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GERS Surpasses 24% Return, Adds \$17M in Property Value, and Prepares 8% Retiree Loan Program Amid Volatile Market

GERS earned a 24.3% return in FY2024—quadrupling its 6% benchmark—while Havensight Mall’s value rose by \$17M. The system now plans a new retiree loan program offering 8% returns, expanding financial tools that generate income while meeting member needs.

GERS / **Published On April 25, 2025 06:55 AM /**

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GERS headquarters on St. Croix. By. ERNICE GILBERT, V.I. CONSORTIUM.

Despite ongoing volatility in global financial markets, the Government Employees’ Retirement System (GERS) investment fund continues to perform strongly, according to the system’s investment consultant.

Speaking at Thursday's GERS board meeting, Leandro Festino, senior consultant with Meketa Investment Group, described the fund as "holding up quite well" despite recent instability. Festino credited a previous board decision to reduce the fund's equity exposure by 10% in favor of more stable fixed-income instruments. "It was the right call," he said, noting that due to the lagging nature of market data, "we may be already in a recession."

Festino advised against any immediate changes to the portfolio's structure, citing persistent uncertainty in the markets. "Tariffs are a big issue," he acknowledged, but emphasized that this should not drive any reallocation of assets. "I don't think it's going to be the primary determinant for us to consider making any changes to the way GERS' portfolio is allocated today."

For the most recent reporting period, the fund posted a modest gain of approximately 0.5%. "Overall, a decent quarter given all that was happening in the market," Festino said. He emphasized that, despite the relatively small quarterly return, the fund remains ahead of projections. Since transitioning from a cash-heavy model to a more diversified pension fund strategy, returns have consistently exceeded targets. "In fiscal year 2024, the fund made 24.3%, about four times your actuarial return," he added, referring to GERS's 6% benchmark.

Locally, GERS's Havensight Mall property continues to perform well. Glenville Henderson, the system's Investment Officer, reported a 1.3% return so far this fiscal year and noted that the mall has been a "very good performing asset." In addition to steady rental income, recent renovations and the soon-to-be-opened hotel nearby have contributed to a dramatic increase in the property's value. Since 2017, it has appreciated by \$17 million, now totaling approximately \$58 million, according to GERS Administrator Angel Dawson.

Dawson also provided updates on the pension system's financial services portfolio. GERS currently manages 2,261 active personal loans and 67 pending mortgages, he said. Looking ahead, the system is preparing to launch a new loan program specifically for retirees, with a formal announcement expected in May and initial appointments anticipated in June.

These loans have proven financially beneficial for GERS. "They're generating a robust 8% return," Dawson said, adding that the program "also assists our active members and the community at large as we support the economy." With market unpredictability remaining high, he noted that a "guaranteed 8% return for essentially a fully collateralized loan is quite attractive."