

I MINA' TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) Regular Session

Bill No. 87(45)

Introduced by:

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v.c. pangelinan
RT Respicio
Telo Taitague

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**AN ACT TO AMEND PARAGRAPH 13 OF § 23111 OF
CHAPTER 23 OF 7 GCA RELATIVE TO FURTHERING
CREDITOR PROTECTION FOR GUAM'S RESIDENTS.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds

that all states and territories in the United States have laws that shield life insurance and annuity proceeds from creditors' claims. It is commonly accepted postulate of financial planning that the primary purpose of life insurance is to replace a portion of a household's income when a primary wage earner dies. Secondary, but important, goals of life insurance include payment of funeral expenses and estate administration. The third priority for life insurance is to pay off creditors. An independent study commissioned by Hartford Life Insurance Co. in 2003 revealed that 64.6% of all Americans who responded to the survey did not have sufficient life insurance to replace their income if they died.

I Liheslatura further finds that Congress authorized the creation of Pension Plans, IRAs and tax-deferred annuities to provide the means for retired Americans

1 to maintain the same lifestyle they enjoyed while working. Many financial
2 planning associations estimate that more than half of Americans that retire solely
3 on Social Security benefits receive less than 60% of what they earned when they
4 were employed.

5 It is the intent of *I Liheslatura* to provide Guam residents with the same
6 protections that fellow citizens enjoy throughout the nation in terms of protecting
7 their life insurance and annuity benefits from the claims of creditors.

8
9 **Section 2. Paragraph 13 of § 23111 of Chapter 23 of 7 GCA is**
10 ***amended to read:***

11 13. (a) Except with regard to a judgment or order for child or spousal support
12 payments, all money received by any person, a resident of the territory, as a
13 pension, or as an annuity or qualified or non-qualified retirement plan or disability
14 or death or other benefit, or as a return of contributions and interest thereon, from
15 the United States Government, from the government of Guam, or from any other
16 political subdivision of any jurisdiction of the United States, or any public trust, or
17 public corporation, or from the governing body of any of them, or from any public
18 board or boards, or from any retirement, life insurance, disability or annuity policy
19 or system established by any of them pursuant to statute, whether the same shall be
20 in the actual possession of such pensioner or beneficiary, or deposited by him.

21 (b) Except with regard to a judgment or order for child or spousal support
22 payments, money held, controlled or in process of distribution by private
23 retirement plans, life insurance policy or any profit-sharing plan designed and used
24 for retirement purposes, or the payment of benefits and as an annuity, pension,
25 retirement allowance, disability payment or death benefit from such retirement
26 plans, life insurance policies, annuities, or profit-sharing plans, and all
27 contributions and interest thereof returned to any member of any such retirement,

1 life insurance, or profit-sharing plan, whether the same shall be in the actual
2 possession of such pensioner or beneficiary, or deposited by him. The exemption
3 given by this paragraph shall apply to any money held in self-employed retirement
4 plans and individual retirement annuities or accounts or the like provided for the
5 *Internal Revenue Code of 1954*, as amended (Territorial Income Tax Law),
6 provided that such money does not exceed the maximum amount exempted from
7 federal income taxation.