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GERS Board Nominee Proposes Strategies to Prevent Retirement System Insolvency

Recommendations from Tahmin Clarke include balancing retiree needs, enhancing investment oversight, and pursuing short- and long-term solutions to address the funding shortfall

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GERS St. Croix headquarters. By. V.I. CONSORTIUM

Tahmin Clarke, Governor Albert Bryan's nominee to the Government Employees' Retirement System Board of Trustees for the St. Thomas district, impressed members of the Committee on Rules and Judiciary on Thursday with his recommendations to avert the threat of insolvency for the system.

Describing himself as a “product of this community,” Mr. Clarke was pleased to take on what he deemed a “critical role” as a member of the GERS Board. He told lawmakers that recent reflections on his life had prompted him to “take stock of my contributions to society.” Mr. Clarke said that he “realized that I could do more to continue to drive progress in the community that has helped raise me.” He called the nomination exciting, saying that the mission of the GERS “intersects both my desire to give back as well as my broad expertise in finance, but also explicit accomplishments in the area of portfolio management.”

With over 25 years of experience on Wall Street and a significant background in strategic communications, Mr. Clarke was confident in his abilities to get the job done. He indicated plans for the first 90 days on the job, including first developing an understanding GERS's operations, and fostering strong working relationships before becoming “active in making recommendations and sharing ideas.”

Nonetheless, he used Thursday’s meeting as an opportunity to highlight a host of recommendations, several of which centered on pulling the GERS from the impending threat of insolvency. According to Mr. Clarke, there exists a critical need to “balance the needs of the organization versus the needs of the individual retiree.” He raised the issue of the opportunity cost associated with the GERS loan program, which currently lends at an 8% interest rate. On several occasions throughout the meeting, he referenced comparative personal loans that accrue interest of up to 25%.

Though he applauded the government’s efforts to save the system from becoming insolvent in 2024, the nominee warned that “there's still a funding shortfall that will need to be addressed in the coming years.” Referencing his background in portfolio management, Mr. Clarke strongly suggested the need for more oversight of GERS’s investments, intending to “make sure we're generating the right returns on investment.” The suggestion piqued the interest of Senator Marise James, who asked for his interpretation of “alternative investment projects.”

Currently, GERS manages several plots of real estate, including the Havensite Mall, but for Mr. Clarke, “the illiquidity of that market makes it hard for us to be dynamic and flexible in changing our investment strategy.” He explained that many pension funds in other states own gold and other such assets, not necessarily real estate. If the GERS is to continue investing in real estate, it will require “a higher rate of return for those projects than we would traditionally get from equity investment,” the nominee explained.

Quelling her briefly held reservations, Mr. Clarke told Sen. James that “if we're thinking about the long-term benefits for all of the plan participants, and want to make sure that we're solvent, we have to make sure that we're taking calculated risk to fill that gap.” In November, the GERS [delayed plans to increase the employer contribution](#) to the GERS until the commencement of the next fiscal year. It’s an income generation method that Mr. Clarke expressed is “not ideal,” but still valid.

If no interventions are made, the GERS is projected to become [temporarily insolvent](#) by 2032. “It will have to be a collaborative effort between both the GERS and the Legislature, specifically in combination with the governor's office, as to how to resolve that,” Mr. Clarke advised. “There needs to be substantive discussions and hard truths talked about in terms of how we get there.” Mr. Clarke suggested that “the best approach is to continue to find short-term fixes...while you search for long-term solutions to fix the structural issues of the System.”

Lawmakers listened intently to his recommendations, described as “candid” by Senator Carla Joseph, before voting in confirmation of his nomination. Senator Franklin Johnson considered Mr.

Clarke a “needle in a haystack” and commended him for his willingness to “help to fix the Virgin Islands, especially in this turmoil that we’re in with GERS.”

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