

To Increase from \$750 to \$1,000 the Pensioners Death Benefit

Act No. 524 of September 29, 2004

To amend the third and fourth paragraphs of subsection (b) of Section 2-113 of Act No. 447 of May 15, 1951, as amended, which established the Retirement System of the Employees of the Government of Puerto Rico and its Instrumentalities in order to increase from seven hundred and fifty (750) dollars to one thousand (1,000) dollars the minimum death benefit; reestablish the provision that for the purposes of this Act considers the death of those pensioners who die within the term of thirty (30) days after retirement as having occurred while in service; provide the financing for said increase; and for other purposes.

STATEMENT OF MOTIVES

Act No. 447 of May 15, 1951, as amended, created the Retirement System of the Employees of the Government of Puerto Rico and its Instrumentalities. As one of its benefits, said Act grants a payment to cover the funeral expenses of pensioners. This benefit was included with the approval of said Act in 1951 and the amount granted was initially of two hundred (200) dollars. Said benefit was increased to five hundred (500) dollars by Act No. 11 of April 13, 1986. Act No. 316 approved on September 2, 2000, amended Section 2.113 increasing from five hundred (500) dollars to seven hundred and fifty (750) dollars the minimum death benefit payment for retired participants.

This Administration, responding to the commitment contracted in the Government Program known as the “Puerto Rican Project for the 21st Century” for improving the situation of its pensioners so that in case of their death their families would have greater resources available to defray the funeral costs, hereby increases from seven hundred and fifty (750) dollars to one thousand (1,000) dollars the benefits for the funeral expenses that would have to be paid by the Administrator of the Retirement System upon the death of a participant who receives a retirement or disability annuity and thus adjust the benefit to the present cost of said services.

On the other hand, the purposes of this Act is to reestablish the last paragraph of subsection (b) of Section 2-113 which was inadvertently omitted the last time said subsection was amended. We also made amendments related to the references to the Sections of the laws since it makes reference to the sections codified in the Laws of Puerto Rico Annotated (L.P.R.A, Spanish acronym), instead of those in the original Act. The measure provides the source for its financing according to the established public policy.

Given the delicate financial situation of the Retirement System of the Employees of the Government of Puerto Rico and its Instrumentalities, the cost of the increases established in this Act should not be defrayed by said System. The funds to cover increases established in this Act regarding the employees of the Central Government should therefore be consigned in the General Expenses Budget of the Government of the Commonwealth of Puerto Rico. The public corporations and the municipalities whose employees are covered under this Act shall provide

the funds to cover the increases established in this Act for the pensioners of their corporations or municipalities.

Be it enacted by the Legislature of Puerto Rico:

Section 1. — To amend the third and fourth paragraphs and add a fifth paragraph to subsection (b) of Section 2-113 of Act No. 447 of May 15, 1951, as amended, to read as follows:

“Section 2-113.-Payments upon Death, Active Participants, Retired Participants

(a) ...

(b) ...

Upon the death of a participant who receives a retirement or disability annuity, unless a reversionary annuity is payable under the provisions of this Act, a death benefit shall be paid in a single cash lump sum to such person or persons as he/she has designated by written instructions duly acknowledged and filed with the administrator, or to his/her heirs if such a designation has not been made, consisting of the excess, if any, of the contributions of the participant accrued to the time of retirement, over the total amount of all retirement or disability annuity payments received by the participant prior to his/her death, subject to a minimum of one thousand (1,000) dollars. In the event a pension is granted to beneficiaries or heirs pursuant to the provisions of special laws, the death benefit under the provisions of this Act shall be limited to one thousand (1,000) dollars.

The minimum death benefit of one thousand (1,000) dollars shall also be paid upon the death of a pensioner who has availed him/herself of a reversionary annuity according to the provisions of Sections 761 et. seq. of this title.

Should the death of any retired participant occur within the thirty (30) days after the retirement date, said death shall be deemed to have occurred during the time of service regarding any and all provisions of this Act; regardless of any other provisions of this Act.”

Section 2. — The funds to cover the increases established in this Act regarding the employees of the Central Government, shall proceed and be consigned in the General Expenses Budget of the Government of the Commonwealth of Puerto Rico. The public corporations and the municipalities whose employees are covered under this Act shall provide the funds to cover the increases established in this Act for the pensioners of their corporations or municipalities.

Section 3. — This Act shall take effect July 1, 2004.

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