

4 GCA PUBLIC OFFICERS & EMPLOYEES
CH 8 RETIREMENT OF PUBLIC EMPLOYEES

CHAPTER 8
RETIREMENT OF PUBLIC EMPLOYEES

- Article 1. Defined Benefit Plan [Old Plan].
- Article 2. Defined Contribution Retirement System [New Plan].
- Article 3. Deferred Compensation Program.
- Article 4. Welfare Benefit Plans.

ARTICLE 4
WELFARE BENEFIT PLANS

SOURCE: This entire Article was enacted by P.L. 26-162:13 unless otherwise noted.

- § 8401. Definitions.
- § 8402. Welfare Benefit Plans Created and Established; Body Corporate.
- § 8403. Article to be Liberally Construed; Purpose.
- § 8404. Administration of the Welfare Benefit Plans.
- § 8405. Powers and Duties of the Board of Trustees.
- § 8406. Participation in the Welfare Benefit Plans.
- § 8407. Employer's Contributions.

§ 8401. Definitions.

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

- (a) '*Base Pay*' means an employee's stated rate of pay;
- (b) '*Board*' means the Board of Trustees of the Government of Guam Retirement Fund, which also is responsible for the direction and operation of the affairs and business of the Defined Contribution Retirement System. Title to all assets in the welfare benefit plans created herein shall be held in the name of the Board for the benefit of participants in the welfare benefit plans herein;
- (c) '*Defined Contribution Retirement System*' means the Government of Guam Defined Contribution Retirement System created by Article 2 of Chapter 8 of Title 4 of the Guam Code Annotated;
- (d) '*Employer contribution*' means an amount deposited into a welfare benefit account, on a periodic basis coinciding with the employee's base payroll period, by an employer from its own funds, the balances of which shall be used solely for the payment of insurance

4 GCA PUBLIC OFFICERS & EMPLOYEES
CH 8 RETIREMENT OF PUBLIC EMPLOYEES

premiums associated with the welfare benefit plans established hereunder, including pre-retirement disability and survivor death benefits offered to members of the Defined Contribution Retirement System;

(e) *'Employer'* means each and every line department or agency of the Executive Branch; every autonomous and semi-autonomous agency or instrumentality; public corporations; every educational institution, whether secondary or post secondary; the Judicial Branch; the Legislative Branch; Public Defender Corporation; and every public entity hereafter to be created by law, within Guam which has employed, or employs, a member;

(f) *'Member'* means any member of the Defined Contribution Retirement System in accordance with Article 2, Chapter 8 of Title 4 of the Guam Code Annotated;

(g) *'Welfare Benefit Account'* means an employee welfare benefit account created and established by this Article as a pool account established for all members to record the deposit of employer contributions, interest and other accumulations credited on behalf of all members, the balances of which shall be used solely for the payment of insurance premiums and administrative expenses associated with the welfare benefits, including pre-retirement disability and survivor death benefits offered to members of the Defined Contribution Retirement System;

(h) *'Welfare benefit plan'* means any employee welfare benefit plan created and established by this Article, including plans providing for pre-retirement disability benefits or survivor death benefits, which shall be offered to members of the Defined Contribution Retirement System, as provided in the contracts negotiated with insurance providers.

§ 8402. Welfare Benefit Plans Created and Established; Body Corporate.

The Welfare Benefit Plans for Defined Contribution Retirement System members as described herein shall be created and established to provide employee welfare benefits as reasonable and necessary to fulfill the purposes of this Article. The business of each welfare benefit plan created hereunder shall constitute a body corporate and all business of each welfare

4 GCA PUBLIC OFFICERS & EMPLOYEES
CH 8 RETIREMENT OF PUBLIC EMPLOYEES

benefit plan shall be transacted in the name of the Government of Guam Defined Contribution Retirement System for the benefit of its members.

§ 8403. Article to be Liberally Construed; Purpose.

The provisions of this Article shall be liberally construed so as to provide, to the extent practicable, similar, although not necessarily equal, pre-retirement disability and survivor death benefits as those provided to members of the Defined Benefit Plan, and to provide other employee welfare benefits to members of the Defined Contribution Retirement System, which benefits are fully funded on a current basis from employer contributions, with the objective of encouraging qualified personnel to enter and remain in the service of the government of Guam, thus effecting economy and efficiency in the administration of the government.

§ 8404. Administration of the Welfare Benefit Plans.

The Board of Trustees created pursuant to Article 1 of Chapter 8 of this Title, and authorized under Article 2 of Chapter 8 of this Title, shall administer the welfare benefit plans for members of the Government of Guam Defined Contribution Retirement System. The board may sue and be sued, contract and be contracted with and conduct all the business of the welfare benefit plans.

§ 8405. Powers and Duties of the Board of Trustees.

The Board has all powers necessary to effectuate the purposes of this Article. The Board is authorized and empowered to take any and all required action, including, but not limited to, making decisions concerning plan design and adoption of the plan, entering into contracts with third parties for actuarial, insurance, custodial, annuity, legal and administrative, and other products and services, all of which shall be intended to implement the welfare benefit plans consistent with the intent of this Article. The Board shall authorize the company or companies with whom it contracts to make available the welfare benefits under the plans adopted herein. The Board may borrow monies to effectuate the purposes of this Article, including, but not limited to, monies loaned from the Government of Guam Retirement Fund for interim financing for survivor death insurance and pre-retirement disability insurance premiums offered to members of the Defined Contribution Retirement System.

§ 8406. Participation in the Welfare Benefit Plans.

4 GCA PUBLIC OFFICERS & EMPLOYEES
CH 8 RETIREMENT OF PUBLIC EMPLOYEES

Members of the Defined Contribution Retirement System are eligible to participate in the welfare benefit plans established hereunder.

§ 8407. Employer's Contributions.

(a) Each participating employer shall make a contribution to the applicable welfare benefit account for the sole purpose of financing insurance premiums and administrative expenses related to the welfare benefit plans established under this Article, including pre-retirement disability insurance and survivor death insurance, in aggregate amounts equal to a designated percentage of such member's base pay, the percentage to be determined on a quarterly basis by the Board within its sole discretion, in an aggregate amount not to exceed eight-tenths of one percent (0.8%) of each member's base pay.

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