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ANNUAL BENEFIT STATEMENT ISSUANCE

GERS will, for the first time later this summer, issue Annual Benefit Statements to approximately 60 percent of Tier I members. This statement will be for calendar year 2015. Thereafter, members will receive their statement during the first quarter of every year. The approximately 2500 remaining Tier I members who are mainly those employed at the Department of Education and whose records are still being updated, will receive their initial statement by the end of 2016.

The Statement is designed to provide members with an overview of the following:

- Your employment history
- Wages
- Service credits
- Total employee and employer contributions
- Estimated lifetime monthly retirement



benefit projections

Members are asked to review their statement carefully for accuracy to ensure that the information is correct and that it accurately reflects your wages and work history. Should you note any discrepancies, you must contact your employer for a copy of the correct NOPA and submit it to the GERS.

Statements will also be available via the GERS Member Self-Service at usvigiers.com. If you have not already registered for the self-service, we encourage you to do so today.

OVERVIEW OF OPERATIONS FY 2016

GERS Administrator and CEO Austin Nibbs accompanied by members of his Senior Management team, appeared before the Senate Committee on Finance on Thursday, June 30th to share an overview of the System's operations for fiscal year 2016. There were extensive discussions relating to GERS' investments, the Loans program and procedures for processing members' annuities. As relating to the processing of members annuity, it was noted that there are a number of factors which may contribute to a member's annuity not

being processed timely; some of which are:

- Missing employer contributions billed and not received.
- Retirement NOPA not received.
- Missing NOPAs.
- Contribution postings for the Government not up to date due to errors in the file.
- Mandate from the GERS Board to discontinue paying Special Pensions until review is done by the Actuary.

In addition to highlighting the major accomplishments for FY 2016 and the major goals for FY 2017, the Administrator was happy to report that the System received a check in the amount of \$7 million, from the central government as a payment on the \$28 million that was due at the end FY 2013 in accordance with Act No. 7261. The legislation also stipulates that the \$7 million direct contribution will be made in all subsequent fiscal years.

Some highlighted accomplishments:

- Completed 65 percent of the NOPA Project updates to member records which improved the timely processing of the member's benefits while providing timely and accurate information to our members.
- Improved customer service and educational awareness to members by 50%. (*continued pg. 2*)



- Completed the implementation of the annual statement for which statements will be issued later this summer for calendar year 2015 to approximately 60% of Tier I members.
- The Certified Audited Financial Statements for FY 2015 issued on June 22, 2016.

Some Fiscal Year 2017 Goals:

- To complete the FY 2016 Certified Annual Audit and the FY 2016 Actuarial Valuation by March 2017.
- To reduce outstanding loan delinquencies by 50%.
- To complete employer service credit evaluations for employer billings.
- To increase employee engagement and morale.
- To aggressively monitor our international exposure in the portfolio in light of the recent developments in the United Kingdom.

In concluding, the Administrator/CEO thanked employees for their hard work and commitment to providing quality service to our members, noting that GERS employees are also members of the Fund and that they experience the same anxieties and uncertainties of their future as their fellow members, while providing the level of service that is expected. He ended with this quote by renowned artist, Pablo Picasso: "The world today doesn't make sense, so why should I paint pictures that do?"

To view the presentation in its entirety, visit the GERS website, www.usvigiers.com.

LOAN PROGRAM ACT NO. 7880 TIMELINE

In the regular meeting of the GERS Board held on August 20, 2015, trustees passed and adopted a resolution by a majority vote, to temporarily suspend all GERS loans, effective immediately. This measure was taken to immediately address the liquidity issues affecting the System in order to ensure the availability of funds to pay benefits, as well as to ensure the survivability of the System.

Since that time, Act No 7880 which calls for the reinstatement of the loans program, was signed into law. Below is a timeline of the events relating to the Program:

- ♦ **August 31, 2015** - Board votes to temporarily suspend the loan program. 8,716 units with a total value of \$156.9 million.
- ♦ **November 19, 2015** - Board votes unanimously to *indefinitely* suspend the granting of any new member loans because of liquidity issues and the volatility in the market.
- ♦ **May 9, 2016** - The 31st Legislature passes Bill No. 31-0289, an Act amending title 3VIC, sections 717 and 766 by requiring the GERS to issue personal loans to members in an amount not to exceed \$10,000 and requiring that the personal loans issued not exceed the aggregate amount of \$10,000,000 per annum, per district and by making a technical amendment.
- ♦ **May 27, 2016** - Governor approves Bill No. 31-0289; signs into law, Act No. 7880.
- ♦ **June 16, 2016** - Board unanimously votes to not reinstate the member loan program

at this time.

- ♦ **June 30, 2016** - 8,042 units in loan portfolio. Total value of \$136.6 million.

GROUP HEALTH INSURANCE

Open Enrollment

The Group Health Insurance Office announces the 2016 Annual Open Enrollment period will begin August 15th and run through September 16th. This is the time when active government employees and retirees have the opportunity to make changes to their Health Insurance Coverage. These changes can include adding or removing dependents or increasing your life insurance. Active employees are required to see their respective Personnel or Human Resource Officer to initiate changes. Retirees may visit the Group Health Insurance Office on St. Thomas or St. Croix, to make changes. It is also important to note that all retirees will be required to satisfy Statement of Health for increases in life insurance coverage.

Health Risk Assessment

The September 30th /11:59 p.m. deadline for completing the Annual Health Risk Assessment is right around the corner. All employees and those retirees under age 65, and whose primary insurance is CIGNA, should visit my cigna.com to complete the assessment. Please be sure to have your biometric numbers handy before login as you would be required to update this information (height, weight, waist circumference, blood glucose, total cholesterol.) Note that all Health Insurance related questions should be directed to the Group Health Insurance Office at 774-8588 – St. Thomas, or 718-8588 – St. Croix.

BREXIT: HOW DOES IT AFFECT THE GERS?



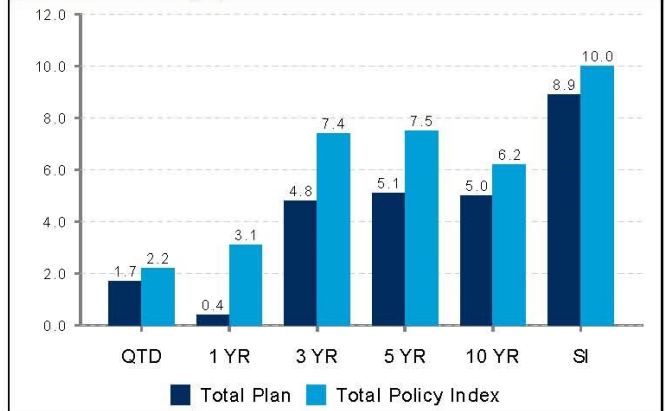
The outcome of the June 23, 2016 vote wherein the United Kingdom left the European Nation has already created substantial turbulence in markets. The British pound fell by as much as 11%, to its lowest value since 1985. U.S. markets are also down and investors have sought "safe haven" assets such as long-term government bonds, particularly those in the U.S. According to Meketa, GERS' Investment Consultant, it is expected that the coming months will be volatile across financial markets, while the agreement for the exit is negotiated, and while investors further consider the implications.

QUARTER ENDING JUNE 30, 2016 UPDATE

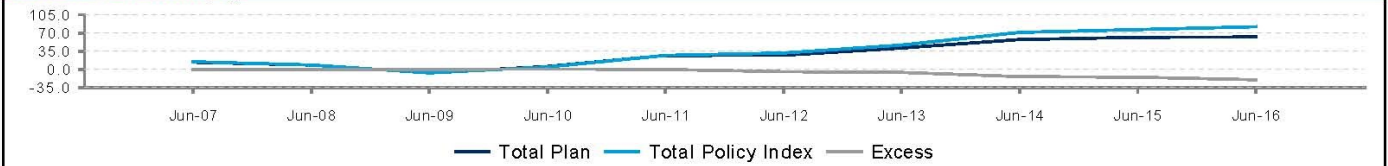
Record of Asset Growth

	One Quarter	Year to Date	One Year
Total Plan			
Beginning Market Value	765,673,920	751,023,715	862,047,641
Net Cash Flow*	-15,610,370	-16,280,687	-100,200,719
Income	3,169,225	7,185,113	12,317,976
Gain/Loss	9,995,600	21,300,236	-10,936,522
Ending Market Value**	763,228,376	763,228,376	763,228,376

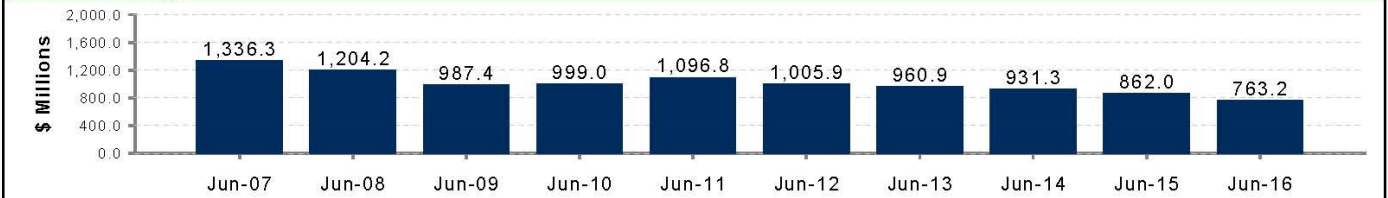
Net Performance (%)



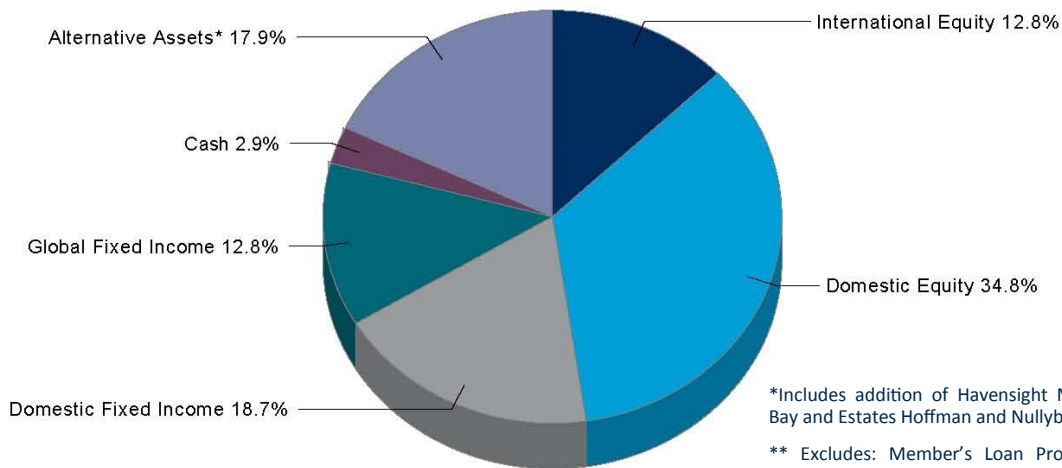
Cumulative Return (%)



Fund Balance (\$)



Asset Allocation



*Includes addition of Havensight Mall, Estate Coakley Bay and Estates Hoffman and Nullyberg.

** Excludes: Member's Loan Program - (MV) \$146 million, STT Office Complex - (MV) \$7.6 million, and STX Office Complex - (MV) \$3.1 million

GERs ANNUAL BOARD RETREAT

GERs Trustees, Administrator and staff convened July 13 – 16 for the Board's Annual Retreat at the Renaissance Carambola Beach Resort and Spa on St. Croix. The meetings were productive as they presented an opportunity for open dialogue with the System's advisors and consultants about the dire state of the retirement system. Though the road ahead is uncertain and there are no easy or quick fixes, GERS officials remain committed to working with all stakeholders to address the many challenges facing the System.



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Upcoming Events

AUG

3rd
15th
18th
31st

St. Thomas
- - -
St. Croix
- - -

Countdown to Retirement Workshop
RETIREE PAY DAY
Board Meeting
RETIREE PAY DAY

SEPT

14th
14th
15th
15th
21st
30th

St. Thomas
St. Croix
- - -
St. Thomas
St. Thomas
- - -

Financial Planning Workshop
Pre-Retirement Workshop
RETIREE PAY DAY
Board Meeting
Countdown to Retirement Workshop
RETIREE PAY DAY

OCT

12th
14th
19th
20th
26th
31st

St. Croix
- - -
St. Croix
St. Croix
St. Thomas
- - -

Financial Planning Workshop
RETIREE PAY DAY
Countdown to Retirement Workshop
Board Meeting
Pre-Retirement Workshop
RETIREE PAY DAY

SAVE THE TREES...RECEIVE YOUR NEWSLETTER ELECTRONICALLY

Send an email to kcallendar@usvigiers.com...type **SIGN ME UP** in the subject line.

CONTACT Us...

3438 Kronprindsens Gade
Suite 1
St. Thomas, VI 00802-5751
Phone: (340) 776-7703
Fax: (340) 776-4499

3004 Orange Grove
Christiansted
St. Croix, VI 00820-4313
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8am - 5pm

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UPDATE



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