

SETTLEMENT CLASS MEMBERSHIP BREAKDOWN
(as of 9/30/2025)

The following chart shows the distribution of benefit payments based on members' current place of residence and classification:

PLACE OF RESIDENCE	NMISF Class Member Classifications						Total # of Members
	Retiree Disabled	Retiree	Surviving Child Disabled	Surviving Child	Surviving Spouse		
CNMI	6	1141	7	27	469		1650
U.S.	1	339	1	6	171		518
FSM	0	2	0	0	7		9
GUAM	0	47	0	2	25		74
NON U.S.	0	23	0	1	19		43
PALAU	0	16	0	0	7		23
Total	7	1568	8	36	698		2317

NMI Settlement Fund
PO Box 501247
Saipan, MP 96950

PLACE
STAMP
HERE

Our mission is to effectuate the terms of the global Settlement and to ensure the continuation of payment of pension benefits to the NMI Government Retirees.



NEWSLETTER
ISSUE 6

HIGHLIGHTS



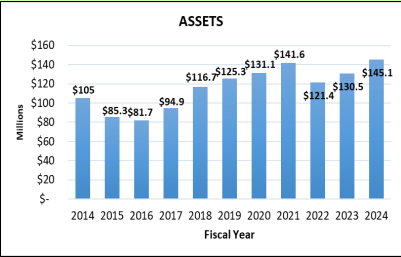
MINIMUM ANNUAL PAYMENTS. The NMI Government has paid \$3 million of the \$29 million MAP due for FY 2026. The status of MAP is available at <https://www.nmisf.com/rfp/annual-payment-status/>.

ALTERNATIVE PAYMENT OF A GREATER AMOUNT. In addition to the MAP obligations, the Settlement Agreement requires the Government to make an Alternative Payment of a Greater Amount (“APGA”) equal to the difference of 17% of the Total Annual Revenue, after deducting the MAP paid. There were no APGA payments for FY 2020, FY 2021, and FY 2022 and we do not expect additional APGA payments for FY 2023, 2024, and 2025 due to the Government’s financial challenges the past three years.

25% BENEFIT PAYMENTS. The Government has paid \$12.2 million for the 25% payments for FY 2025. The 25% payments are not required under the Settlement Agreement. **The Government has informed the Settlement Fund that it does not have funding for the 25% payments beyond December 2025. The retirees should plan for discontinuation of the 25% payments on January 1, 2026.**

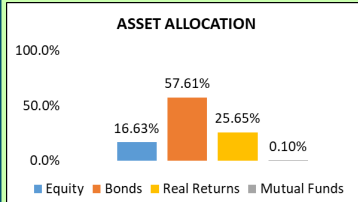
GROUP HEALTH AND LIFE INSURANCE. Health insurance coverage provided by Aetna International Inc. will expire on December 31, 2025. Without Government appropriation of \$7.2 million in the FY 2026 revised budget, health insurance may not be extended. The Fund encourages members to explore other options and contact your representatives regarding this matter. The Fund continues to work with the Government and explore other options.

ASSETS. As of FY 2024, the Fund’s total assets were \$145,327,088, which reflects a cumulative \$40.3 million increase since FY 2014. Of the \$145.3 million, the Fund’s original investment was \$137,974,637—about 95% of the assets.



Source: FY 2014-FY 2024 Audit Reports

HIGHLIGHTS (Continued)



Source: Wilshire Sept. 2025 Flash Report

The Government’s bi-weekly payments towards the MAP and continued commitment to bi-weekly MAP payments have prevented drawdowns on the Fund’s investments as of FY 2025. Because of Government funding shortfall, the Settlement Fund may need to draw down on investments to cover benefit payments. The current amount of cash and assets will cover approximately 5 years of benefit payments.

FY 2024 AUDITED FINANCIAL STATEMENT. The Fund received an unqualified audit opinion from Ernst & Young, LLP (E&Y) on its FY 2024 financial statements. See E&Y FY 2024 Audit at <https://www.nmisf.com/audit-reports/>.

AUDIT PROCESS. The Fund prioritizes audits based on the following events: the death of a retiree, a new application for retirement or survivor benefits, a retiree’s return to government service or reinstatement of benefits upon termination of reemployment, a pending or new administrative appeal, and new probate matter. During the audit process, the Fund may request additional information, including copies of W-2s, tax records, personnel documents, and certified marriage records, for the purpose of confirming eligibility and proper computation of benefits. If a member’s file is incomplete, the processing of benefits may be delayed.

ADMINISTRATIVE APPEALS PROCESS. The administrative appeals process is triggered when a member receives an adverse decision letter and appeals the decision within 30 days of the decision. The process begins with mediation before District Court appointed mediator Daniel Collins, U.S. Bankruptcy Judge for the District of Arizona. If a matter remains unresolved at mediation, the parties have an opportunity to litigate the case before a hearing officer. If a party is dissatisfied with the hearing officer’s decision, the party may appeal the matter to the arbitrator, which serves as the final decision in the case.

LITIGATION STATUS

Betty Johnson and Rosa A. Camacho v. Apatang and NMI Settlement Fund, Appeal No. 23-16074-CV (9th Cir.); Rosa A. Camacho v. NMI Settlement Fund, Case No. 2024-SCC-0024-CQU (NMI Supreme Ct.)

This matter arises from an administrative appeal filed by Settlement Class Member Rosa A. Camacho, who claimed an underpayment of benefits because the Settlement Fund did not make Cost of Living Adjustment (“COLA”) payments.

The Settlement Fund subsequently filed with the U.S. District Court for the NMI a Motion to Enforce and Confirm “Full Benefits” excludes COLA. Ms. Camacho opposed and filed a Cross-Motion to Enforce and Confirm “Full Benefits” to include COLA. In July 2023, the District Court granted the Settlement Fund’s motion and denied Ms. Camacho’s motion, holding that Full Benefits does not include COLA and the Settlement Fund is not required to pay COLA under the terms of the Settlement Agreement.

Ms. Camacho appealed the District Court’s decision regarding COLA to the U.S. Court of Appeals for the Ninth Circuit (“Ninth Circuit”). Following the completion of briefing by the parties, the Ninth Circuit held oral argument in October 2024.

In November 2024, the Ninth Circuit issued an order certifying the following question to the NMI Supreme Court:

Did section 8334(e) of the Northern Mariana Islands Retirement Fund Act of 1988, 1989 N. Mar. I. Pub. L. 6-17, grant Class II members of the Northern Mariana Islands Retirement Fund, who were already employed by the Commonwealth when the Act took effect, an accrued cost-of-living increase benefit that may not be diminished or impaired under the terms of Article III, section 20(a) of the Commonwealth Constitution?

The NMI Supreme Court accepted the certified question and held oral argument on May 28, 2025. **On November 3, 2025, the NMI Supreme Court issued an opinion, 2025 MP 10, holding that COLA is not a constitutionally-protected accrued benefit under the NMI Constitution. Ms. Camacho filed a petition for rehearing, which is pending a decision before the NMI Supreme Court.**

Relying on the NMI Supreme Court’s Answer, the Ninth Circuit affirmed the District Court’s Order, holding that Ms. Camacho does not have a constitutionally-protected right to COLA. Ms. Camacho is seeking from the Ninth Circuit a stay and/or withdrawal of its Opinion pending the outcome of the NMI Supreme Court’s decision on the petition for rehearing.

PUBLIC LAWS & LEGISLATIVE UPDATES

FUNDING SOURCES FOR PAYMENTS

P.L. 24-13, signed by Governor Apatang on September 23, 2025, authorizes a \$29 million loan between the Government and the Marianas Public Land Trust (“MPLT”) to meet the FY 2026 MAP obligation to the Fund and redirect funds appropriated for the FY 2026 MAP obligation in P.L. 24-14 to Government operations.

P.L. 24-14, signed by Governor Apatang on September 30, 2025, appropriates funds for the Government’s operations and activities for FY 2026, including the FY 2026 MAP obligation.

P.L. 24-17, signed by Governor Apatang on November 11, 2025, conditionally authorizes the MPLT to establish a margin account to facilitate the \$29 million loan pursuant P.L. 24-13.

H.B. 24-33 proposes a statute defining “general revenues,” which includes all budgetary resources available for appropriations less debt service and mandatory Settlement Fund payments.

S.B. 24-50 proposes to authorize the MPLT to engage in the investment practice of margin account transactions.

H.C.R. 24-1 was adopted by the House on February 14, 2025, approving additional revenues and resources for FY 2025 Government operations based on the Governor’s communication identifying a \$1 million MAP overpayment to the Settlement Fund.

H.C.R. 24-2 was adopted by the Senate on August 13, 2025, to define and identify “General Revenues” for FY 2026, including a potential \$29 million from the FY 2026 MAP that may be available if the \$29 million MPLT loan is authorized and approved.

H.L.I. 24-1 proposes to amend the NMI Constitution to define “General Revenues” and “Special Revenues” and clarify that the Public School System’s 25% appropriation shall be calculated based on the net “General Revenues” after debt service and statutory obligations.

OVERPAYMENTS & ADJUSTMENTS

S.B. 24-27 proposes to amend 1 CMC § 8390 to preclude the recovery of overpayments by the Settlement Fund or Retirement Fund and authorize a waiver of overpayment collection.

The Fund opposed this legislation because it conflicts with the Settlement Agreement and circumvents the District Court’s Order approving and incorporating the Settlement Agreement terms, including the administrative appeals process.

CHANGE OF NAME PROCEDURES

H.B. 24-10 proposes to establish a standard procedure for legal changes of name in the NMI.