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# LOCAL

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## Pacific Daily News

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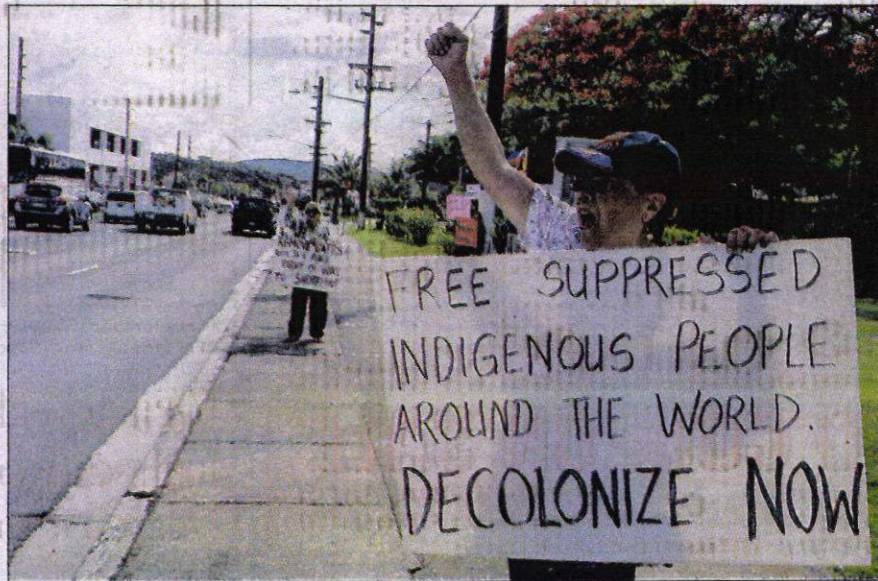
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### CLEARING THE RECORD

■ An incorrect abbreviation for Guam Memorial Hospital was published in a headline on Page 1 of the Sept. 4 edition of the Pacific Daily News.

We care about accuracy. If you would like to clear the record, call the Pacific Daily News at 479-0419.

## Nasion Chamoru holds protest



**'Decolonize now':** Catherine Flores McCollum pumps her fist into the air and shouts out, "Nasion Chamoru," as she urges drivers to sound their horns at the ITC building intersection in Tamuning yesterday. McCollum and other Nasion Chamoru members staged the peaceful protest to remind the public that issues, such as Guam's war reparations, continued to be addressed despite the outcome of the upcoming General Election. Rick Cruz/Pacific Daily News/rmcruz@guampdn.com

## Bill creates hybrid retirement plan

**By Jerick Sablan**

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Government of Guam employees under the current Defined Contribution plan could have another option for retirement, which would provide better coverage after they retire, if a bill passes into law.

Vice Speaker Benjamin Cruz, D-Piti, introduced Bill 394, which creates a new hybrid retirement plan.

Current employees under the DC plan will have the option of transferring to the alternative retirement plan with guaranteed annuity by the end of year, according to the legislation introduced by Cruz, the acting retirement committee chair.

Based on retirement reform developed by the late Sen. Ben Pangelinan, Bill 394 helps lift employees under the DC plan by creating a new hybrid plan.

"Over four years ago, senator Pangelinan foresaw an issue with the existing DC Retirement System and worked with the Government of Guam Retirement Fund to craft retirement reform that strikes a balance between the government's budgetary needs and its obligations to its retirees and their survivors," Cruz said in a release.

The bill was drafted in collaboration with Retirement Fund actuaries, investment advisers and financial experts.

"The result is the new hybrid retirement system, which is both affordable for GovGuam and ad-

vantageous for employees who would have had to struggle to maintain their quality of life upon retirement under the existing plan," Cruz said.

### Not enough

A 2011 audit from the Office of Public Accountability found that GovGuam employees under the defined contribution plan will not have enough to sustain themselves when they plan to retire.

"If members are left without adequate income when they retire, the government of Guam may find itself subsidizing their cost of living through public assistance programs," the audit states.

The plan will be available to all GovGuam employees and mandated for new hires on or after January 1, 2015. The new plan under the retirement reform bill includes both a defined "floor" of benefits and a deferred compensation program as the defined contribution component.

While current DC plan members receive benefits equal only to the growth of their investments, hybrid plan members would receive a guaranteed annuity based in part on a formula that takes 1.75 percent of average annual salary for each year of service, according to the bill.

The retirement reform bill also allows current DC retirement plan members to elect to transfer their retirement account balances into the hybrid plan in exchange for creditable years of service to-

ward retirement.

In the development of the proposed hybrid plan, the Retirement Fund conducted comprehensive analyses of numerous retirement alternatives and cost comparisons between Social Security, the DC retirement plan, Social Security plus the DC retirement plan, and multiple hybrid retirement plan benefit options.

### Amendment

Guam Del. Madeleine Bordallo recently introduced a bill that would amend the Social Security Act to extend eligibility for Social Security and Medicare coverage to GovGuam employees.

Under current federal statutes, the governments of Guam, American Samoa and the District of Columbia are prevented from entering into an agreement with the Social Security Administration to cover their employees in Social Security and Medicare. The bill would remove this exclusion for Guam and American Samoa.

The Legislature in June passed a resolution to ask Bordallo to help place GovGuam employees in the federal Social Security program.

The Retirement Fund found that the implementation of Social Security plus DC Retirement System option would cost both the government and the employee more than 10 percent over the proposed hybrid plan, which

translates to less pay for the employee and a greater demand on GovGuam resources.

"Retirement reform is necessary; upon retirement age, many of our GovGuam workers on the existing DC retirement plan would have to choose between retiring with financial strains, or postponing retirement altogether," Cruz said. "This bill is about giving people a chance at a dignified retirement after a lifetime of work."

The Committee on Appropriations, Public Debt, Legal Affairs, Retirement, Public Parks, Recreation, Historic Preservation, and Land is scheduling a series of public hearings for Bill 394 in subsequent weeks, a press release states.

During these hearings, Retirement Fund experts will be present to explain in detail the benefit levels and policies of the proposed hybrid plan and how the new plan will affect both current and future GovGuam employees.

"No one should have the impression that the DC Plan was written in stone; Guam law recognizes that the plan should be placed under periodic review — changing the plan to meet the needs of future retirees," Cruz said, referring to the legislative intent of Public Law 23-42 that states in part that "benefit levels should be adjusted in order to address specific inequities, excessiveness, and desired policy objectives"

"Speaker Ben started this work, and with his help we are trying to finish it," Cruz said.