



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

Refer to  
Legislative Secretary

JUN 25 1997


The Honorable Antonio R. Unpingco  
Speaker  
Twenty-Fourth Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Agana, Guam 96910

Dear Speaker Unpingco:

Enclosed please find a copy of Substitute Bill No. 126 (COR), "AN ACT TO AMEND §§8207 AND 8218 OF ARTICLE 2 OF CHAPTER 8 OF TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE DEADLINE FOR ELECTING MEMBERSHIP IN THE DEFINED CONTRIBUTION RETIREMENT SYSTEM.", which I have signed into law today as **Public Law No. 24-53**.

This legislation extends for one more year the option of government of Guam employees to elect membership in the defined contribution retirement system. This extension is for the purpose of completing all necessary work needing to be done by the Government of Guam Retirement Fund relative to the Defined Contribution Retirement System.

Very truly yours,

  
Carl T. C. Gutierrez  
Governor of Guam

Attachment 00304

OFFICE OF THE LEGISLATIVE SECRETARY  
ACKNOWLEDGMENT RECEIPT  
Received By AR  
Time 1:50 pm  
Date 6-25-97

cc: The Honorable Joanne M. S. Brown  
Legislative Secretary

Office of the Speaker  
ANTONIO R. UNPINGCO

Date: 6-25-97

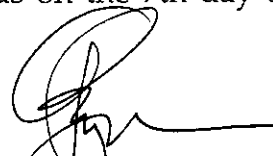
Time: 12pm

Rec'd by: [Signature]  
Print Name: Monique Yvette

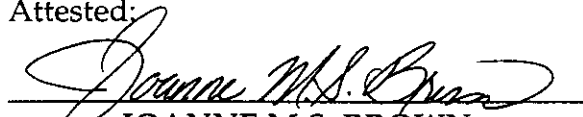
TWENTY-FOURTH GUAM LEGISLATURE  
1997 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

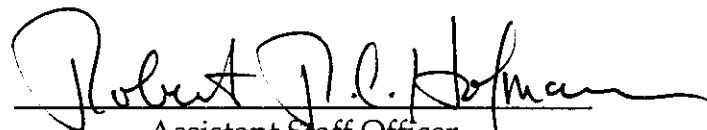
This is to certify that Substitute Bill No. 126 (COR), "AN ACT TO AMEND §§8207 AND 8218 OF ARTICLE 2 OF CHAPTER 8 OF TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE DEADLINE FOR ELECTING MEMBERSHIP IN THE DEFINED CONTRIBUTION RETIREMENT SYSTEM," was on the 7th day of June, 1997, duly and regularly passed.

  
\_\_\_\_\_  
ANTONIO R. UNPINGCO  
Speaker

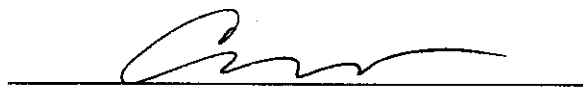
Attested:

  
\_\_\_\_\_  
JOANNE M.S. BROWN  
Senator and Legislative Secretary

-----  
This Act was received by the Governor this 13<sup>th</sup> day of June, 1997, at  
8:10 o'clock A.M.

  
\_\_\_\_\_  
Assistant Staff Officer  
Governor's Office

APPROVED:

  
\_\_\_\_\_  
CARL T. C. GUTIERREZ  
Governor of Guam

Date: 6-25-97

Public Law No. 24-53

**TWENTY-FOURTH GUAM LEGISLATURE  
1997 (FIRST) Regular Session**

**Bill No. 126 (COR)**

As substituted by the Committee  
on Power, Foreign Affairs and  
General Government Services.

Introduced by:

F. E. Santos  
T. C. Ada  
F. B. Aguon, Jr.  
E. Barrett-Anderson  
A. C. Blaz  
J. M.S. Brown  
Felix P. Camacho  
Francisco P. Camacho  
M. C. Charfauros  
E. J. Cruz  
W. B.S.M. Flores  
Mark Forbes  
L. F. Kasperbauer  
A. C. Lamorena, V  
C. A. Leon Guerrero  
L. Leon Guerrero  
V. C. Pangelinan  
J. C. Salas  
A. L.G. Santos  
A. R. Unpingco  
J. Won Pat-Borja

**AN ACT TO AMEND §§8207 AND 8218 OF  
ARTICLE 2 OF CHAPTER 8 OF TITLE 4 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO  
EXTENDING THE DEADLINE FOR ELECTING  
MEMBERSHIP IN THE DEFINED CONTRIBUTION  
RETIREMENT SYSTEM.**

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

2           **Section 1. Amendment.** Section 8207 of Article 2 of Chapter 8 of Title 4  
3 of the Guam Code Annotated is amended to read:

4           **“Section 8207. Voluntary Participation in System.** Any member,  
5 with less than twenty (20) years service credit, recognized under the  
6 existing system may, upon written election, voluntarily elect  
7 membership in the Government of Guam Defined Contribution  
8 Retirement System, on a prospective basis, on or after October 1, 1995.  
9 Said member of the existing retirement system upon election to  
10 withdraw his or her contribution plus interest, must then deposit such  
11 funds in the Government of Guam Defined Contribution Retirement  
12 System; and as a result thereof, such member’s years of service credit in  
13 the existing system shall be applied toward the years of employment  
14 service for vesting purposes under §8210 of this Article, and no further  
15 benefits will be payable to such member under the existing retirement  
16 system. Members electing to transfer to the Defined Contribution  
17 Retirement System will have their transfers effective at the end of the  
18 first pay period following the month of transfer. Employees will have  
19 three (3) years, after enactment of this legislation, in which to elect to  
20 transfer to the Defined Contribution Retirement System. After having  
21 made such election, the employee may not change such election or again  
22 become a member of the existing retirement system. Any member who  
23 does not select one (1) option or the other at the end of the three (3) year  
24 period shall be deemed to have irrevocably elected to be a member in  
25 the existing system.”

1           **Section 2. Amendment.** Section 8218 of Article 2 of Chapter 8 of Title 4  
2 of the Guam Code Annotated is amended to read:

3           **"Section 8218. Implementation.** The Board of Trustees will be  
4 responsible for implementation of the new defined contribution plan  
5 and the completion of the following implementation steps:

6                   (a) Establishment of procedures to withhold member and  
7 employer contributions and transferring of such contributions to a  
8 temporary investment account with respect to employees hired  
9 after September 30, 1995. This step is to be completed within one  
10 (1) month of the enactment of the enabling legislation.

11                   (b) Preparation of request for proposal ('RFP') for  
12 investment management and plan administration services. This  
13 step is to be completed within two (2) months of enactment of the  
14 enabling legislation.

15                   (c) Proposals for the provision of investment management  
16 and plan administration services to be received by the Board of  
17 Trustees. This step is to be completed within six (6) months of  
18 enactment of the enabling legislation.

19                   (d) Review of proposals and selection of investment  
20 managers and plan administrators. This step is to be completed  
21 within six (6) months of enactment of the enabling legislation.

22                   (e) Development and distribution of appropriate plan  
23 summary, and enrollment/investment election materials to post-  
24 September 30, 1995, hires. This step is to be completed within  
25 eight (8) months of enactment of the enabling legislation.

1           (f) Election materials returned and processed and funds  
2 currently held in "temporary" investment account allocated to  
3 appropriate investment funds per the election of the member. This  
4 step is to be completed within ten (10) months of enactment of the  
5 enabling legislation.

6           (g) Development and distribution of appropriate plan  
7 summary, benefit projection illustrations and  
8 enrollment/investment election materials to pre-October 1, 1995,  
9 hires. This step is to be completed within thirty-six (36) months of  
10 enactment of the enabling legislation.

11           (h) Process pre-October 1, 1995, hire elections, transfer  
12 accumulated member contributions from existing retirement  
13 system to defined contribution plan or calculate frozen accrued  
14 benefits in existing retirement plan as appropriate. This step is to  
15 be completed within thirty-six (36) months of enactment of the  
16 enabling legislation."

P.L. 24-53



155 Hiesler Street  
Agana, Guam 96910



TWENTY-FOURTH  
**GUAM LEGISLATURE**

**Senator Felix P. Camacho**

Committee on Power, Foreign Affairs and General Government Services

Tel: (671)

472-3505 / 6

Fax: (671)

472-9747

April 10, 1997

The Honorable  
Antonio R. Unpingco  
Speaker, 24<sup>th</sup> Guam Legislature  
Agana, Guam

**via: Committee on Rules**

Dear Mr. Speaker:

The Committee on Power, Foreign Affairs & General Government Services, to which was referred Bill No. 126, "An Act to Amend §8207 and §8218 of Article 2, Chapter 8, Title 4, Guam Code Annotated Relative to Extending the Deadline for Electing Membership in the Defined Contribution Retirement System" as substituted by the Committee herein reports back with the recommendation **TO DO PASS**.

Votes of committee members are as follows:

- 9   To Pass
- Not To Pass
- To The Inactive File
- Abstained
- Off-Island
- 5   Not Available

Sincerely,

**Felix P. Camacho**


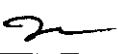




Attachments

**COMMITTEE ON POWER, FOREIGN AFFAIRS  
& GENERAL GOVERNMENT SERVICES  
TWENTY-FOURTH GUAM LEGISLATURE  
155 Hesler Street, Agana, Guam 96910**

Chairman: Senator Felix P. Camacho    Vice Chairman: Senator Lawrence F. Kasperbauer  
Ex-Officio Member: Speaker Antonio R. Unpingco

**VOTING SHEET ON:**

BILL NO. 126, "AN ACT TO AMEND §8207 AND §8218 OF ARTICLE 2, CHAPTER 8,  
TITLE 4, GUAM CODE ANNOTATED RELATIVE TO EXTENDING THE DEADLINE  
FOR ELECTING MEMBERSHIP IN THE DEFINED CONTRIBUTION RETIREMENT  
SYSTEM"

<u>COMMITTEE MEMBERS</u>	<u>INITIAL</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>ABSTAIN</u>	<u>TO PLACE IN INACTIVE FILE</u>
Sen. Felix P. Camacho	✓				
Sen. Lawrence F. Kasperbauer	LFK	X			
Sen. Thomas C. Ada		✓			
Sen. Elizabeth Barrett-Anderson	EBA	✓			
Sen. Francisco P. Camacho		✓			
Sen. Mark C. Charfauros		✓			
Sen. Edwardo J. Cruz, MD					
Sen. William B. S.M. Flores					
Sen. Carlotta A. Leon Guerrero	CLG	✓			
Sen. Alberto A.C. Lamorena V					
Sen. Vicente C. Pangelinan		✓			
Sen. Angel L.G. Santos					
Sen. Francis E. Santos					
Sen. Judith Won Pat-Borja	✓				



COMMITTEE ON POWER, FOREIGN AFFAIRS  
& GENERAL GOVERNMENT SERVICES  
TWENTY-FOURTH GUAM LEGISLATURE  
155 Hesler Street, Agana, Guam 96910

COMMITTEE REPORT

ON

BILL NO. 126

“An Act to Amend §8207 and §8218 of Article 2, Chapter 8, Title 4, Guam Code Annotated, Relative to Extending the Deadline for Electing Membership in the Defined Contribution Retirement System.”

COMMITTEE MEMBERS

Chairman: Felix P. Camacho  
Vice Chairman: Senator Lawrence F. Kasperbauer  
Ex-Officio Member: Antonio R. Unpingco

Thomas C. Ada  
Francisco P. Camacho  
Edwardo J. Cruz, MD  
Alberto A.C. Lamorena V  
Vicente C. Pangelinan  
Francis E. Santos

Elizabeth Barrett-Anderson  
Mark C. Charfauros  
William B. S.M. Flores  
Carlotta A. Leon Guerrero  
Angel L.G. Santos  
Judith Won Pat-Borja

**COMMITTEE REPORT**  
**POWER, FOREIGN AFFAIRS & GENERAL GOVERNMENT SERVICES**

**BILL NO. 126**

“An Act to Amend §8207 and §8218 of Article 2, Chapter 8, Title 4, Guam Code Annotated, Relative to Extending the Deadline for Electing Membership in the Defined Contribution Retirement System.”

**I. PUBLIC HEARING**

The Committee on Power, Foreign Affairs & General Government Services (CPFA&GGS) held a public hearing on Thursday, March 27, 1997, at 9:00 a.m. to hear testimony on Bill No. 126, “An Act to Amend §8207 and §8218 of Article 2, Chapter 8, Title 4, Guam Code Annotated Relative to Extending the Deadline for Electing Membership in the Defined Contribution Retirement System.”

The hearing was called to order by Senator Felix P. Camacho, Chairman of CPFA&GGS. Members present included Senator Lawrence Kasperbauer Vice-Chairman, Senators Francisco Camacho, Carlotta Leon Guererro, Vicente Pangelinan, Edwardo Cruz, Mark Charfauros, Alberto Lamorena V and Tom Ada, with Senator Frank Aguon as guest.

Present to testify was Ms. Michelle Santos, Director of the Government of Guam Retirement Fund. Written testimony was submitted by Ms. Santos.

**II. BACKGROUND**

Public Law No. 23-42, mandated that all employees hired as of October 1, 1995, must enroll into the Defined Contribution Retirement System (DC plan) for retirement purposes. Employees in the Defined Benefit Plan had the option to elect membership into the DC plan, however the Retirement Fund was unprepared to conduct informational seminars to interested employees as well as to set up the conversion process in the two year time frame provided. This bill will extend the processing time frame another year through September 30, 1998, to complete all the program objectives per public law.

**III. TESTIMONY**

Ms. Michelle Santos, Director of the Guam of Guam Retirement, offers written and oral testimony in support of the bill. The Fund cannot meet all the program

objectives by September 30, 1997, per Public Law No. 23-42. Certain essential elements which ensure the viability of the retirement system require an additional year to complete. Ms. Santos went on to brief the Committee on the operations of the Fund and the progress made to date to educate all government employees about their DC plan options.

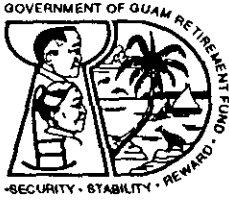
**Senator Felix P. Camacho**, Chairman, along with sitting members, expressed his total support for this bill.

#### **IV. FINDINGS**

The Committee finds that Bill No. 126 allows the Government of Guam Retirement Fund an additional year to complete all program objectives of the retirement plan.

#### **V. RECOMMENDATION**

The Committee on Power, Foreign Affairs & General Government Services hereby reports out Bill No. 126, as substituted by the Committee with the recommendation **TO DO PASS.**



GOVERNMENT OF GUAM RETIREMENT FUND  
P.O. BOX 3-C  
AGANA, GUAM 96910  
Telephone Nos. (671) 475-8900/8901  
Facsimile No. (671) 475-8922



Testimony  
of  
Michele Santos  
Director, Government of Guam Retirement Fund

## Bill No 126

Senator Camacho and members of the Committee on Power,  
Foreign Affairs, and General Government Services,

The Board of Trustees and Management of the Government of  
Guam Retirement Fund support Bill No 126.

When Public Law 23-42 was passed by the 23rd Guam  
Legislature, it was felt that 2 years would be sufficient time for  
the Fund to complete all the details of the Defined Contribution  
Retirement System (DCRS), otherwise known as the DC Plan.  
Although, the Fund has made great progress in setting up the  
DC Plan, certain essential elements to ensure the viability of the  
Plan have not been initiated, these include:

1. Disability and Survivor Benefits
2. Annuities to purchase from
3. 457 or Deferred Compensation Plan

We are at the stage of having informed all the current DC Plan  
members of the Plan itself as it exists today and the Investment  
Options. Seminars to inform the Defined Benefit Plan (DB Plan  
or old plan) members of their option to transfer to the DC Plan  
are underway. A Benefit Calculation Comparison Program has

been set up to allow DB Plan members to see what benefits they would have under each plan. Before an old plan member can transfer, a benefit calculation comparison must be done.

Although so much has been done, we experienced some delays and feel it would be impossible to reach all the old plan members by September 30, 1997. This Bill would extend the window for old plan members to transfer to the DC Plan another year making the deadline September 30, 1998.

We urge the Legislature to pass this bill and allow us to inform all members of the DB Plan of their options.

FISCAL NOTE  
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill Number: 126  
Amendatory Bill: Yes

Date Received: March 17, 1997  
Date Reviewed: March 31, 1997

Department/Agency Affected: Government of Guam Retirement Fund  
Department/Agency Head: Joseph Torres, Acting Director  
Total FY Appropriation to Date: Autonomous

Bill Title (preamble): *AN ACT TO AMEND SECTIONS 8207 AND 8218 OF ARTICLE 2, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO EXTENDING THE DEADLINE FOR ELECTING MEMBERSHIP IN THE DEFINED CONTRIBUTION RETIREMENT SYSTEM.*

Change in Law: Sections 8207 and 8218 of Article 2, Chapter 8, Title 4, GCA

Bill's Impact on Present Program Funding:

Increase \_\_\_\_\_ Decrease \_\_\_\_\_ Reallocation \_\_\_\_\_ No Change X

Bill is for:

Operations \_\_\_\_\_ Capital Improvement \_\_\_\_\_ Other X

**FINANCIAL/PROGRAM IMPACT**

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
<i>Autonomous</i>	<u>1/</u>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL	<u>1/</u>					
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Yes -- IF NO, ADD'L AMOUNT REQUIRED \$ \_\_\_\_\_

AGENCY/PERSON/DATE CONTACTED: \_\_\_\_\_

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	<u>1/</u>					
OTHER						
TOTAL						

ANALYST md DATE 3/31/97 DIRECTOR Joseph Rivera DATE APR 01 1997  
M. Dizon *(Signature)* Joseph E. Rivera, Acting

FOOTNOTES: *1/ Bill 126 proposes to extend the deadline for electing membership in the defined contribution retirement system from two (2) years to three (3) years. It appears that this bill is administrative in nature and will have a minimal impact on the General Fund.*