

**Government of Guam  
Special Lifetime Annuities**

**Performance Audit  
January 1975 through December 2014**

**OPA Report No. 15-03  
May 2015**



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May 2015**

**Distribution:**

Governor of Guam  
Lt. Governor of Guam  
Speaker, 33<sup>rd</sup> Guam Legislature  
Senators, 33<sup>rd</sup> Guam Legislature  
Director, Government of Guam Retirement Fund  
Director, Department of Administration  
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**EXECUTIVE SUMMARY**  
**Special Lifetime Annuities**  
**Report No. 15-03, May 2015**

Legislation has provided special lifetime annuities for Governors, Lieutenant (Lt.) Governors, Judges/Justices, and Senators. These lifetime annuities have cost the Government of Guam (GovGuam) an estimated \$24.1 million (M) as of the end of calendar year (CY) 2014 and are projected to reach \$42.9M at the end of the next 20 years.

Two of the special annuity categories have already been discontinued going forward, but the third is still in force for future office holders, leading to significant costs. Without any effort to discontinue the special lifetime annuities afforded to *Governors and Lt. Governors* at the completion of their terms, annuities are projected to increase \$6.5M in the next 20 years. After 1995, the special annuity provision for *Judges/Justices* was eliminated, but the government will continue to pay \$6.2M in the next 20 years for Judges/Justices who were eligible to receive the special annuity prior to the law change. Similarly, in 1995, the law was amended to no longer allow the option for *Senators* to accrue retirement credit based on the salary of the DOA Director. However, an estimated \$6.2M will continue to be paid to those Senators who were eligible under the special provision prior to the law change. Refer to the summary below.

**Paid and Projected Annuities CY 1975 through CY 2034**

Eligible Recipients	Annuities Paid (CY 1975 to CY 2014)	Annuities Projected (CY 2015 to CY 2034)	Totals
Governors, Lt. Governors, & Widows	\$3,792,500	\$6,454,350	\$10,246,850
Judges/Justices	\$6,854,400	\$6,194,465	\$13,048,865
Senators	\$13,410,822	\$6,168,645	\$19,579,467
<b>Totals</b>	<b>\$24,057,722</b>	<b>\$18,817,460</b>	<b>\$42,875,182</b>

**Special Law Provisions Have Costs GovGuam an Estimated \$24.1M in Lifetime Annuities**

These special lifetime annuities are far superior in comparison to GovGuam employees who receive annuities under the Defined Benefit (DB) retirement plan. For example, in order to receive full retirement benefits, a DB Plan member would be eligible after providing 30 years of service, or reaching age 65, to receive annuity payments that are calculated at no more than 85% of the member's three highest annual salaries. However, Governors and Lt. Governors require fewer years of service to receive an annuity, Judges/Justices were eligible to receive a higher percentage of annuity, and Senators were able to factor in pay received by another position, the Department of Administration (DOA) Director, when calculating their annuities.

**Governors, Lt. Governors, and Surviving Spouse (Widow) Received an Estimated \$3.8M**

Title 4 of the Guam Code Annotated (GCA) § 8172(a), provides that any person who is elected Governor or Lt. Governor may retire following the completion of his term of office and shall be compensated an annual pension during the remainder of his life in an amount equal to and not to exceed 50% of the annual salary at the time he/she retires. There were nine retired Governors, Lt. Governors, and a surviving spouse who received an estimated \$3.8M in gubernatorial annuities. Based on a legal opinion, we found that a gubernatorial surviving spouse cumulatively received \$62,500 more than what

the gubernatorial provision of the law required. Instead of receiving 20% of the annual salary received by the deceased spouse (or \$10,000), an amount equal to 50% of the Governor's annual pension (\$12,500) was received.

### **Retired Judges/Justices Received an Estimated \$6.9M**

Lifetime annuities for Justices/Judges are governed by a different section of the law from that which governs other GovGuam DB members. Instead of a maximum annuity rate of 85%, 7 GCA Chapter 6 § 6112, allows Judges/Justices to receive 90% of their annual salary. In addition, compared to other GovGuam DB members, Judges/Justices would have to serve 20 years instead of 30 years to receive full retirement annuities. Our analysis on retired Judges/Justices show that five retirees had received retirement payments from CY 1994 through CY 2014 totaling \$6.9M.

### **Members of the Legislature (Senators) Received an Estimated \$13.4M**

Through Public Law (P.L.) 12-196, established in January 1975, members of the Legislature, specifically Senators, were able to qualify to receive an annuity based on the average of their three highest annual salaries, or an amount equivalent to the annual compensation paid the Director of Administration at the time the Legislator applies for benefits, whichever is greater. There are currently 20 recipients (15 Senators and 5 survivors) who are receiving pensions totaling \$13.4M based on the salary of the DOA Director rather than factoring only their salaries like other GovGuam DB members. These senators served terms during the period from CY 1975 through CY 1995.

### **Special Annuity Benefits are Conservatively Projected at \$18.8M for the Next 20 Years**

Over the years, legislation has been passed that eliminated special lifetime annuities for Judges and Justices, and Senators. Therefore, annuity payments to Judges/Justices and to Senators based on special provisions will eventually cease, but not in the near future. No legislation has been introduced to eliminate the lifetime annuities for the Governor and Lt. Governor. Therefore, in the next 20 years, it is projected that GovGuam will pay \$18.8M in special lifetime annuities as follows:

- **Governors, Lt. Governors and Widows** - We estimate \$6.5M to be paid out in the next 20 years assuming future Governors and Lt. Governors serve two terms each. However, if future Governors and Lt. Governors of Guam serve only a single term, annuities for the next 20 years will increase nearly \$2M to \$8.4M. These calculations assume that Governor/ Lt. Governor's salaries do not increase within the next 20 years.
- **Judges/Justices** – Prior to the law change, there is one Judge who may be eligible to receive the special lifetime annuities of 90% of their annual salary. As such, six Judges/Justices are projected to receive \$6.2M within the next 20 years.
- **Senators** - For legislators who availed themselves of annuities based on the salary of the DOA Director, it is projected that they will continue to receive \$6.2M in the next 20 years.

### **Conclusion and Recommendation**

Inclusive of future elected Governors, Lt. Governors, their surviving spouses, and one additional eligible Judge projected to retire after 2014, special lifetime annuity payments will progressively increase from \$24.1M as of CY 2014 to \$42.9M by CY 2034. We recommend that legislation be introduced to eliminate the lifetime annuity for the Governor and Lt. Governor, similar to the limitations set forth for the Judges/Justices and Senators, effective the next gubernatorial election. This can save GovGuam between nearly \$1M and \$2.9M over the next 20 years.

Doris Flores Brooks, CPA, CGFM  
Public Auditor



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## Introduction

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This report presents the results of our audit of the Lifetime Annuities of Governors, Lieutenant (Lt.) Governors, Judges/Justices, and Senators afforded through special provisions. This audit is part of the Office of Public Accountability's Annual Audit Work Plan and was conducted as a follow-up to the recommendation made in OPA Report No. 11-01, Austerity Plan and Government of Guam Cost Reduction and Revenue Enhancement Pursuant to Executive Order 2011-01. Our objectives were to calculate the cost of lifetime annuities afforded through special provisions as of the end of calendar year (CY) 2014 and to project the impact of these special provisions for the next 20 years.

The audit objectives, scope, methodology and prior audit coverage are detailed in Appendix 2.

## Background

Different pension provisions were established for three unique groups other than Basic Defined Benefit (DB) Plan Members: (1) Governors, Lt. Governors, and their surviving spouses (widows); (2) Judges/Justices; and (3) members of the Legislature (Senators).

### **Governors, Lt. Governors, and Surviving Spouses (Widows)**

The Organic Act of Guam created the positions of the Governor and Lt. Governor of Guam; the Legislature; and the Judiciary. Subchapter 2 § 1422 defines the powers and duties vested in an executive officer whose official title shall be the "Governor of Guam." The first election for Governor and Lieutenant Governor shall be held on November 3, 1970. Thereafter, beginning with the year 1974, the Governor and Lt. Governor shall be elected every four years at the general election. The Governor and Lt. Governor shall hold office for a term of four years and until their successors are elected and qualified. No person who has been elected Governor for two full successive terms shall again be eligible to hold that office until one full term has intervened.

Title 4 of the Guam Code Annotated (GCA) § 8172 defines the annuity benefits for the Governor and Lt. Governor and states that he may retire following completion of a term in office and shall be entitled to an annual pension during the remainder of his life in an amount equal to and not to exceed 50% of the annual salary of the Governor or Lt. Governor at the time he retires. Incapacitation, physically or otherwise, makes him eligible to receive the pension for the same amount. Upon his death, a widow surviving him shall be paid an annuity in an amount equal to and not to exceed 20% of the annual salary received by the deceased spouse while in office.

## **Judges/Justices**

Subchapter 4 § 1424 of the Organic Act of Guam created the Courts of Guam and included an appellate court designated as the “Supreme Court of Guam” and a trial court designated as the “Superior Court of Guam.”

The retirement of Judges/Justices is governed by Chapter 6 of 7 GCA. Per § 6112, after serving 20 years or reaching the retirement age of 65 and serving at least 15 years, each Judge/Justice shall continue during the remainder of his or her life to receive 90% of the salary received when he or she relinquished the office. Per § 6113, Salary on Retirement for Disability or on Failure of Reappointment, a Judge/Justice who is removed by the Governor for mental or physical disability, or who fails reappointment, shall be entitled, if his or her judicial services aggregated 15 years or more, to receive during the remainder of his or her life 85% of the salary received when he or she relinquished office, or 50% if his or her judicial service aggregated less than 15 years but not less than 10 years.

P.L. 24-327 redefined the Judges/Justices benefits to incorporate the implementation of the Defined Contribution (DC) plan. Per 7 GCA § 6111, all Judges in office on or before May 1, 1993 shall make the election for membership with the Government of Guam Retirement Fund (GGRF). This section also terminates judicial retirement at a higher percentage of salary for any judge appointed after May 1, 1993.

## **Members of the Legislature (Senators)**

Subchapter 3 § 1423 of the Organic Act of Guam created the Legislature of Guam, originally consisting of 21 members and reduced to 15 members by P.L. 25-146. General elections to the legislature are held biennially in even-numbered years. In regards to calculating annuity payments, P.L. 12-196 defined average salary as follows:

“Average annual salary for any member of the Legislature shall mean the average of the three (3) highest annual salaries received by a member during his years of credited service, whether or not with the Legislature, or an amount equivalent to the annual compensation paid the *Director of Administration* [emphasis added] at the time the Legislator applies for benefits, whichever is greater.”

PL 23-33, enacted on June 28, 1995, amended the law to no longer allow the option for Senators to calculate their annuities based on the salary of the DOA Director.

## **Basic DB Members**

Prior to October 1, 1995, GovGuam Employees’ retirement, disability, and survivor benefits were provided under the Defined Benefit (DB) Plan as specified under 4 GCA Chapter 8, Article 1. Per 4 GCA § 8122, for full retirement, the basic retirement annuity payable to DB member shall be the following: an amount equal to two percent of his or her average annual salary for each of the first 10 years of credited service, and two and one-half percent of his or her average annual salary for each year, or part thereof, of credited service over 10 years. However, no basic retirement annuity shall exceed 85% of the average annual salary. “Average annual salary” is defined under 4 GCA § 8104(j) as the average of the three highest annual salaries received by a member during his or her years of credited service or \$6,000, whichever is greater. Full retirement eligibility is at

the age of 65 with at least 15 years of service, or regardless of age, 30 years of service. It should be noted that these requirements are for DB members whose service began after 1984.

Prior to October 1981, any DB member can receive full retirement at the age of 60 and with 10 years of service, or regardless of age have 25 years of service. Members beginning service between 1981 and 1984, can receive full retirement at the age of 60 with at least 15 years of service, or regardless of age after 30 years of service. All GovGuam employees hired beginning October 1, 1995 are not DB eligible and are required to participate in the Defined Contribution (DC) plan.

The annual survivor annuity for a spouse shall be equal to 60% of the basic retirement annuity or the basic disability retirement annuity earned by the member and accruing to that member's credit, or payable to the member at the date of the member's death for the period of the member's total service, whichever is greater. The spouse's annual survivor annuity shall not, in any case, be less than \$1,200 per year.

In September 2011, P.L. 31-77 increased the percentage to 60% from 50%, which had been the rate since P.L. 11-171 was signed in September 1972. Additionally, the annuity payable to a surviving child was increased from \$2,160 to \$2,880 per year. These increases were effective October 1, 2011, and applied both to survivor/child annuity benefits in pay status and to benefits that will become payable in the future. According to the GGRF Actuarial Valuation as of September 30, 2011, these changes increased the actuarial accrued liability by \$64.2M.



## Results of Audit

From 1975 through 2014, the Government of Guam (GovGuam) paid out an estimated \$24.1 million (M) to 35 Governors, Lt. Governors, Widows, Judges/Justices, and Senators as a result of special provisions in law that differ from the requirements for other DB Plan members. Specifically, Governors and Lt. Governors require fewer years of service to receive an annuity, Judges/Justices were eligible to receive a higher percentage of annuity, and Senators were able to factor in pay received by another position (the DOA Director) when calculating their annuity. Due to these special provisions, costs are projected to reach \$42.9M at the end of the next 20 years.

The special provisions for Judges/Justices and Senators have been eliminated, however, the lifetime annuity for Governors and Lt. Governors continues. Without any effort to discontinue the special lifetime annuities afforded to Governors and Lt. Governors at the completion of their terms, annuities are projected to increase at least \$6.5M in the next 20 years. After September 1995, the special annuity provision for Judges/Justices were no longer in effect, but the government will continue to pay \$6.2M in the next 20 years for Judges/Justices who were eligible to receive the special annuities prior to the law change. Similarly, in 1995, the law was amended to no longer allow the option for Senators to accrue retirement credit based on the salary of the DOA Director. However, an estimated \$6.2M will continue to be paid to those Senators who were eligible under the special provision prior to the law change. See Table 1 below.

**Table 1: Paid and Projected Annuities CY 1975 through CY 2034**

<b>Eligible Recipients</b>	<b>Annuities Paid (CY 1975 to CY 2014)</b>	<b>Annuities Projected (CY 2015 to CY 2034)</b>	<b>Totals</b>
Governors, Lt. Governors, & Widows	\$3,792,500	\$6,454,350	\$10,246,850
Judges/Justices	\$6,854,400	\$6,194,465	\$13,048,865
Senators	\$13,410,822	\$6,168,645	\$19,579,468
<b>Totals</b>	<b>\$24,057,722</b>	<b>\$18,817,460</b>	<b>\$42,875,182</b>

### Special Provisions in Law Result in \$24.1M in Lifetime Annuities

Due to special provisions in law, Governors, Lt. Governors, Judges/Justices, and Senators received lifetime annuities that were far superior in comparison to other GovGuam employees who receive annuities under the DB retirement plan. In order to receive full retirement benefits, a DB Plan member would be eligible after providing 30 years of service, or would have to reach age 65, and annuity payments will be calculated at an amount equal to two percent of his or her average annual salary for each of the first 10 years of credited service, and two and one-half percent of his or her average annual salary for each year, or part thereof, of credited service over 10 years, and no basic retirement annuity would exceed 85% of the average annual salary. See shaded items at Table 2 below, which indicate the differences in comparison to other GovGuam employees receiving lifetime annuities under the DB Plan.

**Table 2: Comparison of Special Annuity Eligibility Factors with DB Plan Members**

Full Retirement Eligibility Factors	Governors, Lt. Governors, & Widows	Judges/Justices	Senators	vs.	Other GovGuam Employees (DB Plan)
Retirement Age	N/A	65	65	vs.	65
Years of Service	4 years (one term)	20	30	vs.	30
Member Benefit	50% of annual salary	90% of annual salary	Shall not exceed 85% of the greater of: (a) the average of the member's three highest annual salaries or (b) the annual compensation paid to the <i>Director of Administration</i> at the time the Legislator applies for benefits.	vs.	Shall not exceed <u>85% of the average of the member's three highest annual salaries.</u>

**Governors, Lt. Governors, and Surviving Spouse (Widow) Received and Estimated \$3.8M**

Title 4 GCA § 8172(a), provides that any person who is elected Governor or Lt. Governor may retire following the completion of his term of office and shall be compensated an annual pension during the remainder of his life in an amount equal to and not to exceed 50% of the annual salary at the time he/she retires. Other GovGuam DB members receive full retirement annuities upon completion of 30 years. GovGuam paid out approximately \$3.8M to three Governors, six Lt. Governors and one widow from CY 1975 through CY 2014 due to the gubernatorial lifetime annuity benefit for serving at least one term in office. See Table 3 below for a summary and Appendix 3 for details. Three former Governors and three Lt. Governors were not accounted for in the list below as they chose to receive their annuity payments based on service years resulting in a higher annuity.<sup>1</sup>

**Table 3: Summary of Gubernatorial Lifetime Annuities**

Title	No. of Recipients	Total Pension as of CY 2014
Governor	3	\$1,155,000
Lt. Governor	6	\$2,325,000
Surviving Spouse	1	\$312,500
<b>Total</b>	<b>10</b>	<b>\$3,792,500</b>

For the one Surviving Spouse who received \$312,500, we noted a disparity in the annuity calculation paid by GovGuam and the calculation specified in 4 GCA § 8172(c). According to 4 GCA § 8172(c), an annuity shall be paid to a surviving widow of a Governor or Lt. Governor in an amount equal to and not to exceed *20% of the annual salary* received by the deceased spouse while in office. As stated by law, this would have equated to \$10,000 annually. Benefits paid to the surviving spouse show that from CY 1990 through CY 2014, the annual benefit of \$12,500 was paid, which is an amount equal to *50% of the past Governor's annual pension* of \$25,000 (or 50% of the past Governor's annual salary of \$50,000). Cumulatively, this resulted \$62,500 more than what 4 GCA § 8172(c) required.

We inquired with the GovGuam Retirement Fund as to the reason for the disparity and were provided a copy of a 1990 legal opinion citing the use of 4 GCA § 8135 instead of § 8172(c) because of the provisions of § 8172 (d). According to 4 GCA Chapter 8 § 8172(d):

<sup>1</sup> One Lt. Governor received the gubernatorial annuity for nine years prior to electing service annuity.

“Notwithstanding any provisions of this Chapter to the contrary:

(d) In implementing this Chapter with regard to determining annuities, survivors’ benefits and death benefits, the provisions of law set forth in Chapter 8 of the Government Code Annotated, as amended shall control.”

The opinion also stated that based on 4 GCA Chapter 8 § 8135, the survivor of a basic DB member shall receive an annuity equal to 50% of the service annuity earned by the member at the date of death. In resolving the conflict between the two clauses, GGRF’s Legal Counsel found that 4 GCA Chapter 8 § 8135 would prevail.<sup>2</sup>

In April 2015, we requested an Attorney General’s (AG) opinion to clarify the appropriate section of the law to utilize when calculating the annuity to be paid to a survivor of the Governor and Lt. Governor. As of the date of this report, a response to our request is still pending.

**Retired Judges/Justices Received an Estimated \$6.9M**

Like Governors and Lt. Governors, lifetime annuities for Justices/Judges were governed by a different section of the law (7 GCA Chapter 6 § 6112) from that which governs other GovGuam DB members. While a DB plan member can receive no more than 85% of his or average annual salary, Judges/Justices were able to receive an annuity equal to 90% of their annual salary. In addition, compared to other GovGuam DB members, Judges/Justices would have to serve 20 years instead of 30 years to receive full retirement annuities.

Our analysis of annuities paid to retired Judges/Justices show that five retirees received retirement payments from CY 1994 through CY 2014 totaling \$6.9M. Total annuities per individual ranged from a low of \$450,000 received for the past five years to the highest total of \$1.8M paid over 16 years. See Table 4 for details.

**Table 4: Summary of Judges/Justices Lifetime Annuities**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E=[C x D]</b>	<b>F</b>	<b>G=[ExF]</b>
	<b>Title</b>	<b>Annual Salary</b>	<b>Pension Rate</b>	<b>Annual Pension</b>	<b>Years in Receipt of Pension</b>	<b>Total Pension as of CY 2014</b>
1	Justice	\$126,000	90%	\$113,400	16	\$1,814,400
2	Judge <sup>3</sup>	\$100,000	90%	\$90,000	19	\$1,710,000
3	Justice	\$128,000	90%	\$115,200	13	\$1,497,600
4	Justice	\$128,000	90%	\$115,200	12	\$1,382,400
5	Judge <sup>3</sup>	\$100,000	90%	\$90,000	5	\$450,000
<b>Total</b>						<b>\$6,854,400</b>

**Members of the Legislature (Senators) Received an Estimated \$13.4M**

Through P.L 12-196, established in January 1975, members of the Legislature, specifically Senators, were able to qualify to receive an annuity based on the average of their three highest

<sup>2</sup> The pension percentage rate provided for the surviving spouse of a basic DB plan member has increased as of September 2011 to 60% compared to the 50% rate referenced in the February 15, 1990 legal opinion. However, GGRF has not applied the new rate as they are awaiting the opinion from the AG as requested by OPA.

<sup>3</sup> Deceased prior to CY 2014.

annual salaries, whether or not with the Legislature, or an amount equivalent to the annual compensation paid the *Director of Administration* at the time the Legislator applies for benefits, whichever is greater [emphasis added].

Currently 20 recipients of whom 15 are Senators and 5 are Senators’ survivors are receiving pensions based on the salary of the Director of Administration as opposed to factoring only their salaries like other GovGuam DB members. These senators served terms prior to the law change in 1995. Based on data provided by GGRF, we estimated that the 20 recipients received \$13.4M as of December 31, 2014. See summary at Table 5 and Appendix 4 for details

**Table 5: Summary of Senators and Surviving Spouses Lifetime Annuities**

Title	No. of Recipients	Total Pension as of CY 2014
Senator	15	\$11,597,881
Surviving Spouse	5	\$1,812,941
<b>Total</b>	<b>20</b>	<b>\$13,410,822</b>

These recipients were also able to avail of the Cost of Living Allowances (COLA), which have not been factored into the figures above. In the last three years, COLA payments have increased from \$1,100 in 2012 to \$1,800 in 2013, and \$2,000 in 2014.

### **Special Lifetime Annuities Projected to be at least \$18.8M for the Next 20 Years**

Annual payments of benefits to Judges/Justices and to Senators based on special provisions will eventually cease, but not in the near future. No legislation has been introduced to eliminate the lifetime annuities for the Governor and Lt. Governor. As a result, inclusive of future elected Governors, Lt. Governors, a surviving spouse and one additional eligible Judge projected to retire after 2014, the total of annuity payments will progressively increase from \$24.1M as of CY 2014 to \$42.9M by CY 2034.

### **Projected Cost for Governors, Lt. Governors and Widows Range from \$6.5M to \$8.4M**

Over the years, the salaries for the Governor and Lt. Governor have increased as illustrated in Table 6. As the lifetime annuity for the Governor or Lt. Governor is equal to one half of his/her salary, annuities for the Governor have increased from \$25,000 to \$45,000 and will again increase to \$65,000. Likewise, the Lt. Governor’s pension will increase from \$22,500 to \$42,500, and then to \$55,000. In addition, for the purposes of our projection, we utilized a 60% rate, which increased from 50% in October 2011, to calculate survivor annuities in accordance with 4 GCA § 8135 based on the 1990 GGRF legal opinion.

**Table 6: Increase in Salaries and Annuities for Governors, Lt. Governors, and Widows**

	Salary of Gov./Lt. Gov	Pension Amount Gov./ Lt. Gov	Gov./ LT. Gov Widow Pension Based on 20% of Annual Salary	Gov./ LT. Gov Widow Pension Based on 50% <sup>4</sup> of Annual Pension	Gov./ LT. Gov Widow Pension Based on 60% of Annual Pension
1971 Initial Salary	\$50,000/ \$45,000	\$25,000/ \$22,500	\$10,000/ \$9,000	\$12,500/ \$11,250	\$15,000/ \$13,500
1991 Hay Study	\$90,000/\$85,000	\$45,000/ \$42,500	\$18,000/ \$17,000	\$22,500/ \$21,250	\$27,000/ \$25,500
2014 Hay Study	\$130,000/\$110,000	\$65,000/ \$55,000	\$26,000/ \$22,000	\$32,500/ \$27,500	\$39,000/ \$33,000

We estimate \$6.5M will be paid out in the next 20 years if the future Governors and Lt. Governors serve two terms. However, if the future Governors and Lt. Governors of Guam serve only a single term, annuities for the next 20 years will increase nearly \$2M to \$8.4M for a total of \$12.2M instead of \$10.2M as of CY 2034. Both projections assume that salaries for the Governor and Lt. Governor do not increase. See Table 7 for a summary of the projections and Appendix 5 for details.

**Table 7: Summary of Projected Annuities for Governors and Lt. Governors**

Eligible Recipients	Annuities Paid (CY 1975 to CY 2014)	Annuities Projected (CY 2015 to CY 2034)	Totals
If Governors & Lt. Governors serve <u>two terms</u> from CY 2019-2034	\$3,792,500	\$6,454,350	\$10,246,850
If Governors & Lt. Governors serve <u>one term</u> from CY 2019-2034	\$3,792,500	\$8,374,350	\$12,166,850

Given the estimated cost and in an effort to decrease future costs to GovGuam, we recommend that legislation be introduced to eliminate the lifetime annuity for the Governor and Lt. Governor, similar to the limitations set forth for the Judges/Justices and Senators, effective the next gubernatorial election.

**Projected Cost for Retired Judges/Justices: \$6.2M**

Over the years, legislation has been passed that eliminated some of these special lifetime annuities. Public Law 24-327 repealed and reenacted § 6111 of Title 7 of the Guam Code Annotated to redefine the Judges/Justices benefits to incorporate the implementation of the DC plan. This section also *terminates* the higher percentage of salary for judicial retirees for any judge appointed after May 1, 1993. However, there is one sitting Judge who would be eligible to receive the special lifetime annuities of 90% of their annual salary, which will add approximately \$1.9M to projected pension costs. As such, a total of \$6.2M is projected to be paid within the next 20 years to six Judges/Justices who are eligible to receive the 90% annuity rate. See Table 8 and Appendix 6 for details.

<sup>4</sup> Effective October 2011, this rate has increased to 60%.

**Table 8: Summary of Judges/Justices Lifetime Annuities Total Pension as of CY 2034**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E =[C+D]</b>
	<b>Title</b>	<b>Pension as of FY 2014</b>	<b>Projected Pension</b>	<b>Total Pension as of CY 2034</b>
1	Justice	\$1,497,600	\$1,728,000	\$3,225,600
2	Justice	\$1,382,400	\$1,728,000	\$3,110,400
3	Justice	\$1,814,400	\$861,840	\$2,676,240
4	Judge <sup>5</sup>	\$1,710,000		\$1,710,000
5	Judge <sup>5</sup>	\$450,000		\$450,000
6	Judge		\$1,876,625	\$1,876,625
	<b>Totals</b>	<b>\$6,854,400</b>	<b>\$6,194,465</b>	<b>\$13,048,865</b>

Judges/Justices who were employed with GovGuam after October 1, 1995, will not be eligible to receive guaranteed lifetime annuity payments afforded to DB plan members and are instead enrolled in the DC plan. DC plan members’ retirement benefits will be based on their retirement account balances.

**Projected Cost for Members of the Legislature (Senators): \$6.2M**

Similar to Judges/Justices, legislation (PL 23-33) passed in June 1995 eliminated the calculation of senatorial annuities based on the salary of a Director of DOA. However, an estimated \$6.2M will continue to be paid in the next 20 years to those Senators who were eligible under the special provision prior to the law change (refer to Appendix 4 for details). Additionally, as with Judges/Justices, Senators who were employed with GovGuam after October 1, 1995, will not be eligible to receive guaranteed lifetime annuity payments afforded to DB plan members and are instead enrolled in the DC plan.

**Other Lifetime Annuity Inequities**

During the course of our audit, we noted other differences in requirements and annuity payment calculations from the basic DB Plan member. Uniformed Personnel, unlike other GovGuam DB members who have a retirement age of 65, can seek full retirement at 60 years of age.<sup>6</sup>

We also found that the inclusion of non-base compensation as part of a member’s annual salary for calculating annuities is a unique benefit afforded to certain DB members who elected to contribute the mandated contribution rate for not only their base salary (9.5%) but for any non-base earnings as well, which is assessed at 10.5%. P.L. 20-04 established a deadline for existing members of the DB plan to elect non-base inclusion by May 15, 1989. The option was extended

<sup>5</sup> Deceased.

<sup>6</sup> These requirements are for DB members who were uniformed personnel after 1984. Prior to 1981, uniformed personnel can receive full retirement at age 55 with at least 10 years of service compared to age 60 for other DB members. In addition, regardless of age, DB members can receive full benefits after 25 years of service. After 1981 and prior to 1984, uniformed personnel can receive full retirement at age 55 with at least 15 years of service compared to age 60 for other DB members. In addition, regardless of age, DB members can receive full benefits after 30 years of service.

for DB members until March 29, 1993, when P.L. 22-06 denied any new members under the DB plan to elect for the non-base inclusion.

Employees that elect to include their non-base pay earnings would receive their ultimate retirement annuity calculation on the combined pay amounts (base and non-base pay). For example, if a DB employee's base salary totaled \$35,000 and made non-base earnings of \$15,000 during the year, 9.5% on the base salary of \$35,000 and 10.5% of the non-base pay of \$15,000 would be required to be contributed to the Retirement Fund. The employee would then be credited for an annual salary of \$50,000. As such, the potential for increased retirement annuities would be greatly affected and has encouraged spiking for some of the DB members. Spiking, whereby employees inflate their compensations in the years preceding retirement in order to receive larger pensions, does not affect DC members because their pensions are not based on a three-year average high like the DB members' plan.

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## Conclusion and Recommendations

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As of CY 2014, an estimated \$24.1M was paid to 35 Governors, Lt. Governors, Widows, Judges/Justices, and Senators because of special provisions in law, which were not equitable compared to other DB Plan members, who are entitled to receive guaranteed lifetime annuity payments. Of the 35 recipients, 3 Governors and 6 Lt. Governors have the unique status of receiving a lifetime annuity for serving just one term in the position. Unlike annuities as prescribed by law in the same manner as other surviving spouses and dependent children of GovGuam employees, a surviving widow of a Governor or Lt. Governor, regardless of the number of terms held, is able to receive 20% of the annual salary received by the deceased spouse while in office. One surviving spouse received \$312,500 from 1990 through the end of CY 2014. However, this amount was based on a rate of 50% of the past Governor's annual pension resulting in an increased payment of \$62,500 more than the law for Surviving Spouses of Governors and Lt. Governors required.

Each Judge/Justice in office before 1995 is also eligible to receive 90% of the salary he or she received when he or she relinquished the office after serving 20 years. In contrast, for full retirement benefits, other DB Plan members can receive no more than 85% of their average annual salary after serving 30 years in GovGuam. Five Judges/Justices were eligible to receive lifetime annuities provided for under this separate provision in law. As of CY 2014, \$6.9M was paid to these five Judges/Justices.

A separate provision in law also existed from 1975 to 1995, which allowed 20 recipients (15 senators and 5 survivors) to receive an annuities that were calculated based on the Director of Administration's annual compensation instead of their own average salaries compared to other DB members. An estimated \$13.4M was paid to the 20 recipients due to the special provision in law.

In the next 20 years, we estimate that an additional \$18.8M will be paid because of this generous benefit package afforded to Governors, Lt Governors, their widows, Judges/Justices, and Senators. Of this amount, \$6.5M is estimated to be afforded to future Governors and Lt. Governors, but could increase to \$8.4M if future Governors and Lt. Governors serve only one term. Given the estimated cost and in an effort to decrease future cost to GovGuam, we recommend that legislation be introduced to eliminate the lifetime annuity for the Governor and Lt. Governor, similar to the limitations set forth for the Judges/Justices and Senators, effective the next gubernatorial election.



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## Management Response and OPA Reply

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A draft was transmitted to GGRF in April 2015 and we met with GGRF officials in May 2015 to discuss our findings and seek clarification on the figures contained in the report. Suggestions made by GGRF management were incorporated throughout the report. We did not require a management response from GGRF because our recommendation is addressed to the Legislature.

The legislation creating OPA requires agencies to prepare a corrective action plan to implement audit recommendations, to document the progress in implementing the recommendations, and to endeavor to have implementation completed no later than the beginning of the next fiscal year. Accordingly, we will be contacting the Legislature to provide target dates and title of the official(s) responsible for implementing the recommendations.

We appreciate the cooperation shown by the Government of Guam Retirement Fund during the course of this audit.

OFFICE OF PUBLIC ACCOUNTABILITY



Doris Flores Brooks, CPA, CGFM  
Public Auditor

**Appendix 1:**  
**Classification of Monetary Amounts**

	<b>Finding Description</b>	<b>Other Financial Impact</b>	<b>Potential Savings</b>
<b>1</b>	<b>Special Provisions in Law Result in \$24.1M in Lifetime Annuities</b>		
	Governors, Lt. Governors, and Surviving Spouses Received an Estimated \$3.8M	\$3,792,500	\$ -
	Retired Judges/Justices Received an Estimated \$6.9M	\$6,854,400	\$ -
	Members of the Legislature (Senators) Received an Estimated \$13.4M	\$13,410,822	\$ -
	<b>Subtotal</b>	<b>\$ 24,057,722</b>	<b>\$ -</b>
<b>2</b>	<b>Special Lifetime Annuities Projected to be at least \$18.8M for the Next 20 Years</b>		
	Projected Cost for Governors, Lt. Governors, and Widows Range from \$6.5M to \$8.4M	\$6,454,350 <sup>7</sup>	\$960,000 <sup>8</sup>
	Projected Cost for Retired Judges/Justices at \$6.2M	\$6,194,465	\$ -
	Projected Cost for Members of the Legislature (Senators) at \$6.2M	\$6,168,645	\$ -
	<b>Subtotal</b>	<b>\$ 18,817,460<sup>7</sup></b>	<b>\$960,000<sup>8</sup></b>
<b>3</b>	<b>Other Lifetime Annuity Inequities</b>	\$ -	\$ -
	<b>Totals</b>	<b>\$ 42,875,182<sup>7</sup></b>	<b>\$960,000<sup>8</sup></b>

<sup>7</sup> This amount represents the projected costs if future Governors and Lt. Governors serve two terms. If future Governors beginning CY 2019, serve only single-terms, projected cost will be \$8,374,350 for a difference of \$1,920,000, which will correspondingly increase the subtotal amount to \$20,737,460 and the total to \$44,795,182.

<sup>8</sup> This amount represents the minimum savings for the government if the recommendation to eliminate the lifetime annuity for the Governor and Lt. Governor effective the next gubernatorial election. This amount assumes that beginning CY 2019 until CY 2034, future Governors and Lt. Governors will serve two terms. If single-terms are served, this amount will increase to \$2,880,000 for a difference of \$1,920,000, which will correspondingly increase the subtotal and total to \$2,880,000.

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## Objectives, Scope, Methodology, & Prior Audit Coverage

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The objectives of this audit were to calculate the cost of lifetime annuities afforded through special provisions as of the end of CY 2014 and to project the impact of these special provisions for the next 20 years.

The period of review was from January 1, 1975 through December 31, 2014. We calculated costs to GovGuam from 1975, which was the first eligibility period of the gubernatorial annuity, as the first term of the first elected Governor and Lt. Governor of Guam was from CY 1971- CY 1974. Projections were made for 20 years beginning CY 2015 to the end of CY 2034. The audit scope encompassed a review of lifetime annuity data provided by GGRF. In addition, we reviewed laws, rules and regulations, policies, prior audit findings, and other information pertinent to lifetime annuities. The audit was conducted mainly at the Office of Public Accountability and at GGRF in Maite.

### Methodology

To accomplish our objectives, we performed the following audit procedures:

- Conducted walk-throughs and interviews with key GGRF personnel.
- Obtained pension data for Governors, Lt. Governors, and their surviving spouses (widows); Judges/Justices; and Senators from GGRF and other available resources to include:
  - Type of pension (e.g. Gubernatorial vs. Service);
  - Annual Salary;
  - Pension Rate;
  - Annual Pension;
  - Eligibility Date;
  - Birthdate;
  - Lifetime Expectancy; and
  - Date of Death, if applicable.
- Based on data available, we estimated the special lifetime annuity costs as of CY 2014 and projected costs to CY 2034.

### Scope Limitation

Although the scope of our review is from 1975 to 2014, GGRF was only able to provide data beginning in 1988. Due to the system conversion to the AS400, data regarding annuity payments prior to 1988 was not available in their system. We therefore performed calculations to estimate the amounts that should have been paid based on available data provided. Projections for 20 years until December 31, 2034 were also based on available data and may not include projected costs for surviving spouses or dependent children after the life expectancy of the retirement fund member. We also did not factor in adjustments such as automatic increases and recomputed annuities to the annual pension amounts provided by GGRF as a conservative approach in our calculations.

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**Objectives, Scope, Methodology, & Prior Audit Coverage**

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We conducted this audit in accordance with the standards for performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. These standards require that we plan our audit objectives and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Except for the scope limitation noted above, we believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Prior Audit Coverage**

We reviewed prior Office of Public Accountability audits and GovGuam financial audits during fiscal years 2008 through 2013, and did not identify any prior audit coverage for GGRF's Lifetime Annuities for Governor, Lt. Governor, Judges/Justices and Senators. However, we did identify a prior audit that discussed eliminating the Life Time Annuity for Governors and Lt. Governors, OPA Report No. 11-01, Austerity Plan and Government of Guam Cost Reduction and Revenue Enhancement Pursuant to Executive Order 2011-01.

Government of Guam Lifetime Annuities

Appendix 3:

**Gubernatorial Lifetime Annuities as of CY 2014**

A	B	C	D	E	F	G= [ExF]	H	I=[GxH]	J	K=[I+J]	
Term	Period	Title	Pension Type	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	No. of Years in Receipt of Pension	Total Pension as of CY 2014	Projected Cost (CY 2015-CY 2034) <sup>9</sup>	Total as of CY 2034 <sup>10</sup>	Notes
1	1971-1974	Governor	Service								
		Gov Spouse	Service								
		Lt. Gov	Gubernatorial	\$45,000	50%	\$22,500	36	\$810,000	\$175,500	\$985,500	
		Lt. Gov Spouse	Gubernatorial	\$22,500	60%	\$13,500			\$102,600	\$102,600	Included for projection purposes.
<b>Term 1 Subtotal:</b>								<b>\$810,000</b>	<b>\$278,100</b>	<b>\$1,088,100</b>	
2	1975-1978	Governor	Gubernatorial	\$50,000	50%	\$25,000	4	\$100,000		\$100,000	Re-elected in 1982.
		Lt. Gov	Service								
		Lt. Gov Spouse	Service								
<b>Term 2 Subtotal:</b>								<b>\$100,000</b>	<b>\$0</b>	<b>\$100,000</b>	
3	1979-1982	Governor	Gubernatorial	\$50,000	50%	\$25,000	32	\$800,000	\$137,500	\$937,500	
		Gov Spouse	Gubernatorial	\$25,000	60%	\$15,000			\$93,000	\$93,000	Included for projection purposes.
		Lt. Gov	Gubernatorial	\$45,000	50%	\$22,500	13	\$292,500		\$292,500	Switched from Gubernatorial annuity to Service annuity in 1995.
<b>Term 3 Subtotal:</b>								<b>\$1,092,500</b>	<b>\$230,500</b>	<b>\$1,323,000</b>	

<sup>9</sup> For a breakdown of projected costs, refer to Appendix 5. Total projected costs are based on future Governors and Lt. Governors serving *two terms* beginning CY 2019. Total projected costs will increase by \$1.9M from \$6.5M to \$8.4M if future Governors and Lt. Governors serve *one term*.

<sup>10</sup> Total pension payments vary slightly due to rounding.

Government of Guam Lifetime Annuities

Appendix 3:

Gubernatorial Lifetime Annuities as of CY 2014

A	B	C	D	E	F	G= [ExF]	H	I=[GxH]	J	K=[I+J]	
Term	Period	Title	Pension Type	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	No. of Years in Receipt of Pension	Total Pension as of CY 2014	Projected Cost (CY 2015-CY 2034) <sup>11</sup>	Total as of CY 2034 <sup>12</sup>	Notes
4	1983-1986	Governor	Gubernatorial	\$50,000	50%	\$25,000	3	\$75,000		\$75,000	Deceased as of 1990
		Gov Spouse	Gubernatorial	\$25,000	50%	\$12,500	25	\$312,500		\$312,500	Although per 4 GCA § 8172 (e), survivor annuity shall not exceed 20% of annual salary or \$10,000 (20% x \$50,000), per legal opinion survivor death benefit should be calculated based on 4 GCA § 8135, 50% of annual pension or \$12,500 (50% x \$25,000). GGRF stated that they have not applied the new rate as of CY 2014 and are awaiting the opinion from the AG as requested by OPA.
		Gov Spouse	Gubernatorial	\$25,000	60%	\$15,000			\$121,500	\$121,500	Effective Oct. 2012, the 50% rate under 4 GCA § 8135 was amended to 60%. Survivor annuity is therefore increased to \$15,000 (60% x \$25,000).
		Lt. Gov	Gubernatorial	\$45,000	50%	\$22,500	9	\$202,500		\$202,500	Switched from Gubernatorial to Service annuity in 1995.
		Lt Gov	Service								
<b>Term 4 Subtotal:</b>								<b>\$590,000</b>	<b>\$121,500</b>	<b>\$711,500</b>	

<sup>11</sup> For a breakdown of projected costs, refer to Appendix 5. Total projected costs are based on future Governors and Lt. Governors serving *two terms* beginning CY 2019. Total projected costs will increase by \$1.9M from \$6.5M to \$8.4M if future Governors and Lt. Governors serve *one term*.

<sup>12</sup> Total pension payments vary slightly due to rounding.

Government of Guam Lifetime Annuities

Appendix 3:

Gubernatorial Lifetime Annuities as of CY 2014

A	B	C	D	E	F	G= [ExF]	H	I=[GxH]	J	K=[I+J]	
Term	Period	Title	Pension Type	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	No. of Years in Receipt of Pension	Total Pension as of CY 2014	Projected Cost (CY 2015-CY 2034) <sup>13</sup>	Total as of CY 2034 <sup>14</sup>	Notes
5	1987-1990	Governor	Service								
		Lt. Gov	Service								
<b>Term 5 Subtotal:</b>								<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
6	1991-1994	Governor	Service								
		Lt. Gov	Service								
<b>Term 6 Subtotal:</b>								<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
7	1995-1998	Governor	Service								
		Lt. Gov	Gubernatorial	\$85,000							Re-elected 1998
<b>Term 7 Subtotal:</b>								<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
8	1999-2002	Governor	Service								
		Lt. Gov	Gubernatorial	\$85,000	50%	\$42,500	12	\$510,000	\$344,250	\$854,250	
<b>Term 8 Subtotal:</b>								<b>\$510,000</b>	<b>\$344,250</b>	<b>\$854,250</b>	
9	2003-2006	Governor	Gubernatorial	\$90,000							Re-elected in 2006
		Lt. Gov	Gubernatorial	\$85,000	50%	\$42,500	8	\$340,000	\$850,000	\$1,190,000	
<b>Term 9 Subtotal:</b>								<b>\$340,000</b>	<b>\$850,000</b>	<b>\$1,190,000</b>	
10	2007-2010	Governor	Gubernatorial	\$90,000	50%	\$45,000	4	\$180,000	\$900,000	\$1,080,000	
		Lt. Gov	Gubernatorial	\$85,000	50%	\$42,500	4	\$170,000	\$850,000	\$1,020,000	
<b>Term 10 Subtotal:</b>								<b>\$350,000</b>	<b>\$1,750,000</b>	<b>\$2,100,000</b>	

<sup>13</sup> For a breakdown of projected costs, refer to Appendix 5. Total projected costs are based on future Governors and Lt. Governors serving *two terms* beginning CY 2019. Total projected costs will increase by \$1.9M from \$6.5M to \$8.4M if future Governors and Lt. Governors serve *one term*.

<sup>14</sup> Total pension payments vary slightly due to rounding.

Appendix 3:

**Gubernatorial Lifetime Annuities as of CY 2014**

A	B	C	D	E	F	G= [ExF]	H	I=[GxH]	J	K=[I+J]	
Term	Period	Title	Pension Type	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	No. of Years in Receipt of Pension	Total Pension as of CY 2014	Projected Cost (CY 2015-CY 2034) <sup>15</sup>	Total as of CY 2034 <sup>16</sup>	Notes
11	2011-2014	Governor	Gubernatorial	\$130,000							Re-elected in 2014
		Lt. Gov	Gubernatorial	\$110,000							
<b>Term 11 Subtotal:</b>								<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
12	2015-2018	Governor	Gubernatorial	\$130,000	50%	\$65,000			\$1,040,000	\$1,040,000	
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000			\$880,000	\$880,000	
<b>Term 12 Subtotal:</b>								<b>\$0</b>	<b>\$1,920,000</b>	<b>\$1,920,000</b>	
13	2019-2022	Governor	Gubernatorial	\$130,000							Assumes that the Governor and Lt. Governor will serve two terms.
		Lt. Gov	Gubernatorial	\$110,000							
<b>Term 13 Subtotal:</b>								<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
14	2023-2026	Governor	Gubernatorial	\$130,000	50%	\$65,000			\$520,000	\$520,000	Projection is starting from January 1, 2027 to September 30, 2034.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000			\$440,000	\$440,000	
<b>Term 14 Subtotal:</b>								<b>\$0</b>	<b>\$960,000</b>	<b>\$960,000</b>	
15	2027-2030	Governor	Gubernatorial	\$130,000							Assumes that the Governor and Lt. Governor will serve two terms.
		Lt. Gov	Gubernatorial	\$110,000							
<b>Term 15 Subtotal:</b>								<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
<b>Totals:</b>								<b>\$3,792,500</b>	<b>\$6,454,350</b>	<b>\$10,246,850</b>	

<sup>15</sup> For a breakdown of projected costs, refer to Appendix 5. Total projected costs are based on future Governors and Lt. Governors serving *two terms* beginning CY 2019. Total projected costs will increase by \$1.9M from \$6.5M to \$8.4M if future Governors and Lt. Governors serve *one term*.

<sup>16</sup> Total pension payments vary slightly due to rounding.



Government of Guam Lifetime Annuities

**Appendix 4:**

**Special Lifetime Annuities for Senators as of CY 2014**

Page 1 of 4

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E=[C x D]</b>	<b>F</b>	<b>G</b>	<b>H = [G - F]</b>	<b>I = [C x H]</b>	<b>J = [E + I]</b>
	<b>Title</b>	<b>Annual Pension</b>	<b>No. of Years in Receipt of Pension</b>	<b>Total Pension Received as of CY 2014</b>	<b>Age as of 2015</b>	<b>Life Expectancy Age</b>	<b>Remaining Years Based on Life Expectancy</b>	<b>Projected Pension (CY 2015-CY 2034)</b>	<b>Total Pension as of CY 2034<sup>17</sup></b>
1	Senator	\$23,073	12	\$276,872	66	80	14	\$320,710	\$597,581
2	Senator	\$59,148	16	\$946,364	71	82	11	\$626,966	\$1,573,330
3	Senator	\$33,866	7	\$237,060					\$237,060
4	Survivor	\$22,719	13	\$295,342	90	93	3	\$68,156	\$363,498
5	Senator	\$46,406	13	\$603,280					\$603,280
6	Survivor	\$29,243	7	\$204,703	80	86	6	\$172,535	\$377,238
7	Senator	\$41,030	13	\$533,386					\$533,386
8	Survivor	\$26,217	8	\$209,739	89	94	5	\$136,330	\$346,069
9	Senator	\$56,065	21	\$1,177,374	85	92	7	\$370,032	\$1,547,406
10	Senator	\$51,510	21	\$1,081,720	80	86	6	\$303,912	\$1,385,632
11	Senator	\$51,355	21	\$1,078,459	73	82	9	\$482,739	\$1,561,198
12	Senator	\$67,180	21	\$1,410,777	85	89	4	\$275,437	\$1,686,214
13	Senator	\$62,982	1	\$62,982					\$62,982
14	Survivor	\$41,987	21	\$881,728	84	91	7	\$298,108	\$1,179,836
15	Senator	\$58,958	22	\$1,297,080	67	80	13	\$778,248	\$2,075,327
16	Senator	\$52,651	20	\$1,053,029	75	83	8	\$437,007	\$1,490,036
17	Senator	\$56,507	6	\$339,039	73	82	9	\$531,162	\$870,201
18	Senator	\$50,389	11	\$554,279					\$554,279
19	Survivor	\$31,633	7	\$221,429	72	86	14	\$446,021	\$667,450
20	Senator	\$49,799	19	\$946,182	66	85	19	\$921,282	\$1,867,464
<b>Totals</b>				<b>\$13,410,822</b>				<b>\$6,168,645</b>	<b>\$19,579,468</b>

<sup>17</sup> Total pension payments vary slightly due to rounding.

Appendix 5:

**Projected Lifetime Annuities for Governors, Lt. Governors, and Widows**

Table 1: Projections for Governors, Lt. Governors, and Spouses in office as of CY 2014

A	B	C	D	E	F	G = [ExF]	I	J	K=[I-J]	L=[KxG]	
Term	Period	Title	Pension: Service or Gubernatorial	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	Age as of CY 2015/ Projected Eligibility Date	Life Expectancy Age	Remaining Years up to CY 2034	Projected Pension (CY 2015- CY 2034) <sup>18</sup>	Notes
1	1971- 1974	Governor	Service								
		Gov Spouse	Service								
		Lt. Gov	Gubernatorial	\$45,000	50%	\$22,500	76	84	8	\$175,500	
		Lt. Gov Spouse	Gubernatorial	\$22,500	60%	13,500	83	91	8	\$102,600	Included for projection purposes. Widow benefit begins after remaining years of Lt. Gov., and for only 8 more years based on widow life expectancy. Annuity is based on 4 GCA § 8135, which states survivor annuity shall be equal to 60% of basic retirement annuity or \$13,500 (60% x \$22,500)
<b>Term 1 Subtotal:</b>										<b>\$278,100</b>	
2	1975- 1978	Governor	Gubernatorial	\$50,000							Re-elected in 1982.
		Lt. Gov	Service								
		Lt. Gov Spouse	Service								
<b>Term 2 Subtotal:</b>										<b>\$0</b>	

<sup>18</sup> Projected pension payments vary slightly due to rounding.

Government of Guam Lifetime Annuities

Appendix 5:

**Projected Lifetime Annuities for Governors, Lt. Governors, and Widows**

A	B	C	D	E	F	G = [ExF]	I	J	K=[I-J]	L=[KxG]	Notes
Term	Period	Title	Annual Salary of Gov., Lt. Gov./ Survivor Base	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	Age as of CY 2015/ Projected Eligibility Date	Life Expectancy Age	Remaining Years up to CY 2034	Projected Pension (CY 2015-CY 2034) <sup>19</sup>	Notes
3	1979-1982	Governor	Gubernatorial	\$50,000	50%	\$25,000	81	87	6	\$137,500	
		Gov Spouse	Gubernatorial	\$25,000	60%	\$15,000	86	92	6	\$93,000	Included for projection purposes. Widow benefit begins after remaining years of Gov., and for only 2 more years based on widow life expectancy Annuity is based on 4 GCA § 8135, which states survivor annuity shall be equal to 60% of basic retirement annuity or \$15,000 (60% x \$25,000)
		Lt. Gov	Gubernatorial	\$45,000	50%	\$22,500					Switched from Gubernatorial annuity to Service annuity in 1995.
<b>Term 3 Subtotal:</b>										<b>\$230,500</b>	
4	1983-1986	Governor	Gubernatorial	\$50,000	50%	\$25,000					Deceased as of 1990
		Gov Spouse	Gubernatorial	\$25,000	60%	\$15,000	82	90	8	\$121,500	Effective Oct. 2012, the 50% rate under 4 GCA § 8135 was amended to 60%. Survivor annuity is therefore increased to \$15,000 (60% x \$25,000).
		Lt. Gov	Gubernatorial	\$45,000	50%	\$22,500					Switched from Gubernatorial annuity to Service annuity in 1995.
		Lt Gov	Service								
<b>Term 4 Subtotal:</b>										<b>\$121,500</b>	

<sup>19</sup> Projected pension payments vary slightly due to rounding.

**Appendix 5:**

**Projected Lifetime Annuities for Governors, Lt. Governors, and Widows**

A	B	C	D	E	F	G = [ExF]	I	J	K=[I-J]	L=[KxG]	
Term	Period	Title	Pension: Service or Gubernatorial	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Age as of CY 2015/ Projected Eligibility Date	Age as of CY 2015/ Projected Eligibility Date	Life Expectancy Age	Remaining Years up to CY 2034	Projected Pension (CY 2015- CY 2034) <sup>20</sup>	Notes
5	1987- 1990	Governor	Service								
		Lt. Gov	Service								
<b>Term 5 Subtotal:</b>										<b>\$0</b>	
6	1991- 1994	Governor	Service								
		Lt. Gov	Service								
<b>Term 6 Subtotal:</b>										<b>\$0</b>	
7	1995- 1998	Governor	Service								
		Lt. Gov	Gubernatorial	\$85,000							Re-elected 1998
<b>Tem 7 Subtotal:</b>										<b>\$0</b>	
8	1999- 2002	Governor	Service								
		Lt. Gov	Gubernatorial	\$85,000	50%	\$42,500	82	90	8	\$344,250	
<b>Term 8 Subtotal:</b>										<b>\$344,250</b>	
9	2003- 2006	Governor	Gubernatorial	\$90,000							Re-elected in 2006
		Lt. Gov	Gubernatorial	\$85,000	50%	\$42,500	49	77	20	\$850,000	Remaining years calculated at 28, but adjusted to 20 for projection.
<b>Term 9 Subtotal:</b>										<b>\$850,000</b>	
10	2007- 2010	Governor	Gubernatorial	\$90,000	50%	\$45,000	58	78	20	\$900,000	
		Lt. Gov	Gubernatorial	\$85,000	50%	\$42,500	57	78	20	\$850,000	Remaining years calculated at 21, but adjusted to 20 for projection.
<b>Term 10 Subtotal:</b>										<b>\$1,750,000</b>	

<sup>20</sup> Projected pension payments vary slightly due to rounding.

**Appendix 5:**

**Projected Lifetime Annuities for Governors, Lt. Governors, and Widows**

A	B	C	D	E	F	G = [ExF]	I	J	K=[I-J]	L=[KxG]	Notes
Term	Period	Title	Pension: Service or Gubernatorial	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	Age as of CY 2015/ Projected Eligibility Date	Life Expectancy Age	Remaining Years up to CY 2034	Projected Pension (CY 2015- CY 2034) <sup>21</sup>	
11	2011-2014	Governor	Gubernatorial	\$130,000							Re-elected in 2014
		Lt. Gov	Gubernatorial	\$110,000							

Term 11 Subtotal: \$0  
 Table 1 Subtotal: \$3,574,350

**Table 2: Gubernatorial Projections for Governors, Lt. Governors, and Spouses in office from 2015 through 2034 Serving Two Terms**

A	B	C	D	E	F	G = [ExF]	I	J	K=[I-J]	L=[KxG]	Notes
Term	Period	Title	Pension: Service or Gubernatorial	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	Age as of CY 2015/ Projected Eligibility Date	Life Expectancy Age	Remaining Years up to CY 2034	Projected Pension (CY 2015- CY 2034) <sup>22</sup>	
12	2015-2018	Governor	Gubernatorial	\$130,000	50%	\$65,000	58	78	16	\$1,040,000	Remaining years calculated at 20 & 24, respectively, but adjusted as only 16 remaining years up to 12/31/2034, after eligibility date of 1/1/2019.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000	54	78	16	\$880,000	

Term 12 Subtotal: **\$1,920,000**

<sup>21</sup> Projected pension payments vary slightly due to rounding.

<sup>22</sup> Projected pension payments vary slightly due to rounding.

Government of Guam Lifetime Annuities

Appendix 5:

**Projected Lifetime Annuities for Governors, Lt. Governors, and Widows**

A	B	C	D	E	F	G = [ExF]	I	J	K=[I-J]	L=[KxG]	
Term	Period	Title	Pension: Service or Gubernatorial	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	Age as of CY 2015/ Projected Eligibility Date	Life Expectancy Age	Remaining Years up to CY 2034	Projected Pension (CY 2015-CY 2034) <sup>23</sup>	Notes
13	2019-2022	Governor	Gubernatorial	\$130,000	50%	\$65,000					No figures are reported assuming that the Governor and Lt. Governor will serve two terms. Therefore, the projection will be made after the second term.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000					
<b>Term 13 Subtotal:</b>										<b>\$0</b>	
14	2023-2026	Governor	Gubernatorial	\$130,000	50%	\$65,000			8	\$520,000	Projection is starting from January 1, 2027 to December 31, 2034.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000			8	\$440,000	
<b>Term 14 Subtotal:</b>										<b>\$960,000</b>	
15	2027-2030	Governor	Gubernatorial	\$130,000	50%	\$65,000					No figures are reported assuming that the Governor and Lt. Governor will serve two terms. Therefore, the projection will be made after the second term.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000					
<b>Term 15 Subtotal:</b>										<b>\$0</b>	
<b>Table 2 Subtotal:</b>										<b>\$2,880,000</b>	
<b>Total Projections CY 2015 -CY 2034 (Table 1 Subtotal + Table 2 Subtotal)</b>										<b>\$6,454,350</b>	
<b>Total Pension as of CY 2034</b>										<b>\$10,246,850</b>	

<sup>23</sup> Projected pension payments vary slightly due to rounding.

Appendix 5:

**Projected Lifetime Annuities for Governors, Lt. Governors, and Widows**

**Table 3: Gubernatorial Projections for Governors, Lt. Governors, and Spouses in office from 2015 through 2034 Serving One Term**

A	B	C	D	E	F	G = [ExF]	I	J	K=[I-J]	L=[KxG]	
Term	Period	Title	Pension: Service or Gubernatorial	Annual Salary of Gov., Lt. Gov./ Survivor Base	Pension Rate	Annual Pension	Age as of CY 2015/ Projected Eligibility Date	Life Expectancy Age	Remaining Years up to CY 2034	Projected Pension (CY 2015- CY 2034) <sup>24</sup>	Notes
12	2015- 2018	Governor	Gubernatorial	\$130,000	50%	\$65,000	58	78	16	\$1,040,000	Remaining years calculated at 20 & 24, respectively, but adjusted as only 16 remaining years up to 12/31/2034, after eligibility date of 1/1/2019.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000	54	78	16	\$880,000	
<b>Term 12 Subtotal:</b>										<b>\$1,920,000</b>	
13	2019- 2022	Governor	Gubernatorial	\$130,000	50%	\$65,000			12	\$780,000	Projection is from January 1, 2023 through December 31, 2034 assuming the Governor and Lt. Governor will serve a single-term.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000			12	\$660,000	
<b>Term 13 Subtotal:</b>										<b>\$1,440,000</b>	
14	2023- 2026	Governor	Gubernatorial	\$130,000	50%	\$65,000			8	\$520,000	Projection is from January 1, 2027 through December 31, 2034 assuming the Governor and Lt. Governor will serve a single-term.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000			8	\$440,000	
<b>Term 14 Subtotal:</b>										<b>\$960,000</b>	
15	2027- 2030	Governor	Gubernatorial	\$130,000	50%	\$65,000			4	\$260,000	Projection is from January 1, 2031 through December 31, 2034 assuming the Governor and Lt. Governor will serve a single-term.
		Lt. Gov	Gubernatorial	\$110,000	50%	\$55,000			4	\$220,000	
<b>Term 15 Subtotal:</b>										<b>\$480,000</b>	
<b>Table 3 Subtotal:</b>										<b>\$4,800,000</b>	
<b>Total Projections CY 2015 -CY 2034 (Table 1 Subtotal + Table 3 Subtotal)</b>										<b>\$8,374,350</b>	
<b>Total Pension Costs as of CY 2034</b>										<b>\$12,166,850</b>	

<sup>24</sup> Projected pension payments vary slightly due to rounding.

Government of Guam Lifetime Annuities

**Appendix 6:  
Projected Lifetime Annuities for Judges/Justices**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F= [D x E]</b>	<b>G</b>	<b>H</b>	<b>I</b>	<b>J= [I-H]</b>	<b>K= [JxF]</b>	<b>L= [G+K]</b>
	<b>Title</b>	<b>Status</b>	<b>Annual Salary</b>	<b>90% Pension Rate</b>	<b>Annual Pension</b>	<b>Total Pension Received as of CY 2014</b>	<b>Age as of CY 2015/ Projected Eligibility Date</b>	<b>Life Expectancy Age</b>	<b>Remaining Years up to CY 2034</b>	<b>Projected Pension (CY 2015-CY 2034)<sup>25</sup></b>	<b>Total Pension as of CY 2034</b>
1	Justice	Retired	\$128,000	90%	\$115,200	\$1,497,600	64	79	15	\$1,728,000	\$3,225,600
2	Justice	Retired	\$128,000	90%	\$115,200	\$1,382,400	64	79	15	\$1,728,000	\$3,110,400
3	Justice	Retired	\$126,000	90%	\$113,400	\$1,814,400	83	91	8	\$861,840	\$2,676,240
4	Judge	Deceased	\$100,000	90%	\$90,000	\$1,710,000					\$1,710,000
5	Judge	Deceased	\$100,000	90%	\$90,000	\$450,000					\$450,000
6	Judge	Active	\$150,010	90%	\$135,009		66	80	14	\$1,876,625	\$1,876,625
<b>Totals:</b>						<b>\$6,854,400</b>				<b>\$6,194,465</b>	<b>\$13,048,865</b>

<sup>25</sup> Projected pension payments vary slightly due to rounding.



**Appendix 7:  
GGRF Life Expectancy Table**

**Government of Guam Retirement Fund  
Average Life Expectancy**

Mortality table            Male            Female  
Setforward                RP2000MH    RP2000FH  
Radix                        4                1  
                                  1,000,000

Age	Males				Females			
	Qx	Lx	Expected Remaining Years	Life Expectancy	Qx	Lx	Expected Remaining Years	Life Expectancy
15	331	1,000,000	60.7	75.7	177	1,000,000	66.8	81.8
16	345	999,669	59.7	75.7	184	999,823	65.8	81.8
17	357	999,324	58.8	75.8	188	999,639	64.8	81.8
18	366	998,967	57.8	75.8	190	999,451	63.8	81.8
19	373	998,602	56.8	75.8	191	999,261	62.8	81.8
20	376	998,229	55.8	75.8	192	999,070	61.9	81.9
21	376	997,854	54.8	75.8	194	998,879	60.9	81.9
22	378	997,479	53.9	75.9	197	998,685	59.9	81.9
23	382	997,102	52.9	75.9	201	998,488	58.9	81.9
24	393	996,721	51.9	75.9	207	998,287	57.9	81.9
25	412	996,329	50.9	75.9	214	998,081	56.9	81.9
26	444	995,919	50.0	76.0	223	997,867	55.9	81.9
27	499	995,476	49.0	76.0	235	997,645	54.9	81.9
28	562	994,980	48.0	76.0	248	997,410	54.0	82.0
29	631	994,420	47.0	76.0	264	997,163	53.0	82.0
30	702	993,793	46.1	76.1	307	996,899	52.0	82.0
31	773	993,095	45.1	76.1	350	996,593	51.0	82.0
32	841	992,328	44.1	76.1	394	996,245	50.0	82.0
33	904	991,493	43.2	76.2	435	995,852	49.0	82.0
34	964	990,597	42.2	76.2	475	995,419	48.1	82.1
35	1,021	989,642	41.2	76.2	514	994,946	47.1	82.1
36	1,079	988,631	40.3	76.3	554	994,435	46.1	82.1
37	1,142	987,565	39.3	76.3	598	993,884	45.1	82.1
38	1,215	986,437	38.4	76.4	648	993,289	44.2	82.2
39	1,299	985,238	37.4	76.4	706	992,646	43.2	82.2
40	1,397	983,959	36.5	76.5	774	991,945	42.2	82.2
41	1,508	982,584	35.5	76.5	852	991,177	41.2	82.2
42	1,616	981,102	34.6	76.6	937	990,333	40.3	82.3
43	1,734	979,517	33.6	76.6	1,029	989,405	39.3	82.3
44	1,860	977,818	32.7	76.7	1,124	988,387	38.4	82.4
45	1,995	976,000	31.7	76.7	1,223	987,276	37.4	82.4
46	2,138	974,052	30.8	76.8	1,326	986,068	36.4	82.4
47	2,449	971,970	29.9	76.9	1,434	984,761	35.5	82.5
48	2,667	969,590	28.9	76.9	1,550	983,349	34.5	82.5
49	2,916	967,004	28.0	77.0	1,676	981,824	33.6	82.6
50	3,196	964,184	27.1	77.1	1,852	980,179	32.6	82.6
51	3,624	961,102	26.2	77.2	2,018	978,364	31.7	82.7
52	4,200	957,619	25.3	77.3	2,207	976,389	30.8	82.8
53	4,693	953,597	24.4	77.4	2,424	974,234	29.8	82.8
54	5,273	949,122	23.5	77.5	2,717	971,873	28.9	82.9
55	5,945	944,117	22.6	77.6	3,090	969,232	28.0	83.0
56	6,747	938,505	21.7	77.7	3,478	966,237	27.1	83.1
57	7,676	932,173	20.9	77.9	3,923	962,877	26.2	83.2
58	8,757	925,017	20.0	78.0	4,441	959,099	25.3	83.3
59	10,012	916,917	19.2	78.2	5,055	954,840	24.4	83.4
60	11,280	907,737	18.4	78.4	5,814	950,013	23.5	83.5
61	12,737	897,497	17.6	78.6	6,657	944,490	22.6	83.6
62	14,409	886,066	16.8	78.8	7,648	938,202	21.8	83.8
63	16,075	873,299	16.1	79.1	8,619	931,027	20.9	83.9
64	17,871	859,260	15.3	79.3	9,706	923,003	20.1	84.1
65	19,802	843,904	14.6	79.6	10,954	914,044	19.3	84.3
66	22,206	827,193	13.9	79.9	12,163	904,031	18.5	84.5
67	24,570	808,825	13.2	80.2	13,445	893,036	17.7	84.7
68	27,281	788,952	12.5	80.5	14,860	881,029	17.0	85.0

**Appendix 7:  
GGRF Life Expectancy Table**

**Government of Guam Retirement Fund  
Average Life Expectancy**

Mortality table                    Male                    Female  
Setforward                        RP2000MH            RP2000FH  
Radix                                1,000,000              4                        1

Age	Males				Females			
	Ox	Lx	Expected Remaining Years	Life Expectancy	Ox	Lx	Expected Remaining Years	Life Expectancy
69	30,387	767,429	11.8	80.8	16,742	867,937	16.2	85.2
70	33,900	744,109	11.2	81.2	18,579	853,406	15.5	85.5
71	37,834	718,883	10.6	81.6	20,665	837,550	14.8	85.8
72	42,169	691,685	10.0	82.0	22,970	820,242	14.1	86.1
73	46,906	662,518	9.4	82.4	25,458	801,401	13.4	86.4
74	52,123	631,442	8.8	82.8	28,106	780,999	12.7	86.7
75	57,927	598,529	8.3	83.3	30,966	759,049	12.1	87.1
76	64,368	563,858	7.8	83.8	34,105	735,544	11.5	87.5
77	72,041	527,563	7.2	84.2	37,595	710,458	10.9	87.9
78	80,486	489,557	6.8	84.8	41,506	683,748	10.3	88.3
79	89,718	450,155	6.3	85.3	45,879	655,369	9.7	88.7
80	99,779	409,768	5.9	85.9	50,780	625,301	9.1	89.1
81	110,757	368,882	5.5	86.5	56,294	593,548	8.6	89.6
82	122,797	328,025	5.1	87.1	62,506	560,135	8.1	90.1
83	136,043	287,745	4.8	87.8	69,517	525,123	7.6	90.6
84	150,590	248,599	4.4	88.4	77,446	488,618	7.1	91.1
85	166,420	211,163	4.1	89.1	86,376	450,777	6.6	91.6
86	183,408	176,021	3.9	89.9	96,337	411,841	6.2	92.2
87	199,769	143,737	3.6	90.6	107,303	372,165	5.8	92.8
88	216,605	115,023	3.4	91.4	119,154	332,231	5.5	93.5
89	233,662	90,108	3.2	92.2	131,682	292,644	5.2	94.2
90	250,693	69,054	3.0	93.0	144,604	254,108	4.9	94.9
91	267,491	51,742	2.8	93.8	157,618	217,363	4.6	95.6
92	283,905	37,902	2.7	94.7	170,433	183,103	4.4	96.4
93	299,852	27,141	2.6	95.6	182,799	151,896	4.2	97.2
94	315,296	19,003	2.4	96.4	194,509	124,130	4.0	98.0
95	330,207	13,011	2.3	97.3	205,379	99,985	3.8	98.8
96	344,556	8,715	2.3	98.3	215,240	79,450	3.7	99.7
97	358,628	5,712	2.2	99.2	223,947	62,349	3.5	100.5
98	371,685	3,664	2.1	100.1	231,387	48,386	3.4	101.4
99	383,040	2,302	2.1	101.1	237,467	37,190	3.3	102.3
100	392,003	1,420	2.0	102.0	244,834	28,359	3.2	103.2
101	397,886	863	2.0	103.0	254,498	21,416	3.0	104.0
102	400,000	520	2.0	104.0	266,044	15,965	2.9	104.9
103	400,000	312	2.0	105.0	279,055	11,718	2.8	105.8
104	400,000	187	2.0	106.0	293,116	8,448	2.6	106.6
105	400,000	112	2.0	107.0	307,811	5,972	2.5	107.5
106	400,000	67	2.0	108.0	322,725	4,134	2.4	108.4
107	400,000	40	2.0	109.0	337,441	2,800	2.3	109.3
108	400,000	24	2.0	110.0	351,544	1,855	2.2	110.2
109	400,000	15	2.0	111.0	364,617	1,203	2.1	111.1
110	400,000	9	1.9	111.9	376,246	764	2.1	112.1
111	400,000	5	1.9	112.9	386,015	477	2.0	113.0
112	400,000	3	1.8	113.8	393,507	293	2.0	114.0
113	400,000	2	1.7	114.7	398,308	178	1.9	114.9
114	400,000	1	1.5	115.5	400,000	107	1.9	115.9
115	400,000	1	1.1	116.1	400,000	64	1.8	116.8
116	1,000,000	0	0.5	116.5	400,000	38	1.7	117.7
117	1,000,000	-	0.5	117.5	400,000	23	1.5	118.5
118	1,000,000	-	0.5	118.5	400,000	14	1.1	119.1
119	1,000,000	-	0.5	119.5	1,000,000	8	0.5	119.5
120	1,000,000	-	0.5	120.5	1,000,000	-	0.5	120.5



**Government of Guam Special Lifetime Annuities  
Report No. 15-03, May 2015**

## **ACKNOWLEDGEMENTS**

**Key contributions to this report were made by:**  
Llewelyn Terlaje, CGFM, CGAP, Audit Supervisor  
Doris Flores Brooks, CPA, CGFM, Public Auditor

## **MISSION STATEMENT**

**To ensure the public trust and assure good governance,  
we conduct audits and administer procurement appeals,  
independently, impartially, and with integrity.**

## **VISION**

**The Government of Guam is the model for good governance in the Pacific.**

## **CORE VALUES**

**Objectivity: To have an independent and impartial mind.  
Professionalism: To adhere to ethical and professional standards.  
Accountability: To be responsible and transparent in our actions.**

## **REPORTING FRAUD, WASTE, AND ABUSE**

- **Call our HOTLINE at 47AUDIT (472-8348)**
- **Visit our website at [www.opaguam.org](http://www.opaguam.org)**
- **Call our office at 475-0390**
- **Fax our office at 472-7951**
- **Or visit us at Suite 401, DNA Building in Hagåtña**

**All information will be held in strict confidence.**