

*I Mina'trentai Ocho Na Liheslaturan Guåhan*  
**BILL STATUS**

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
263-38 (LS) As amended on the Floor.	Telo T. Taitague V. Anthony Ada Joe S. San Agustin Chris Barnett Therese M. Terlaje Tina Rose Muña-Barnes William A. Parkinson Jesse A. Lujan Christopher M. Dueñas Frank F. Blas, Jr. Sabina Flores Perez	AN ACT TO <i>AMEND</i> SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.	1/27/26 11:57 a.m.  2/5/26 2:06 p.m.	2/5/26	Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement.	Request: 2/5/26  2/16/26	2/25/26 9:00 a.m.	3/3/26	
	SESSION DATE	TITLE	DATE PASSED	TRANSMITTED	DUE DATE	PUBLIC LAW NO.	DATE SIGNED	NOTES	
3/23/26	AN ACT TO <i>AMEND</i> §§ 8137(b)(1), 8143, 8146, 8154, AND 8157, ALL OF ARTICLE 1, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO THE DEFINED BENEFIT PLAN.	3/27/26	3/27/26	4/8/26	38-120	4/8/26	Received: 4/8/26 Mess and Comm. Doc. No. 638GL-26-2188		

LOURDES A. LEON GUERRERO  
GOVERNOR



JOSHUA F. TENORIO  
LT. GOVERNOR

UFISINAN I MAGA'HÅGAN GUÅHAN  
OFFICE OF THE GOVERNOR OF GUAM

38GL-26-2188

OFFICE OF THE SPEAKER  
FRANK F. BLAS JR.

Transmitted via Email to: [speakerblas@guamlegislature.org](mailto:speakerblas@guamlegislature.org)

April 8, 2026

APR 08 2026

Time: 4:22pm

Received: Jurk Salom

**THE HON. FRANK BLAS, JR., Speaker**  
*I Mina'trentai Ocho Na Liheslaturan Guåhan*  
38th Guam Legislature  
Guam Congress Building  
163 Chalan Santo Papa  
Hagåtña, Guam 96910

**Re: Bill No. 263-38 (LS), "AN ACT TO AMEND §§ 8137(b)(1), 8143, 8146, 8154, AND 8157, ALL OF ARTICLE 1, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO THE DEFINED BENEFIT PLAN."**

*Håfa Adai* Mr. Speaker,

This measure updates several provisions of the Defined Benefit plan to ensure that the Government of Guam Retirement Fund remains responsibly managed and positioned for long-term stability. The Trustees, supported by professional investment advisors and actuaries, have consistently emphasized the need to modernize the Fund's investment parameters and to recalibrate the amortization structure governing the unfunded actuarial accrued liability. This legislation reflects those recommendations by enhancing contribution rate stability and providing the Fund with greater opportunities to improve risk adjusted returns.

For these reasons, I sign Bill No. 263-38 (LS) into law as **Public Law No. 38-120**.

*Senseramente,*

**LOURDES A. LEON GUERRERO**  
*I Maga'hågan Guåhan*  
Governor of Guam



**38GL-26-2188**  
Messages and Communications

**RECEIVED**  
COMMITTEE ON RULES  
April 9, 2026

2:17 p.m.  
*Mario Crisostomo*

Enclosure(s): Bill No. 263-38 (LS) nka P.L. 38-120  
cc via email: *Honorable* Joshua F. Tenorio, *Segundo Maga'låhen Guåhan*, Lt. Governor of Guam  
Compiler of Laws

**I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN**  
**2026 (SECOND) Regular Session**

**CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'HÅGAN GUÅHAN**

This is to certify that **Bill No. 263-38 (LS), "AN ACT TO AMEND §§ 8137(b)(1), 8143, 8146, 8154, AND 8157, ALL OF ARTICLE 1, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO THE DEFINED BENEFIT PLAN,"** was on the 27<sup>th</sup> day of March 2026, duly and regularly passed.



**Frank F. Blas, Jr**  
**Speaker**

Attested:



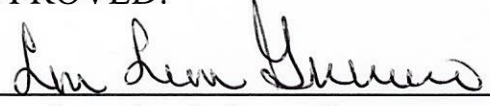
**Sabrina Salas Matanane**  
**Legislative Secretary**

This Act was received by *I Maga'hågan Guåhan* this 27 day of March 2026, at 8:24 o'clock P.M.



*for* Assistant Staff Officer  
Maga'håga's Office

APPROVED:



Lourdes A. Leon Guerrero  
*I Maga'hågan Guåhan*

*POW* Jesse J. Castro  
Executive Security

Date: 4/8/2026

Public Law No. 38-120

2026-25721  
OFFICE OF THE GOVERNOR  
CENTRAL FILES OFFICE  
Rec'd By: Jomichael C. Quinata  
Date: 3-30-26 Time: 10:05 AM

***I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN***  
**2026 (SECOND) Regular Session**

**Bill No. 263-38 (LS)**

As amended on the Floor.

Introduced by:

Telo T. Taitague  
V. Anthony Ada  
Joe S. San Agustin  
Chris Barnett  
Therese M. Terlaje  
Tina Rose Muña-Barnes  
William A. Parkinson  
Jesse A. Lujan  
Christopher M. Dueñas  
Frank F. Blas, Jr.  
Sabina Flores Perez  
Vincent A.V. Borja  
Shelly V. Calvo  
Eulogio Shawn Gumataotao  
Sabrina Salas Matanane

**AN ACT TO *AMEND* §§ 8137(b)(1), 8143, 8146, 8154, AND  
8157, ALL OF ARTICLE 1, CHAPTER 8, TITLE 4, GUAM  
CODE ANNOTATED, RELATIVE TO THE DEFINED  
BENEFIT PLAN.**

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

2           **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that the Defined Benefit Plan of the Government of Guam Retirement Fund is  
4 prudently managed by the Trustees of the Retirement Fund with professional advice  
5 rendered by investment agents (consultants and managers), and pension actuaries  
6 procured and retained by the Trustees. *I Liheslaturan Guåhan* further finds that

1 amendments to several of the investment guidelines in the Defined Benefit statute,  
2 as recommended to the Trustees, will provide the Retirement Fund with greater  
3 opportunities to improve risk-adjusted returns on investments, with the desired result  
4 of reducing the Government of Guam's required contributions to the Defined Benefit  
5 Plan and the Defined Benefit 1.75 Plan.

6 *I Liheslaturan Guåhan* further finds that § 8137(b)(1) of the Defined Benefit  
7 Plan, as amended by Public Law No. 33-186:9, provides for "the remaining liability  
8 for prior service" (referring to government of Guam's unfunded actuarial accrued  
9 liability ("UAAL"), beyond its normal cost actuarial accrued liability as described  
10 in § 8137(a)) to be amortized "over a period of eighty-two (82) years following May  
11 1, 1951." *I Liheslaturan Guåhan* further finds that the relatively short period until  
12 May 1, 2033 to amortize the government of Guam's UAAL (calculated as of  
13 September 30th of each fiscal year) could lead to significant overfunding or  
14 underfunding in each subsequent year for which the contribution rate is established.

15 *I Liheslaturan Guåhan* further finds that as the amortization period gets  
16 shorter and shorter, the unpredictability and volatility could adversely impact the  
17 government of Guam's ability to prudently plan and budget for predictable  
18 contributions to the Defined Benefit Plan as well as for ongoing government  
19 operations. As 2033 approaches, the remaining funding period will become shorter  
20 and shorter, which means that the government of Guam's ability to fund the UAAL  
21 will be spread over shorter periods, which may cause large swings in the required  
22 employer contribution rate from one year to the next. For example, if the  
23 investments perform below the assumed rate of investment return during the fiscal  
24 years ending prior to September 30, 2032, that underperformance could potentially  
25 result in experience losses in the tens or even hundreds of millions of dollars, which,  
26 based upon the current requirement to be fully funded by May 1, 2033, could require  
27 employer contributions equal to that amount to be made within one year. Conversely,

1 if investments perform at or above the assumed rate of investment return during the  
2 fiscal years ending prior to September 30, 2032, potentially resulting in full or excess  
3 funding by May 1, 2033, the government's contributions could drastically drop in  
4 that last year to an amount equal to the normal cost actuarial accrued liability as  
5 defined in § 8137(a) (currently approximately six percent (6%) of total salaries). The  
6 current amortization period ending in 2033 is projected to result in unpredictable and  
7 potentially disruptive employer contributions in and prior to 2033. Because of the  
8 aforementioned risk of volatility in earnings that may increase unpredictability in  
9 required contributions prior to 2033, it may be prudent for government planning and  
10 budgeting purposes to offset that risk by phasing-in (smoothing out) that decrease in  
11 contributions over a longer period of time.

12 *I Liheslaturan Guåhan* further finds that the government's obligation to fund  
13 the actuarial accrued liability (normal cost) as well as the unfunded actuarial accrued  
14 liability under § 8137(a) and (b) will necessarily continue after May 1, 2033, even if  
15 the Defined Benefit Plan is fully funded as of that date. Economic assumptions  
16 (investment returns, salary increases, payroll growth, and administrative expenses)  
17 and demographic assumptions (mortality, disability, withdrawal rates and return of  
18 contributions, ages at retirements, marital status, survivors, and leave adjustments)  
19 may differ from actual events, which, after 2033, would cause the pension plans to  
20 be overfunded or underfunded.

21 *I Liheslaturan Guåhan* therefore finds that amendments to the amortization  
22 periods for the government of Guam to fund the Defined Benefit Plan's unfunded  
23 actuarial accrued liability in § 8137(b)(1) of the Defined Benefit statute, as  
24 recommended by the actuaries retained by the Trustees, are reasonable, prudent, and  
25 necessary to decrease contribution rate volatility and to smooth out employer  
26 contributions each fiscal year.

27 Therefore, *I Liheslaturan Guåhan* finds that the UAAL established as of the

1 actuarial valuation as of September 30, 2024, shall serve as the Initial UAAL, which  
2 may be amortized over periods of up to fifteen (15) years, in whole or in separate  
3 parts, to result in a phase down of the employer contribution rate over the chosen  
4 amortization period.

5       Additionally, *I Liheslaturan Guåhan* further finds that new UAAL bases shall  
6 be ascertained as of September 30th of each subsequent year, which UAAL bases  
7 may be positive or negative, as actual events are measured against economic and  
8 demographic actuarial assumptions. Each new UAAL base shall be equal to the  
9 unexpected change in the UAAL for each year, and amortized over periods of up to  
10 fifteen (15) years, in whole or in separate parts, from the date each new UAAL base  
11 is established. *I Liheslaturan Guåhan* finds that the Initial UAAL and each new  
12 UAAL base will be factors in determining the amount of the government's  
13 contribution as described in § 8137(b)(1)(F).

14       *I Liheslaturan Guåhan* further finds that in recognition of increased  
15 globalization and geographical diversity of the public securities market, the current  
16 limitation for non-U.S. investments (bonds and equity combined) to thirty-five  
17 percent (35%) of the Fund's assets has become disconnected to the evolving market  
18 opportunity set. To provide the Retirement Fund with better opportunities to achieve  
19 higher levels of diversification and potentially higher risk-adjusted long-term return,  
20 *I Liheslaturan Guåhan* therefore finds that the current thirty-five percent (35%) limit  
21 on non-U.S. investments in § 8146 should be increased to fifty percent (50%), and  
22 that the five percent (5%) limitation on any one political subdivision, corporation,  
23 or other single issuing entity be increased to ten percent (10%) of Fund assets at cost.

24       *I Liheslaturan Guåhan* further finds that bond quality defined by rating  
25 agencies' ratings go through cycles as economic conditions change, and therefore  
26 the current eight percent (8%) limitation in § 8154(a)(2) on lesser-ranked domestic  
27 corporate bonds should be increased to fifteen percent (15%) of the Fund at cost, and

1 the two percent (2%) limitation on obligations of any single corporation or domestic  
2 issuing entity be increased to five percent (5%).

3 Additionally, *I Liheslaturan Guåhan* further finds that fixed charge ratios are  
4 no longer applicable because the Fund relies on ratings agencies to define bond  
5 quality, and therefore these types of independent debt ratio tests are no longer needed  
6 in § 8154's requirements. *I Liheslaturan Guåhan* further finds that limiting bond  
7 investments to only fixed rate and investment grade is overly restrictive, as many  
8 bonds are floating rate and non-investment grade, so *I Liheslaturan Guåhan* further  
9 finds that such limits should be eliminated, and the appropriate benchmark should  
10 be amended so that tracking indices will include ones other than the U.S. Aggregate  
11 Bond Index, as approved from time to time by the Board of Trustees.

12 *I Liheslaturan Guåhan* further finds that specific security level selection  
13 requirements (such as dividend payout requirements) for domestic common stock in  
14 § 8157(a) should be eliminated and replaced with the same prudent person  
15 investment standards applicable to non-U.S. common stock in § 8157(b). *I*  
16 *Liheslaturan Guåhan* further finds that the five percent (5%) limitation on any one  
17 issuing domestic company be increased to ten percent (10%). *I Liheslaturan Guåhan*  
18 further finds that the current restriction on aggregate common stock investments at  
19 seventy percent (70%) severely constrains the Fund's asset allocation choices, and  
20 deviates from peer group practices. *I Liheslaturan Guåhan* therefore finds that the  
21 seventy percent (70%) maximum be eliminated.

22 *I Liheslaturan Guåhan* further finds that investments in companies that  
23 recognize and affirmatively implement business practices focused on long-term  
24 sustainability may provide investors in those companies with greater opportunities  
25 for improved investment returns, as such practices also contribute to change and  
26 innovations that may identify potential risks sooner. Many institutional funds  
27 employ criteria for assessing long-term sustainability business practices. *I*

1 *Liheslaturan Guåhan* therefore finds that the Board of Trustees' consideration of  
2 long-term sustainability business practices should be expressly added to §8143.  
3 Based on these findings, *I Liheslaturan Guåhan* intends to amend §§ 8137(b)(1),  
4 8143, 8146, 8154, and 8157, and add § 8143(k) in the best interests of the Retirement  
5 Fund.

6 **Section 2.** § 8137(b)(1) of Article 1, Chapter 8, Title 4, Guam Code  
7 Annotated, is hereby *amended*, to read:

8 “(b) Government Unfunded, Liability Amortization Cost.

9 (1) An amount resulting from the application of a rate percent,  
10 not less than zero, of total salaries of all members, which will amortize  
11 the remaining unfunded liability for prior service as of September 30,  
12 2024, and for any changes thereto calculated as of each subsequent  
13 September 30th thereafter, over one or more amortization periods, each  
14 period not to exceed fifteen (15) years from the September 30<sup>th</sup> upon  
15 which the applicable remaining unfunded liability is calculated.”

16 **Section 3.** A new § 8143(k) is hereby *added* to Article 1, Chapter 8, Title 4,  
17 Guam Code Annotated, to read:

18 “(k) If deemed material, the Board may, at its discretion, incorporate  
19 long-term sustainability factors in evaluating investment products offered by  
20 investment agents for consideration by the Fund. Materiality assessments by  
21 the Board shall be based on whether such considerations may impact the  
22 investment product's long-term sustainable earnings power, on a risk-adjusted  
23 basis.”

24 **Section 4.** § 8146 of Article 1, Chapter 8, Title 4, Guam Code Annotated,  
25 is hereby *amended* to read:

26 “§ 8146. **General Investment Limitations.**

1 No investment shall be made if, after such investment, the Fund would  
2 own:

3 (a) any combination of obligations of any one political  
4 subdivision, corporation or other single issuing entity in excess of ten  
5 percent (10%) of Fund assets at cost. This limitation shall not apply to  
6 general obligations of the United States, investments authorized under  
7 § 8150, or general obligations of the territory of Guam.

8 (b) any combination of investment instruments as covered by  
9 § 8151, Subsection (b) of § 8154, Subsection (b) of § 8156, and  
10 Subsection (b) of § 8157 in excess of Fifty Percent (50%) of Fund assets  
11 at cost.

12 (c) Obligations or other investments issued or guaranteed by  
13 the Territory of Guam in excess of ten percent (10%) of Fund assets at  
14 cost; provided, however, that this limitation shall not apply to such  
15 obligations or other investments that are unconditionally guaranteed as  
16 to principal and interest by, or supported by lease assignment from,  
17 another entity whose principle business is outside of said Territory, and  
18 whose obligations are authorized investments under §§ 8143 through  
19 8159, inclusive.”

20 **Section 5.** § 8154 of Article 1, Chapter 8, Title 4, Guam Code Annotated,  
21 is hereby *amended* to read:

22 **“§ 8154. Same: Bonds of Domestic and Foreign Corporations;  
23 Index-Eligible Securities.**

24 (a) Bonds of Domestic Corporations. Bonds, debentures, notes and  
25 other evidences of indebtedness of any corporation, or corporations created or  
26 existing under the laws of the United States, or of any of the states or territories

1 of the United States, or the District of Columbia, which are not in default  
2 either as to principal or interest, provided that:

3 (1) such bonds or other evidence of indebtedness are rated  
4 within the four (4) highest categories of two (2) nationally recognized  
5 and published rating services which have been approved by the Board  
6 and the Investment Agent; or

7 (2) in case such bonds or other evidence of indebtedness are  
8 not so rated by two (2) such services, investments in such lesser-ranked  
9 domestic corporate bonds shall not exceed fifteen percent (15%) of the  
10 Fund at cost;

11 (3) No more than five percent (5%) of the Fund at cost shall  
12 be invested in the obligations of any one (1) domestic corporation or  
13 other single domestic issuing entity described in this Subsection.

14 (b) Bonds of Foreign Corporations. Bonds, debentures, notes and  
15 other evidences of indebtedness of any corporation, or corporations created or  
16 existing under the laws of nations other than the United States which are not  
17 in default either as to principal or interest, provided that the Investment Agent  
18 in its informed opinion, determines that such an investment would be  
19 employed by a prudent person acting in a like capacity and familiar with such  
20 matters would use in the investment of a fund of like character and with like  
21 aims.

22 (c) No investment shall be made in any one (1) issue described in  
23 Subsections (a) and (b) of this Section in an amount in excess of ten percent  
24 (10%) of such issues.

25 (d) Securities in Board-Approved Bond Benchmark Indices. Bonds,  
26 debentures, notes and other evidences of indebtedness which are denominated

1 in U.S. Dollars, and of the quality of fixed income securities covered by  
2 applicable bond benchmark indices approved by the Board of Trustees.

3 (e) Bonds authorized under this Section may be purchased and held  
4 in investment funds authorized under §8158, or in exchange-traded funds  
5 authorized under §8158.1; such purchases shall be excluded from the  
6 limitations of §8158(e) and §8158.1(b).”

7 **Section 6.** § 8157 of Article 1, Chapter 8, Title 4, Guam Code Annotated,  
8 is hereby *amended* to read:

9 **“§ 8157. Same; Common Stock.**

10 (a) Common or capital stock of any institution or entity created or  
11 existing under the laws of the United States, or any state, district, or territory  
12 thereof, or of the District of Columbia, provided that the Investment Agent  
13 determines that such an investment would be employed by a prudent person  
14 acting in a like capacity and familiar with such matters would use in the  
15 investment of a fund with like character and with like aims.

16 (1) No more than ten percent (10%) of the Fund shall be  
17 invested directly in the common or capital stock of anyone issuing  
18 domestic company described in this Section.

19 (b) Common or capital stock of any institution or entity created or  
20 existing under the laws of nations other than the United States; provided, that  
21 the Investment Agent determines that such an investment would be employed  
22 by a prudent person acting in a like capacity and familiar with such matters  
23 would use in the investment of a fund with like character and with like aims.

24 (c) No direct investment shall be made in any one (1) issue described  
25 in this Section in an amount in excess of ten percent (10%) of such issues.

26 (d) Common or capital stock of any institution or entity created or  
27 existing under the laws of the United States, or any state, district, or territory

1           thereof, or of the District of Columbia, or of any foreign country, purchased  
2           and held in investment funds authorized under § 8158, or in exchange-traded  
3           funds authorized under § 8158.1; such purchases being excluded from the  
4           limitations of §§ 8158(e) and 8158.1(b).

5           (e) [RESERVED]”

6           **Section 7. Effective Date.** Except as expressly provided herein, this Act  
7           shall become effective upon enactment.

8           **Section 8. Severability.** If any provision of this Act or its application to any  
9           person or circumstance is found to be invalid or inorganic, such invalidity shall not  
10          affect other provisions or applications of this Act that can be given effect without  
11          the invalid provision or application, and to this end the provisions of this Act are  
12          severable.