

# GERS Update



News from the Employees' Retirement System of the Government of the Virgin Islands

April 2010

## From the Desk of the Administrator

We have revived the publishing of our newsletter after more than three years of silence. Members can now look forward to receiving a quarterly newsletter in the mail or having access to the e-newsletter on our new website.

The newsletter is one of the mediums through which the GERS will keep its members informed of all that is going on in the System.

As we continue to contribute today, the Board of Trustees and the Administration will make sure that the System is **Strong, Stable and Secure** for a better tomorrow.

Regards,

*Austin L. Wibbs, CPA*

## GERS TECHNOLOGY UPGRADE

GERS remains committed to providing quality, reliable service to its members and is currently implementing a comprehensive retirement system software solution known as "V3".

The objective of this software implementation is to merge the System's current benefits and loan administration systems into a state-of-the-art, web-based business solutions that provides the technology foundation to enable and sustain the business agility of the System in addition to being fully integrated with the central government and

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*"Paving the way to better serve our members through 21st century technology!"*

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## TAXation of Retirement Benefits

By now, retirees should have received their 1099R Form from the GERS. Upon receipt you should call or visit your accountant or the Bureau of Internal Revenue office and ask for assistance in filing your taxes.

By law, you are required to file taxes on your annuity payments. The actual portion for which you are paying taxes is attributable to your employers' share of contribution and investment income—which are not pre-taxed.

For a detailed explanation of the laws governing the Retirement System, please refer to **Title 3, VIC Chapter 27 and 28A**. For a detailed explanation of applicable tax laws, contact the VI Bureau of Internal Revenue at (340) 715-1040 or (340) 773-1040.

Tax payer's assistance is available at the BIR offices on all three islands on Saturdays from 9:00 a.m. – 3:00 p.m.

\*Final Saturday, 4/10.

**Remember, April 15 is the deadline to file your TAXES!**

# INVESTMENTS

GERs' Fund portfolio is managed with the specific goal to grow the assets to meet its pension liability and ensure a reliable cash flow that provides for the funding requirements of near term pension obligations.

The System is committed to a disciplined investment strategy that focuses on long-term results. Presently the Fund is managed by 15 investment managers.

The market value of the GERS Investment Fund as of February 28, 2010 was \$1,061.2 billion.

The asset allocation by asset class and investment managers is shown below:

## Equity

Silvant Capital Management (Large Cap Growth)	9%	\$ 97.4
Turner Investment Partners (Large Cap Growth)	7%	71.0
LSV Asset Management (Large Cap Value)	9%	90.4
NWQ Investment Management (Large Cap Value)	8%	82.4
State Street Global Advisors (Large Cap Core)	3%	33.0
Union Heritage Capital Management (Large Cap Core)	3%	32.5
Fisher Investments (Small Cap Value)	4%	45.0
Oberweis Asset Management (Small Cap Growth)	6%	58.5
Global Currents (International Equity)	4%	44.3
Oechsle International Advisors (International Equity)	4%	40.2
	56%	<u>\$ 594.7</u>

## Fixed Income

AllianceBernstein (Core Fixed Income)	13%	\$ 138.3
PIMCO (Core Fixed Income)	13%	139.1
Brandywine (International Fixed Income)	12%	127.0
	38%	<u>\$ 404.4</u>

## Alternative Investments

Attilanus (Life Settlements)	5%	\$ 56.6
Mesirow Financial (Private Equity)	1%	5.5
	6%	<u>\$ 62.1</u>

## Total

100% \$ 1,061.2

*"It is very important for you to understand the importance of the System's investments; for it's the investments which has kept the System functioning thus far..."*

Yvonne E. Bowsky, Trustee



*"Diversification is an essential component in investing."*

## Retirees' Payroll

Retirees are paid their semi-monthly annuity on the 15th and the end of each month. If special circumstances should arise dates may be adjusted accordingly.

Below is the upcoming quarterly pay schedule:

April 15

April 29

May 14

May 28

June 15

June 30

*If you have not signed up for Direct Deposit as yet, sign up today. It is safe, easy and convenient!*

## *GERS Technology Upgrade* *continued from page 1*

and other government instrumentalities that interface with the System. Once the system is fully implemented, the System's customer service capabilities will be greatly enhanced through the ability of V3 to facilitate electronic, web-based transactions and communications.

The project, which began in February 2008, is approximately 44% complete. It is currently a 39 month project which was initially slated for 30 months. We will begin testing in June of 2010 with an expected "go-live" date of February 2011. The aim of the project is to streamline our processes; to provide for more efficiencies in the receipt and transmittal of information; and to enhance the delivery of service to members ... in terms of Employer and Member self-service, etc.

### **Phase I (Completed):**

Back file Conversion completed - (2.5 Million records scanned and indexed) - finished 6 months ahead of schedule  
GERS Imaging System in production (Benefits & Loans staff - full access); transferred all Central Government's IPRO images into the production imaging system  
GERS Day-Forward Imaging in Production

### **Phase II (In Process):**

Project Set-up; Analysis & Design  
- Discovery, Requirements Analysis, Global Design  
**Implementation (Current phase)** - Detailed Design, Configure Code & Install, System Test  
Deployment - Readiness Testing,

Training, Cutover  
Design Review Process - 100% Completed (with exception of change order #9)  
Data Mapping Process - 100% Completed  
Data Recovery Project - 100% Completed (Eight month project kicked off Jan. 26, 2009 and ended Sep. 11, 2009)  
Hot-Site Implementation Completed and Operational (June 2009)

**NEW**

*The GERS has made another prudent investment!*

We are very proud to have upgraded our St. Croix office facilities as a means of better serving our members. Construction on this state of the art building began in 2005; however the project was placed on hold as the contractor was unable to fulfill its commitment after a lengthy delay. Thereafter, GERS selected J. Benton Construction, LLC, a local company based on St. Croix, to complete the project.

Below is an overview of the project features:

#### **Contractor**

J. Benton Construction, LLC.  
• Location: Christiansted, St. Croix

President: James Benton  
• 17 years of construction experience

Projects completed in the Virgin Islands:

- Bellevue Village, STJ
- Divi Carina Bay Casino, STX

## **Retirement Workshops**

GERS offers educational workshops to help our members plan their Retirement, Estate and Financial futures.

*Pre-retirement Workshops* are open to any member interested in gathering information about GERS, Health Insurance, Social Security, and other benefits. *Estate Planning Workshops* will be presented by Estate Planning Attorney, Linda Baxter and *Financial Planning Workshops* by Mr. Toussaint Gaskins, Financial Consultant.

For dates, times and locations, visit our website at [www.usvigiers.com](http://www.usvigiers.com).

## **St. Croix Executive Office Building**

- Divi Carina Bay Hotel Addition, STX
- Blue Vista Villa, STX
- Air Traffic Control Tower, STX
- SAC terminal Building, STX
- Ingeborg Nesbitt Clinic, STX
- UVI- STX Dormitories, Ancillary & Administration Buildings

#### **Technology Features**

Video teleconferencing capabilities in the Boardroom and conference room with link to the St. Thomas conference room.

The building is classified as a "*green building*" which increases the building efficiency. With these systems in place, if GERS had applied before construction, the building would have obtained LEED certification (Leadership in Energy and Environmental Design).

#### **Status**

90% complete

#### **Dedication**

July 2010



*Contributing today, for a better tomorrow!*

### Contact Us

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ERS recently hosted **Town Hall Meetings** on March 9, 10 and 11, as a means of sharing information with our members and the at large public. Discussions centered around the Implementation of the Reform Act of 2005 and GERS Investments and Technology.

Trustee, Yvonne E. Bowsky shared a very insightful and thought-provoking overview of the retirement system, which many of you asked that we publish. In this issue of our newsletter, we share excerpts from Ms. Bowsky's presentation. To view her complete presentation, visit our website at [www.usvigers.com](http://www.usvigers.com)

"Greetings, good evening. It's so wonderful to be together here with you tonight. I want to thank Mr. Nibbs and his staff for taking the initiative to schedule this meeting. Tonight I would like to give you an overview of the operations of the GERS. The System was created by Act No. 479, June 1959 as Title 3 Chapter 27 of the V.I. Code. It became operative October 1959. Recently we celebrated our 50th Anniversary. The purpose was to attract qualified persons to enter and remain in the service of the Government until retirement. The Act outlines the legal basis on which the System must operate. It was created to provide all government employees and their beneficiaries, with retirement benefits, upon their retirement, death benefits for their beneficiaries, and disability, if injured in the line of duty. **Kudos** to the creators!

Our retirement system is one of the best found anywhere, and its sources of funding are: contributions by its sponsor and the employees of the Government and its investments.

It was recognized from the beginning that contributions alone could not sustain the System; hence, the System must invest in order to grow its assets. Investments: The System is authorized to make prudent investments in the Stock Market—Stocks and Bonds—a 60/40%.

Over the years, the investments have done well. It is our investments that is keeping the System afloat—**thanks to the investments**.

The System has grown considerably. Structure: I recall when the office on St. Thomas was located on lower Main Street—second floor. Then, thanks to the vision of its Trustees (of the 80's under the Chairmanship of Iver Stridiron). The building on Kronprindsens Gade was built to meet the needs of the growing staff and to invest locally in real estate and to provide rental and parking income for the System.

In search for additional income to support the System's growth in the 1990's, Governor Farrelly, to his credit, had the GERS buy the Havensight Mall. This purchase was the first major investment in the Territory. This Mall has been a substantial local investment for the people! Governor Farrelly made sure that the government employees of the Virgin Islands will always get a piece of the Tourism action. This mall has proven to be one of the best investments that the System has made thus far. This is **your** Mall—and so I encourage you to support it.

As the System grew, the Farelly administration saw fit to remove it from under the Central Government and put it on its own. This meant that the System had to produce its own budget and pay for the expenses of its operations. The Department of Finance no longer processed its checks; so this service is now paid for to a company in Puerto Rico. The System is working towards processing its own checks here one day..."

**"Every month the System must draw down money from its Investments to meet the Retirees payroll. Every month our Financial report is in the Red!"**