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Office of the Attorney General

August 12, 2008

LEGAL MEMORANDUM

Ref: DOA 04-1066 and
DOA 06-0704

TO: Director, Department of Administration

FROM: Attorney General *AGL*

SUBJECT: Double Life Insurance – Membership in DB and DC Retirement Plans

You have asked us to answer the question of whether a person who has retired under both the Defined Benefit (Old) and Defined Contribution (New) Retirement Plans may receive a life insurance policy from both plans. These individuals retired under the Old Plan, became reemployed and, therefore, must become members of the New Plan. Title 4 GCA §8206.

We have examined the law (Title 4 GCA Chapter 8, Articles 1 and 2, respectively) and we find no reference to an employee life insurance benefit tied to membership in either one or both plans. There is reference to payment by the Retirement Fund of insurance premiums, but no statute makes life insurance a benefit of a retirement plan, as such.

Rather, the life insurance benefit is found only in Title 4 GCA §4303, which provides in pertinent part:

(c) Contracts of life insurance procured under the foregoing subsection (b) shall be limited to a face amount of up to Ten Thousand Dollars (\$10,000.00)...Coverage under such non-contributory plan shall commence after an employee has served six (6) consecutive months service in the government of Guam upon initial employment or reemployment. Retirees, and survivors of retirees, shall be covered as of the date they become retirees, or survivors of retirees.

(d) Employees as used in this Section include officers, survivors of officers, survivors of employees, retired employees and survivors of retired employees who are receiving annuity benefits.

Since this is the only section providing for life insurance benefits, its terms must be followed. Thus, the persons covered are active employees, retired employees of all descriptions and survivors who receive annuities. There is only one life insurance benefit.

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Therefore, it does not matter whether an employee is retired under the Old Plan, New Plan or both. He will receive only one benefit (policy) pursuant to §4303.

If you have any further questions, please let us know by using the reference number shown.


DAVID J. HIGHSMITH
Assistant Attorney General