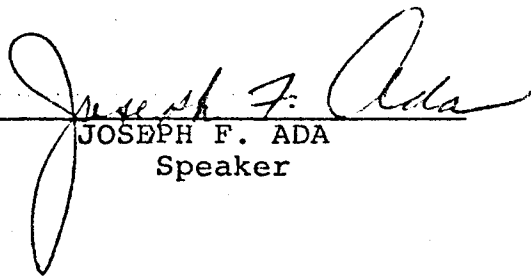


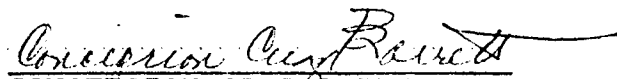
THIRTEENTH GUAM LEGISLATURE
1976 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

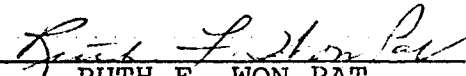
This is to certify that Substitute Bill No. 554, "An Act to repeal and reenact Section 4212, to add new Sections 4212.1, 4212.2, 4212.3, 4212.4, 4212.5, 4212.6, to amend Sections 4217(a) (1), 4217(a), 4223, 4225(i), 4225.1 and 4225.2(a), all of the Government Code, relative to the Government of Guam Employees Retirement Fund", was on the 22nd day of October, 1976, duly and regularly passed.


JOSEPH F. ADA
Speaker

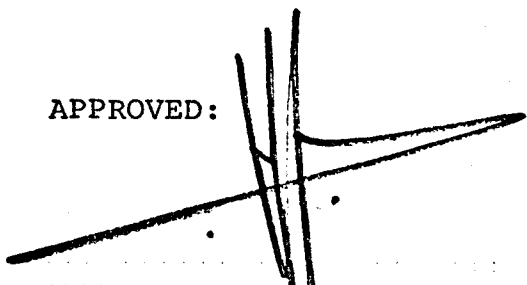
ATTESTED:


CONCEPCION CRUZ BARRETT
Legislative Secretary

This Act was received by the Governor this 1st day of
November, 1976, at 2:50 o'clock P.M.


RUTH F. WON PAT
Assistant Staff Officer
Governor's Office

APPROVED:


RICARDO J. BORDALLO
Governor of Guam

DATED: November 11, 1976

12:55 PM

P.L. 13-199

THIRTEENTH GUAM LEGISLATURE
1976 (SECOND) Regular Session

Bill No. 554
As Substituted

Introduced by

G. R. Salas
F. F. Blas
J. R. Duenas
J. F. Ada
R. F. Taitano
F. R. Santos

AN ACT TO REPEAL AND REENACT SECTION
4212, TO ADD NEW SECTIONS 4212.1,
4212.2, 4212.3, 4212.4, 4212.5, 4212.6,
TO AMEND SECTIONS 4217(a) (1), 4217(a),
4223, 4225(i), 4225.1 AND 4225.2(a), ALL
OF THE GOVERNMENT CODE, RELATIVE TO THE
GOVERNMENT OF GUAM EMPLOYEES RETIREMENT
FUND.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

2 Section 1. Section 4212 of the Government Code is
3 repealed and new Section 4212 is enacted to read:

4 "Section 4212. Disability. (a) A member less than
5 sixty (60) years of age, who shall become totally and per-
6 manently disabled for service, either mentally or physically,
7 regardless of how or where the disability shall have
8 occurred shall be entitled to a disability retirement
9 annuity provided that he is not receiving disability
10 payments from the United States Government for
11 substantially the same ailment; and further provided
12 that, to be eligible for a disability retirement
13 annuity from a non-occupational cause, he shall have
14 had at least seven (7) years of creditable service
15 in the Government of Guam prior thereto. A total and
16 permanent disability for the purposes of this Chapter
17 is one which results from some impairment of body or
18 mind that substantially precludes a person from
19 performing with reasonable regularity the substantial and

1 material parts of any gainful work or occupation that he
2 would be competent to perform were it not for that
3 impairment, and if founded upon conditions which render it
4 reasonably certain that it will continue indefinitely.

5 (b) Such annuity shall begin to accrue upon the
6 commencement of disability, provided that if the member
7 is receiving salary for sick leave, payment shall accrue
8 from the date salary ceases."

9 Section 2. A new Section 4212.1 is added to the Government
10 Code to read:

11 "Section 4212.1. Same. A member shall be considered
12 totally and permanently disabled after the Board shall have
13 received written certification by at least two (2) licensed
14 and practicing physicians selected by the Board that the
15 member is totally and likely to be permanently disabled
16 for the further performance of the duties of any assigned
17 position in the service of the government. If upon con-
18 sideration of the report of such physicians and such other
19 evidence as shall have been presented to it by the member
20 or others interested therein the Board finds the member to
21 be totally and permanently disabled, it shall grant him a
22 disability retirement annuity upon written certification
23 that the member has been separated from the service of the
24 employer because of total disability of such nature as to
25 reasonably prevent further service for the employer and as
26 a consequence is not entitled to compensation from the
27 government."

28 Section 3. A new Section 4212.2 is added to the Government
29 Code to read:

1 "Section 4212.2. Same. The amount of disability
2 retirement annuity shall be sixty-six and two-thirds percent
3 (66 2/3%) based on salary of the member in effect at the
4 date of disability. Any special compensation allowance
5 received or payable to any member because of disability
6 resulting from accidental causes while in the performance
7 of a specific act or acts of duty shall be deducted from
8 the disability annuity payable by the fund on account of
9 the same disability."

10 Section 4. A new Section 4212.3 is added to the Government
11 Code to read:

12 "Section 4212.3. Any member, who is not satisfied
13 with the decision of the physician or physicians engaged by
14 the Board, may appeal said decision to the Board of Trustees
15 within sixty (60) days after receiving notification of
16 said decision of the medical examiner. The Board upon
17 appeal by a member, shall order another medical examination
18 by a different physician or physicians and after hearing the
19 appeal based upon said information, its decision shall be
20 final and binding."

21 Section 5. A new Section 4212.4 is added to the Government
22 Code to read:

23 "Section 4212.4. Same. Should such annuitant become
24 able to resume a gainful occupation and his earnings there-
25 from be less than his salary at the date of retirement or
26 the salary currently paid for similar positions, whichever
27 is lower, the Board shall continue the disability allowance
28 in an amount which when added to his earnings from a gain-
29 ful occupation, shall not exceed his salary at the date of

1 retirement for the salary currently paid for similar
2 positions, whichever is lower."

3 Section 6. A new Section 4212.5 is added to the Government
4 Code to read:

5 "Section 4212.5. Same. Should any disability annuitant
6 refuse to submit to a medical examination as herein provided,
7 payments by the fund shall be discontinued until his with-
8 drawal of such refusal, and should his refusal continue for
9 one year, all rights of the member in any disability annuity
10 may be revoked by the Board."

11 Section 7. A new Section 4212.6 is added to the Government
12 Code to read:

13 "Section 4212.6. Same. Any disability annuitant who
14 is restored to active service shall have deductions taken
15 for the retirement fund and upon subsequent retirement shall
16 have his retirement allowance based upon all allowable
17 service including that upon which the disability allowance
18 is based.

19 (a) Effective December 1, 1974, any member who
20 retires from service and is entitled to receive
21 disability retirement benefits after December 1, 1972
22 shall receive each year on the anniversary date of
23 his retirement or entitlement, an automatic increase
24 in his annual annuity to be computed as follows:

25 (1) Disability annuitants receiving an
26 annual annuity of Three Thousand Dollars (\$3,000)
27 or less shall receive an automatic annual increase
28 of Three Hundred Dollars (\$300);

29 (2) Disability annuitants receiving an

1 annual annuity of more than Three Thousand Dollars
2 (\$3,000), but not more than Six Thousand Dollars
3 (\$6,000) shall receive an automatic annual
4 increase of Two Hundred Fifty Dollars (\$250);

5 (3) Disability annuitants receiving an
6 annual annuity of more than Six Thousand Dollars
7 (\$6,000) but not more than Ten Thousand Dollars
8 (\$10,000) shall receive an automatic annual
9 increase of Two Hundred Dollars (\$200);

10 (4) Disability annuitants receiving an
11 annual annuity of more than Ten Thousand
12 Dollars (\$10,000) shall receive an automatic
13 annual increase of One Hundred Dollars (\$100);

14 (b) Any disability annuitant who shall have his
15 annuity recomputed as of December 1, 1972, shall re-
16 ceive an automatic increase of his then recomputed
17 annuity in the amount of one and one-half percent
18 (1 ½%) thereof on December 1, 1972.

19 (c) Any disability annuitant who had his annuity
20 recomputed as of December 1, 1972, shall receive an
21 automatic increase in his annual annuity as computed
22 in Subsection (a) of this Section, on December 1, 1974,
23 and each year thereafter.

24 (d) Any annuitant who, between April 1, 1970 and
25 December 1, 1972, became entitled to receive a dis-
26 ability retirement annuity, shall have his annuity
27 increase on December 1, 1972, by an amount equal to
28 one-half percent (½%) thereof for each four (4) month
29 period that the annuitant was in receipt of his

1 annuity.

2 (e) Any disability annuitant who receives less than
3 Six Thousand Dollars (\$6,000) salary during his
4 employment shall have his annuity recomputed at Six
5 Thousand Dollars increased annually as computed
6 in Subsection (a) of this Section."

7 Section 8. Section 4217(a) (1) of the Government Code is
8 amended to read:

9 "(1) If a spouse survives, an annuity shall begin as
10 of the date of the death of the member. The annuity shall
11 terminate upon the death of the surviving spouse or upon
12 remarriage of a spouse under the age of forty (40) years,
13 whichever event first occurs; provided that if re-marriage
14 occurs at age 40 or over, this restriction shall not be
15 applicable."

16 Section 9. Section 4217(a) (2) of the Government Code is
17 amended to read:

18 "(2) If both the surviving spouse and minor children
19 under age eighteen (18) survive the member, an annuity shall
20 begin immediately upon death of the member. The allowance
21 for a minor child shall be payable until the child's
22 attainment of age eighteen (18), age twenty-one (21) if
23 child is a full time student, marriage or death whichever
24 first occurs. The annuity of the surviving spouse shall
25 terminate upon the death or upon remarriage of a spouse
26 under the age of forty (40) years, whichever first occurs;
27 provided, however, that if remarriage occurs at age forty
28 (40) or over, this restriction shall not be applicable."

29 Section 10. Section 4223 of the Government Code is amended

1 to read:

2 "Section 4223. Employees of Fund. The Director may
3 employ such clerical, medical or other assistance as shall be
4 necessary for the proper administration of the fund. The
5 Director may also engage actuarial or other professional
6 service to assist in the preparation of the annual reports,
7 to advise in matters of policy and to make the periodic
8 actuarial surveys. The costs and expenses of the adminis-
9 tration of the fund including any audit fees incurred in
10 connection with the financial operation of the fund
11 shall be paid out of said fund; provided that any payments
12 related to the management of the investment account such as
13 investment counseling service and custodial fees shall
14 be a direct charge to Investment Income. At least once
15 every five (5) years an actuarial survey and investigation
16 shall be made of the operating experience of the fund,
17 including a study of rates of mortality, disability, retire-
18 ment, separation and other essential factors relating to
19 the operations of the fund. Such survey shall also provide
20 for a verification or redetermination of the rates of
21 contributions by the government. The costs of such survey
22 shall be paid from the fund.

23 Legal services shall be provided by the government
24 through its appropriate department, and the official of the
25 government serving in the capacity of treasurer of the
26 government shall be ex-officio treasurer of the fund."

27 Section 11. Section 4225(i) of the Government Code is
28 amended to read:

29 "(i) The Board may, for the purpose of protecting

1 the fund, and at its discretion, purchase insurance on
2 the lives of the members of the fund; provided that costs
3 incurred in providing said insurance shall be displayed
4 separately apart from administrative expenses if the fund
5 is required to budget for such item along with other
6 operating expenditures."

7 Section 12. Section 4225.1 of the Government Code is
8 amended to read:

9 "Section 4225.1. Custodian. The Board shall engage
10 one or more bank trust departments to assume responsibility
11 for the physical possession of fund assets or evidences
12 of assets. The custodian shall submit such reports,
13 accountings and other information in such form and at such
14 times as requested by the Board. All costs incurred for
15 custodial services shall be a direct charge to Investment
16 Income. The custodian shall hold all assets for the
17 account of the government of Guam Retirement Fund and
18 shall act only upon the instructions of the Board, its
19 ex-officio director, or a member, committee or agent so
20 authorized by the Board. No custodian shall be engaged
21 unless it:

22 (a) Has been continuously engaged in rendering
23 trust custody services for a period of ten (10) or
24 more years; and ...

25 (b) Is organized under the laws of the United
26 States or a state or territory thereof; and ...

27 (c) Has capital and surplus in excess of ten
28 million dollars (\$10,000,000); and ...

29 (d) As a member of the Federal Reserve System

1 whose deposits are insured by the Federal Deposit
2 Insurance Corporation or any successor thereto; or

3 (e) Notwithstanding any of the above, any
4 locally chartered bank may be a custodian of the
5 Retirement Fund."

6 Section 13. Section 4225.2(a) of the Government Code is
7 amended to read:

8 "(a) In order to secure expert advice and counsel,
9 the Board may engage an investment agent which shall be
10 either an investment counsel or a bank trust department
11 as hereinafter qualified. All costs incurred in this
12 connection shall be a direct charge to Investment Income."

13 Section 14. Section 21714(b) of the Government Code is
14 amended to read:

15 "(b) The indenture shall provide (i) for the
16 deposit of all revenues and for the holding thereof
17 in one or more separate funds or accounts in the
18 Guam Telephone Authority Revenue Fund and (ii) for the
19 transfer of such portions of revenues as are provided
20 as security for the bonds and for the holding thereof
21 in one or more separate funds or accounts in said
22 Revenue Fund. All money in each said fund or account
23 shall be disbursed only as provided herein and in the
24 indenture."