 2017 by the government of  
20 Guam, *shall* become an active member in the Existing  
21 Retirement System upon reemployment if such employee has not  
22 received a refund of contributions resulting in ineligibility for  
23 membership under § 8130(b), and if such employee otherwise  
24 meets the eligibility requirements under the Existing Retirement  
25 System.

26 (4) Reemployment of Defined Contribution System  
27 Member. Any employee who is a member maintaining an

1 interest in the Defined Contribution System, who leaves  
2 government service and who is later reemployed by the  
3 government of Guam prior to September 30, 2017, *shall* become  
4 an active member in the Defined Contribution System upon  
5 reemployment if such employee otherwise meets the eligibility  
6 requirements under the Defined Contribution System.

7 (A) However, if such a member is reemployed  
8 during the period commencing on April 1, 2017, and  
9 ending on September 30, 2017, then:

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

15 (ii) the election period for this election  
16 *shall* be the period commencing on April 1, 2017,  
17 and ending on September 30, 2017 (or October 31,  
18 2017 for members reemployed during the month of  
19 September 2017), and the effective date of the  
20 member's membership in the Defined Benefit 1.75  
21 Plan *shall* be January 1, 2018; and

22 (iii) the member's account under the  
23 Defined Contribution System *shall* be subject to  
24 transfer to the Defined Benefit 1.75 Retirement  
25 System in accordance with §§ 8503(d)(2) and 8504.

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

4 (i) the member *shall* be eligible to elect on  
5 a voluntary basis to become a member of the  
6 Defined Benefit 1.75 Plan if such member  
7 otherwise meets the eligibility requirements for  
8 membership under §§ 8105 and 8106;

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

14 (iii) the member's account under the  
15 Defined Contribution System *shall* not be subject to  
16 transfer to the Retirement Fund.

17 (5) Reemployment of Defined Contribution System  
18 Member on Disability. Notwithstanding § 8502(b)(4), a member  
19 of the Defined Contribution System who had incurred a disability  
20 and at any time been eligible to receive any benefits provided  
21 under any long-term disability insurance policy issued pursuant  
22 to § 8213 or Article 4 of this Title *shall* not be eligible for  
23 membership under the Defined Benefit 1.75 Retirement System  
24 upon reemployment, but such member who satisfies the  
25 eligibility requirements for membership under §§ 8206 and 8207  
26 at such time *shall* participate in the Defined Contribution System  
27 in accordance with such eligibility requirements. However, in

1 the case of a member of the Defined Contribution System who is  
2 receiving disability benefits under § 8213 or Article 4 of this  
3 Title on or before September 30, 2017, such member *shall* be  
4 eligible to elect on a voluntary basis to become a member of the  
5 Defined Benefit 1.75 Plan in the event of the member's  
6 reemployment or retirement on or after January 1, 2018. For this  
7 purpose, the election period for this election *shall* be the period  
8 commencing on April 1, 2017, and ending on September 30,  
9 2017 (or October 31, 2017, for employees who commence  
10 receiving disability benefits during the month of September  
11 2017), and the effective date of the member's membership in the  
12 Defined Benefit 1.75 Plan *shall* be the later of: (A) January 1,  
13 2018, or (B) the date of the member's reemployment or  
14 retirement.

15 (6) Reemployment of government of Guam Retiree.  
16 Any employee who retired under the Existing Retirement  
17 System, the Defined Contribution System, or the Defined Benefit  
18 1.75 Retirement System, *shall* participate in the Defined  
19 Contribution Plan upon reemployment.

20 (c) Membership in Deferred Compensation Program.  
21 Defined Benefit 1.75 Plan members *shall* participate in the Deferred  
22 Compensation Program effective as of the date on which they  
23 commence participation in the Retirement Fund.

24 (d) Membership in Welfare Benefit Plans. Defined Benefit  
25 1.75 Plan members *shall* not be eligible to participate in the welfare  
26 benefit plans established and maintained under Article 4 of this Title.  
27 As such, members of the Defined Contribution System who elect to

1 become Defined Benefit 1.75 Plan members pursuant to § 8502(b) *shall*  
2 terminate participation in such welfare benefit plans effective as of the  
3 date on which they commence participation in the Defined Benefit 1.75  
4 Retirement System.

5 (e) Applicability of Articles 1 through 3, Chapter 8. Except  
6 as otherwise provided hereunder, with respect to Defined Benefit 1.75  
7 Plan members who participate in the Retirement Fund, Defined  
8 Contribution System, and Deferred Compensation Program in  
9 accordance with the Defined Benefit 1.75 Retirement System  
10 provisions under this Article 5, the provisions of Articles 1 through 3  
11 of this Chapter 8, respectively, *shall* be applicable to Defined Benefit  
12 1.75 Plan members in a manner no different than the application to  
13 members who are not Defined Benefit 1.75 Plan members.

14 **§ 8503. Defined Benefit 1.75 Plan Member Basic Retirement**  
15 **Annuity**

16 (a) Amount of Basic Retirement Annuity. Notwithstanding  
17 the otherwise applicable formula under § 8122 or other successor  
18 provision, the basic retirement annuity payable to a Defined Benefit  
19 1.75 Plan member under the Retirement Fund *shall* be the following:  
20 an amount equal to one and seventy-five hundredths percent (1.75%)  
21 of average annual salary for each year of credited service; no basic  
22 retirement annuity *shall* exceed eighty-five percent (85%) of average  
23 annual salary; and the basic retirement annuity *shall* not, in any case,  
24 be less than One Thousand Two Hundred Dollars (\$1,200) per year per  
25 member. For purposes of defining “salary” and “average annual salary”  
26 under § 8104(i) and (j), respectively, with respect to the determination  
27 of the basic retirement annuity payable to a Defined Benefit 1.75 Plan

1 member, the term “salary” *shall* mean the member’s base salary  
2 excluding all non-base compensation.

3 (b) Automatic Increases in Annuity for Basic Retirement  
4 Annuity. Any Defined Benefit 1.75 Plan member receiving a basic  
5 retirement annuity under the Retirement Fund *shall* receive each year  
6 on the anniversary date of the member’s retirement or entitlement, an  
7 automatic “sliding scale” increase in the member’s annual annuity as  
8 applicable under the Retirement Fund pursuant to § 8122 or other  
9 successor provision.

10 (c) Retirement. Notwithstanding the otherwise applicable  
11 retirement requirements under §§ 8119 through 8120.1 or other  
12 successor provisions, a Defined Benefit 1.75 Plan member may retire  
13 on a service retirement annuity under the Retirement Fund, upon  
14 written application to and approval by the Board; provided that such  
15 member *shall* have attained at least sixty-two (62) years of age and has  
16 completed five (5) years of service. However, at the option of the  
17 Defined Benefit 1.75 Plan member, whether active or inactive, such  
18 member may retire after (1) attaining at least fifty-five (55) years of age  
19 and (2) completing twenty-five (25) years of service, in which case the  
20 retirement annuity for such member *shall* be reduced one half (1/2) of  
21 one percent (1%) for each month such member is under the age of sixty-  
22 two (62) years at such time of retirement, from the amount of the  
23 retirement annuity determined for such member as of his attainment of  
24 age sixty-two (62).

25 (d) Credited Service for Transfers from Defined Contribution  
26 System

1                   (1) Transfer of Account to Defined Benefit 1.75  
2 Retirement System. With respect to a member in the Defined  
3 Contribution System on March 31, 2017 who timely elects to be  
4 a member in the Defined Benefit 1.75 Retirement System  
5 effective as of January 1, 2018, in accordance with the election  
6 procedures under § 8502(b)(2), the member's account balance  
7 under the Defined Contribution System *shall* be transferred to the  
8 Defined Benefit 1.75 Retirement System, in accordance with §  
9 8504, effective as of January 1, 2018. Further, with respect to a  
10 member in the Defined Contribution System who is reemployed  
11 by the government of Guam during the period between April 1,  
12 2017 and September 30, 2017, inclusive, and who becomes a  
13 member in the Defined Benefit 1.75 Retirement System effective  
14 as of January 1, 2018, in accordance with the election procedures  
15 under § 8502(b)(4), the member's account balance under the  
16 Defined Contribution System *shall* be transferred to the Defined  
17 Benefit 1.75 Retirement System, in accordance with § 8504,  
18 effective as of January 1, 2018. Finally, with respect to a member  
19 in the Defined Contribution System who is receiving disability  
20 benefits and who becomes a member in the Defined Benefit 1.75  
21 Retirement System upon reemployment or retirement in  
22 accordance with § 8502(b)(5), the member's account balance  
23 under the Defined Contribution System *shall* be transferred to the  
24 Defined Benefit 1.75 Retirement System, in accordance with §  
25 8504, effective as of the effective date of the member's  
26 membership in the Defined Benefit 1.75 Plan as described in §  
27 8502(b)(5). In these cases, as of the effective date of the transfer

1 of a member's account from the Defined Contribution System to  
2 the Defined Benefit 1.75 Retirement System, such member's  
3 membership in the Defined Contribution System *shall* terminate.  
4 The transfer of a member's account from the Defined  
5 Contribution System to the Defined Benefit 1.75 Retirement  
6 System attributable to the transfer of Member Contributions  
7 pursuant to § 8208, and Member's Contribution Reserve and  
8 Transfer Incentive Reserve pursuant to § 8209.1(a) and (b), *shall*  
9 be made in accordance with § 8504. The transfer of a member's  
10 Employer Account to the Defined Benefit 1.75 Retirement  
11 System attributable to the transfer of Employer's Contributions  
12 pursuant to § 8209(a) (whether the account reflecting such  
13 employer contributions are vested or unvested, and inclusive of  
14 unvested suspense accounts) *shall* be pursuant to § 8503(d)(2).  
15 Any Ancillary Benefit Account maintained under the Defined  
16 Contribution System on behalf of the member as described in §  
17 8201(n) *shall* not be subject to transfer.

18 (2) Defined Contribution System Credited Service.  
19 Effective as of the effective date of the transfer of the member's  
20 account from the Defined Contribution System to the Retirement  
21 Fund under this § 8503(d), the service for which the member's  
22 account is credited with employer contributions under the  
23 Defined Contribution System (including the service under the  
24 Retirement Fund attributable to the employee contributions  
25 previously transferred from the Retirement Fund to the Defined  
26 Contribution System pursuant to the member's election under §  
27 8207), *shall* be credited to the member for purposes of



1 determining the member's years of credited service and basic  
2 retirement annuity under the Retirement Fund in accordance with  
3 § 8503. In connection with credited service transferred from the  
4 Defined Contribution System to the Retirement Fund under §  
5 8503(d)(1), a member's § 8209(a) Employer's Contribution  
6 account (whether the account reflecting such employer  
7 contributions are vested or unvested, and inclusive of unvested  
8 suspense accounts) *shall* be transferred to the member's §  
9 8164(b) account (Employer's Contribution Reserve) under the  
10 Retirement Fund.

11 (3) Credited Service for Repayment of Defined  
12 Contribution System Contributions. In the event that the Defined  
13 Benefit 1.75 Plan member's account under the Defined  
14 Contribution System was previously reduced by the member's  
15 withdrawal of an amount from the member's account that is  
16 attributable to contributions during the member's active  
17 participation in the Defined Contribution System, the member  
18 *shall* be allowed to repay to the Retirement Fund the amount of  
19 the withdrawal, adjusted for interest during the period  
20 commencing on the date of the withdrawal and ending on the  
21 date of the repayment, which repayment must be made in any  
22 combination of the following: a single payment, transfer of  
23 Excess Account Balance, or installments to the Retirement Fund  
24 in accordance with the Article 1 of Chapter 3, Division 1, Title 2  
25 of the Guam Administrative Rules, as amended. If such  
26 withdrawn portion of the member's account is not timely repaid  
27 in full to the Retirement Fund, then the service that otherwise

1 would be credited under the Retirement Fund for service during  
2 the member's active participation in the Defined Contribution  
3 System *shall* be reduced to account for the service to which the  
4 withdrawal relates, in accordance with rules, regulations, and  
5 procedures as promulgated or approved by the Board.

6 (4) Credited Service for Repayment of Prior Retirement  
7 Fund Contributions. In the event that the member's account  
8 under the Defined Contribution System was previously reduced  
9 by the member's withdrawal of an amount from the member's  
10 account that is attributable to the prior transfer of employee  
11 contributions from the Retirement Fund to the Defined  
12 Contribution System (specifically, considering only the portion  
13 of the account derived from the transferred Member's  
14 Contribution Reserve, and not the Employer's Contribution  
15 Reserve) pursuant to the member's election under § 8207, the  
16 member *shall* be allowed to repay to the Retirement Fund the  
17 amount of the withdrawal, adjusted for interest during the period  
18 commencing on the date of the withdrawal and ending on the  
19 date of the repayment, which repayment must be made in any  
20 combination of the following: a single payment, transfer of  
21 Excess Account Balance, or installments to the Retirement Fund  
22 in accordance with the Article 1 of Chapter 3, Division 1, Title 2  
23 of the Guam Administrative Rules, as amended. If such  
24 withdrawn portion of the member's account is not timely repaid  
25 in full to the Retirement Fund, then the service that otherwise  
26 would be credited under the Retirement Fund for service during  
27 the member's prior participation in the Retirement Fund *shall* be

1 reduced to account for the service to which the withdrawal relates  
2 in accordance with rules, regulations, and procedures as may be  
3 promulgated or approved by the Board.

4 **§ 8504. Transfer of Member Accounts from Defined**  
5 **Contribution System; Transfer of Excess Account Balance, If Any.**

6 (a) In connection with credited service transferred from the  
7 Defined Contribution Retirement System to the Retirement Fund under  
8 § 8503(d)(1), a member's Member Account balances in the Defined  
9 Contribution System *shall* be transferred to the Defined Benefit 1.75  
10 Retirement System in accordance with this Section.

11 (b) An amount equal to the lesser of a member's:

12 (1) § 8208 and § 8209.1(a) account balances, if any; or

13 (2) actuarial cost of credited service, *shall* be  
14 transferred to the Defined Benefit 1.75 Retirement System as set  
15 forth in this § 8504(b). The actuarial cost of credited service for  
16 a member transferring to the Defined Benefit 1.75 Plan *shall* be  
17 funded first from the member's § 8209.1(a) account, if any, and  
18 applied to the member's § 8164(a) Member's Contribution  
19 Reserve; any further amounts needed to fund up to the actuarial  
20 cost of credited service *shall* be funded next from the member's  
21 § 8208 pre-tax account and applied to a pre-tax subaccount in the  
22 member's § 8164(a) Member's Contribution Reserve. Excess  
23 Account Balance, if any, attributable to a member's § 8209.1(a)  
24 account *shall* be transferred to the member's post-tax account in  
25 the Deferred Compensation Program, except for amounts  
26 designated by the member to be applied to repay prior partial  
27 withdrawals from the member's account in accordance with §

1 8503(d)(3). Excess Account Balance, if any, attributable to a  
2 member's § 8208 Member Contribution Account *shall* be  
3 transferred to the member's pre-tax account in the Deferred  
4 Compensation Program, except for amounts designated by the  
5 member to be applied to repay prior partial withdrawals from the  
6 member's account in accordance with § 8503(d)(3).

7 (c) An amount equal to the member's § 8209.1(b) account  
8 (Rollover Employer's Contributions from § 8164(b), also referred to as  
9 the Transfer Incentive Reserve) *shall* be transferred to the member's  
10 pre-tax account in the Deferred Compensation Program, except for  
11 amounts designated by the member to be applied to repay prior partial  
12 withdrawals from the member's account in accordance with §  
13 8503(d)(3).

14 **§ 8505. Defined Benefit 1.75 Plan Member Disability**

15 **Retirement Annuity.**

16 (a) Amount of Disability Retirement Annuity.  
17 Notwithstanding the otherwise applicable formula under § 8125 or  
18 other successor provision, the amount of basic disability retirement  
19 annuity for a Defined Benefit 1.75 Plan member under the Retirement  
20 Fund *shall* be fifty percent (50%) of average annual salary based on the  
21 average three (3) highest annual salaries received the member during  
22 that member's years of credited service. For purposes of defining  
23 "salary" and "average annual salary" under § 8104(i) and (j),  
24 respectively, with respect to the determination of the basic disability  
25 retirement annuity payable to a Defined Benefit 1.75 Plan member, the  
26 term "salary" *shall* mean the member's base salary excluding all non-  
27 base compensation.

1                   (b) Automatic Increases in Annuity for Disability Retirement  
2                   Annuity. Any Defined Benefit 1.75 Plan member receiving a  
3                   recomputed disability retirement annuity under the Retirement Fund  
4                   *shall* receive each year on the anniversary date of the member’s  
5                   retirement or entitlement, an automatic sliding scale increase in the  
6                   member’s annual basic disability retirement annuity as applicable under  
7                   the Retirement Fund pursuant to § 8129 or other successor provision.

8                   **§ 8506. Defined Benefit 1.75 Plan Member Death and**  
9                   **Survivors Benefits.**

10                   The death benefit and survivor annuity provisions in connection with a  
11                   member’s death under §§ 8131 through 8135 or other successor provisions  
12                   *shall* be applicable to Defined Benefit 1.75 Plan members in a manner no  
13                   different than the application to members who are not Defined Benefit 1.75  
14                   Plan members.

15                   **§ 8507. Defined Benefit 1.75 Plan Member Contributions to**  
16                   **Fund.**

17                   The member contribution provisions under § 8136 or other successor  
18                   provision *shall* be applicable to Defined Benefit 1.75 Plan members in a  
19                   manner no different than the application to members who are not Defined  
20                   Benefit 1.75 Plan members. However, notwithstanding that the contributions  
21                   by Defined Benefit 1.75 Plan members are designated as member  
22                   contributions and *shall* be administered as member contributions under §  
23                   8136, such contributions *shall* be on a mandatory basis deducted from the  
24                   member’s base salary and paid by the employer in lieu of contributions by the  
25                   member, and *shall* constitute pre-tax “pick-up” employer contributions for  
26                   purposes of determining the income tax treatment of such contributions under  
27                   Section 414(h) of the United States Internal Revenue Code.

1           **§ 8508.       Deferred Compensation Program.**

2           In accordance with § 8308, the employer *shall* automatically enroll  
3 members and may deduct and credit Defined Benefit 1.75 Plan member  
4 contributions under the Deferred Compensation Program in an amount equal  
5 to one percent (1%) of the member’s base salary. However, notwithstanding  
6 that the contributions by Defined Benefit 1.75 Plan members are designated  
7 and *shall* be administered as member contributions under § 8308, such  
8 contributions *shall* be on a voluntary basis deducted from the member’s base  
9 salary and paid by the employer in lieu of contributions by the member, and  
10 *shall* constitute pre-tax “pick-up” employer contributions for purposes of  
11 determining the income tax treatment of such contributions under Section  
12 414(h) of the United States Internal Revenue Code.”

13           **Section 4.   Rules and Regulations.** *No later than* March 31, 2017, the  
14 Board of Trustees of the Retirement Fund *shall* approve such plan documents, rules,  
15 regulations, administrative procedures and forms that it may deem necessary and  
16 appropriate to implement the Defined Benefit 1.75 Retirement System established  
17 by this Section.

18           **Section 5.   Framework for the Creation, Approval, and Adoption of a**  
19 **Cash Balance Plan to be known as the Guam Retirement Security Plan (GRSP).**  
20 *No later than* March 31, 2017, the Board of Trustees of the Retirement Fund *shall*  
21 create, approve, and adopt a Cash Balance Plan to be known as the Guam Retirement  
22 Security Plan (GRSP), plan documents, rules, regulations, administrative  
23 procedures, and forms that it may deem necessary and appropriate to implement the  
24 GRSP pursuant to the Administrative Adjudication Act in accordance with the  
25 following provisions:

- 26           (1)   Membership in Guam Retirement Security Plan.

1           (a) Guam Retirement Security Plan. Upon creation, approval,  
2 and adoption of a GRSP by the Board of Trustees of the Retirement  
3 Fund and beginning on or after April 1, 2017, the government of Guam  
4 GRSP *shall* be established in accordance with the regulations created,  
5 adopted, and approved by the Board of Trustees of the Retirement Fund  
6 and *shall* be the single retirement program for all new employees whose  
7 employment commences on or after December 31, 2017, unless such  
8 employee elects to participate in the Defined Contribution Retirement  
9 System within sixty (60) days of the employee's hire date. Members of  
10 the Defined Contribution System whose employment continues beyond  
11 June 30, 2017 *shall* continue to contribute to and participate in the  
12 Defined Contribution System without change in provisions or benefits,  
13 except for members who elect to become GRSP members or as  
14 provided from time to time under the Defined Contribution System.

15           (b) Membership in Guam Retirement Security Plan.

16           (i) New Employees. All new employees whose  
17 employment commences between April 1, 2017 and December  
18 31, 2017, and who satisfy the eligibility requirements for  
19 membership in accordance with the GRSP regulations as created,  
20 approved, and adopted by the Board of Trustees of the  
21 Retirement Fund, may participate in the Retirement Fund as  
22 GRSP members in accordance with such eligibility  
23 requirements. Beginning January 1, 2018, all new employees  
24 whose employment commences on or after January 1, 2018 are  
25 automatically enrolled in the GRSP retirement program unless  
26 the employee elects to participate in the Defined Contribution  
27 System within sixty (60) days from the employee's date of hire.

1 New employees electing to participate in the Defined  
2 Contribution Retirement System *shall* contribute to and  
3 participate in the Defined Contribution Retirement System as  
4 provided in Article 2 of Title 4, Guam Code Annotated. No  
5 additional new employees *shall* be admitted to the Existing  
6 Retirement System on or after December 31, 2017, except as  
7 provided from time to time under the Existing Retirement  
8 System. Members of the Existing Retirement System whose  
9 employment continues beyond December 31, 2017, *shall*  
10 continue to contribute and participate in the Existing Retirement  
11 System without change in provision or benefits, except as  
12 provided from time to time under the Existing Retirement  
13 System. Members of the Defined Contribution System whose  
14 employment continues beyond December 31, 2017, *shall*  
15 continue to contribute and participate in the Defined  
16 Contribution System without change in provisions or benefits,  
17 except as provided from time to time under the Defined  
18 Contribution System.

19 (ii) Guam Retirement Security Plan Election by Current  
20 Employees in Defined Contribution System. All employees who  
21 are members in the Defined Contribution System on March 31,  
22 2017, *shall* be eligible to elect on a voluntary basis to become  
23 GRSP members effective as of January 1, 2018, and to terminate  
24 active participation in the Defined Contribution System as of  
25 such date, by making the appropriate election with the GRSP in  
26 the form and manner as determined by the Board during the  
27 election period commencing on April 1, 2017 and ending on



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

13                  (iii) Reemployment of Existing Retirement System  
14                  Member. Any employee who is a member in the Existing  
15                  Retirement System, who leaves government service and who is  
16                  later reemployed prior to December 31, 2017 by the government  
17                  of Guam, *shall* become an active member in the Existing  
18                  Retirement System upon reemployment if such employee has not  
19                  received a refund of contributions resulting in ineligibility for  
20                  membership under § 8130(b), and if such employee otherwise  
21                  meets the eligibility requirements under the Existing Retirement  
22                  System. However, if such employee has received a refund of  
23                  contributions under § 8130, and if such employee otherwise  
24                  meets the eligibility requirements for membership, then such  
25                  employee *shall* become an active member in the GRSP upon  
26                  reemployment.

1 (iv) Reemployment of Defined Contribution System  
2 Member. Any employee who is a member maintaining an interest  
3 in the Defined Contribution System, who leaves government  
4 service and who is later reemployed prior to September 30, 2017,  
5 by the government of Guam, *shall* become an active member in  
6 the Defined Contribution System upon reemployment if such  
7 employee otherwise meets the eligibility requirements under the  
8 Defined Contribution System.

9 (A) However, if such a member is reemployed  
10 during the period commencing on April 1, 2017, and  
11 ending on September 30, 2017, then:

12 (aa) the member *shall* be eligible to elect on  
13 a voluntary basis to become a member of the GRSP  
14 if such member otherwise meets the eligibility  
15 requirements for membership;

16 (bb) the election period for this election  
17 *shall* be the period commencing on April 1, 2017,  
18 and ending on September 30, 2017 (or October 31,  
19 2017, for members reemployed during the month of  
20 September 2017), and the effective date of the  
21 member's membership in the Defined Benefit 1.75  
22 Retirement System *shall* be January 1, 2018; and

23 (cc) the member's account under the  
24 Defined Contribution System *shall* be subject to  
25 transfer to the GRSP in accordance with the  
26 regulations created, approved, and adopted by the  
27 Board of Trustees of the Retirement Fund.

1 (B) Further, if such a member is reemployed after  
2 September 30, 2017:

3 (aa) the member *shall* be eligible to elect on  
4 a voluntary basis to become a member of the GRSP  
5 if such member otherwise meets the eligibility  
6 requirements for membership;

7 (bb) the election period for such election  
8 *shall* be the thirty (30) day period beginning on the  
9 date of reemployment, and the effective date of the  
10 member's membership in the GRSP *shall* be the  
11 later of January 1, 2018 or the date of  
12 reemployment; and

13 (cc) the member's account under the Defined  
14 Contribution System *shall not* be subject to transfer  
15 to the Retirement Fund.

16 (v) Reemployment of Defined Contribution System  
17 Member on Disability. Notwithstanding the above Section  
18 1(b)(ii), a member of the Defined Contribution System who had  
19 incurred a disability and at any time been eligible to receive any  
20 benefits provided under any long-term disability insurance  
21 policy issued pursuant to § 8213 or Article 4 of this Title *shall*  
22 not be eligible for membership under the GRSP upon  
23 reemployment, but such member who satisfies the eligibility  
24 requirements for membership under §§ 8206 and 8207 at such  
25 time *shall* participate in the Defined Contribution System in  
26 accordance with such eligibility requirements. However, in the  
27 case of a member of the Defined Contribution System who is

1 receiving disability benefits under § 8213 or Article 4 of Title 4  
2 of the Guam Code Annotated during the period commencing  
3 April 1, 2017, and ending on September 30, 2017, such member  
4 *shall* be eligible to elect on a voluntary basis to become a member  
5 of the GRSP in the event of the member's reemployment or  
6 retirement on or after January 1, 2018. For this purpose, the  
7 election period for this election *shall* be the period commencing  
8 on April 1, 2017, and ending on September 30, 2017 (or October  
9 31, 2017, for members who commence receiving disability  
10 benefits during the month of September 2017), and the effective  
11 date of the member's membership in the GRSP *shall* be the later  
12 of:

13 (A) January 1, 2018, or

14 (B) the date of the member's reemployment or  
15 retirement.

16 (vi) Reemployment of government of Guam Retiree. Any  
17 employee who retired under the Existing Retirement System, the  
18 Defined Contribution System, the Defined Benefit 1.75 Retirement  
19 System, or the GRSP *shall* participate in the Defined Contribution Plan  
20 upon reemployment.

21 (2) Guam Retirement Security Plan Member Framework.

22 (a) GRSP Member Contributions to Fund. All contributions  
23 by GRSP members *shall* be mandatory and equal to six and two tenths  
24 percent (6.2%) of base pay. Such reductions from base pay, although  
25 designated as member contributions, *shall* be deducted by the employer  
26 at the normal payroll intervals, *shall* be paid by the employer in lieu of  
27 contributions by the member, and *shall* be remitted within five (5)

1 working days to the Retirement Fund. The employer *shall* deduct the  
2 member's mandatory contributions required by this Section from  
3 member's base pay on or after the first payroll interval following the  
4 latest of (i) the enactment of this Act, (ii) January 1, 2017, or (iii) a  
5 GRSP member's transfer to the GRSP pursuant to the created,  
6 approved, and adopted regulations by the Board of Trustees of the  
7 Retirement Fund and contributions so deducted *shall* be treated as  
8 employer contributions in determining federal tax treatment under  
9 Section 414(h) of the United States Internal Revenue Code. The  
10 employer *shall* contribute or pay these member deducted contributions  
11 from the same source of funds that is used in paying base pay to the  
12 member. Member contributions deducted *shall* be treated for all  
13 purposes of the government of Guam Retirement Fund GRSP in the  
14 same manner and to the same extent as member contributions made  
15 prior to the date of deduction. All member contributions *shall* be  
16 immediately credited to member GRSP accounts pursuant to the  
17 created, adopted, and approved GRSP regulations by the Board of  
18 Trustees of the Retirement Fund.

19 (b) Guam Retirement Security Plan Employer Contribution  
20 and Pay Credits. Each employer *shall*, pursuant to Section 5(2)(a),  
21 make a contribution to each GRSP member's account pursuant to the  
22 created, adopted, and approved GRSP regulations by the Board of  
23 Trustees of the Retirement Fund that is equal to six and two tenths  
24 percent (6.2%) of such member's base pay. In addition, each  
25 participating employer *shall* match the first six and two tenths percent  
26 (6.2%) of each member's base pay, which *shall* be known as a "pay  
27 credit," and *shall* be paid to the Fund and credited to such member's

1 GRSP account. Each participating employer *shall* ensure that its  
2 employer or member contributions are made within five (5) working  
3 days. In the case of an officer or an employee of the government of  
4 Guam, any unpaid employer contribution *shall* be a government debt,  
5 contracted as a result of a casual deficit in the government's revenues,  
6 to be accorded preferred status over other expenditures.

7 (c) Interest Credit.

8 (i) The GRSP *shall* include a fixed "interest credit" of  
9 four percent (4%) annually toward GRSP member accounts, and  
10 such interest credit requirements *shall* be in accordance with the  
11 Internal Revenue Code requirements for a Cash Balance Plan to  
12 be a qualified retirement plan.

13 (ii) The GRSP *shall* permit gains in excess of the  
14 "interest credit" of four percent (4%) to offset losses, in  
15 accordance with the Internal Revenue Code for requirements for  
16 a Cash Balance Plan to be a qualified retirement plan.

17 (d) Rollover Authorization. The Board of Trustees of the  
18 Retirement Fund *shall* include a roll over authorization for GRSP  
19 member and employer contributions to either the GRSP or the Deferred  
20 Compensation account in the creation, adoption, and approval of such  
21 regulations. Such rollover authorization *shall* be in accordance with the  
22 Internal Revenue Code requirements for a Cash Balance Plan to be a  
23 qualified retirement plan.

24 (e) Vesting Schedule. The Board of Trustees of the  
25 Retirement Fund *shall* include a vesting schedule that details vesting  
26 for contributions, to include but not be limited to members and  
27 employers contributions and interest credits. Such vesting schedule

1           *shall* be in accordance with the Internal Revenue Code requirements for  
2           a Cash Balance Plan to be a qualified retirement plan.

3           (3) The Board of Trustees of the Retirement Fund *shall* be  
4           authorized to ensure that any GRSP membership and framework requirements  
5           identified in this Section *shall* be subject to change at the Board’s discretion,  
6           *only* if such membership and framework requirements do not conform to  
7           Internal Revenue Service regulations for Cash Balance Plan qualifications.

8           **Section 6. Social Security Option.** If the government of Guam is  
9           authorized to extend Social Security coverage to government of Guam employees  
10          on a prospective basis, whether through one (1) or several voluntary agreements or  
11          through a specific statutory provision authorizing such extension, then all employees  
12          hired on or after the effective date or dates from which such coverage is extended  
13          *shall* be enrolled into Social Security and *shall* not be eligible for the Defined Benefit  
14          1.75 Retirement System or the Guam Retirement Security Plan.

15          **Section 7.** § 8208 of Article 2, Chapter 8, Title 4, Guam Code Annotated is  
16          hereby *amended* to read:

17                   **“§ 8208. Members’ Contributions.**

18                   All contributions by the members *shall* be mandatory. From the  
19                   operative date through December 31, 2017, contributions *shall* be equal to  
20                   five percent (5%) of base pay. On and after January 1, 2018, contributions  
21                   *shall* be equal to six and two tenths percent (6.2%) of base pay. Such  
22                   reductions from base pay, although designated as member contributions, *shall*  
23                   be deducted by the employer at the normal payroll intervals, *shall* be paid by  
24                   the employer in lieu of contributions by the member, and *shall* be remitted  
25                   within five working days to the insurance, annuity, mutual fund, or other  
26                   qualified company or companies designated by the board to administer the  
27                   operations of the Defined Contribution Retirement System. The employer

1        *shall* deduct the member's mandatory contributions required by this Section  
2        from member's base pay on or after the first payroll interval following the  
3        latest of (i) the enactment of this Article (ii) October 1, 1995, or (iii) a  
4        member's transfer to the Defined Contribution Retirement System pursuant  
5        to § 8207, and the contributions so deducted *shall* be treated as employer  
6        contributions in determining federal tax treatment under Section 414 (h) of  
7        the United States Internal Revenue Code. The employer *shall* contribute or  
8        pay these member deducted contributions from the same source of funds  
9        which is used in paying base pay to the member. Member contributions  
10       deducted *shall* be treated for all purposes of the government of Guam  
11       Retirement Fund Defined Contribution Retirement System in the same  
12       manner and to the same extent as member contributions made prior to the date  
13       of deduction. All member contributions *shall* be immediately credited to an  
14       account or accounts established for the benefit of the member under a trust  
15       agreement. A summary plan description *shall* be issued to each member  
16       setting forth the terms and conditions under which contributions are received,  
17       and the investment and retirement options available to the member. The board  
18       *shall* promulgate within ninety (90) days after enactment of the law, pursuant  
19       to § 8205 of this Article, rules defining the minimum requirements for the  
20       investment and retirement options, including but not limited to:

- 21                1.     Lump sum distributions of members' accounts which do  
22                not exceed an amount established by the board;
- 23                2.     Joint and Survivor annuities;
- 24                3.     Other annuity forms;
- 25                4.     Variable annuities which gradually increase monthly  
26                retirement payments; provided, that said increased payments are funded  
27                solely by existing current value of the member's account at the time the



1 member's retirement payments commence and not, to any extent, in a  
2 manner which would require additional employer or member  
3 contributions to any member's account after retirement or after the  
4 cessation of employment; and

5 5. The instances in which, if any, distributions or loans can  
6 be made from this on account balances prior to having attained the age  
7 of fifty-five."

8 **Section 8.** § 8209(a) of Article 2, Chapter 8, Title 4, Guam Code Annotated  
9 is hereby *amended* to read:

10 **"§ 8209. Employer Contributions.**

11 (a) Each employer *shall*, pursuant to § 8208, make a  
12 contribution to each member's account with respect to each member  
13 whose employment commenced on or after October 1, 1995, or who  
14 transfers to the Defined Contribution Retirement System pursuant to §  
15 8207, which is equal to five percent (5%) of such member's base pay.  
16 In addition, each participating employer *shall* match the first five  
17 percent (5%) of each member's base pay. On and after January 1, 2018,  
18 these contributions herein *shall* be increased to six and two tenths  
19 percent (6.2%) of such member's base pay.

20 The amounts contributed herein *shall* vest in accordance with the  
21 vesting schedule set forth in of § 8210(c)."

22 **Section 9. Extension of Amortization Period**

23 (a) The first sentence of § 8137(b) of Article 1, Chapter 8, Title 4,  
24 Guam Code Annotated is hereby *amended* to read:

25 "(b) Government Unfunded, Liability Amortization Cost. An  
26 amount resulting from the application of a rate percent of total salaries

1 of all members which will amortize the remaining liability for prior  
2 service over a period of eighty-two (82) years following May 1, 1951.”

3 (b) This Section 9 *shall* be effective January 1, 2018.”

4 **Section 10. Effective Date.** Except as otherwise provided herein, this Act  
5 *shall* take effect upon enactment.

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