

To Increase 3% the Pensions Granted under Act No. 218 of May 6, 1951

Act No. 39 of June 13, 2001

To authorize the Teacher's Retirement System of Puerto Rico to raise the pensions granted under the provisions of Act No. 218 of May 6, 1951, as amended, by three percent (3%) to take effect on or before January 1, 1998; and to provide the funds needed to cover the economic impact of said raise.

STATEMENT OF MOTIVES

Act No. 218 of May 6, 1951, as amended, established the Teacher's Retirement System of Puerto Rico, administered by the Teacher's Retirement Board of Puerto Rico. According to the provisions of law in effect, the Teacher's Retirement System operates as a trust of all the teachers who are components of the system. Its function is to invest and have custody of the periodic contributions made by the teachers and their respective employers in order to make the corresponding payments to teachers for retirement or disability pensions in the future.

It has been recognized that with the passing of time, the increase in the cost of living entails a relative reduction of the value of the annuities of the teachers. Therefore, it was established through special laws that effective January 1, 1992, January 1, 1995 and January 1, 1998, there would be a three percent (3%) raise in the annuities granted by virtue of Act 218, cited above, for age, years of service or disability, and that were being received at least three years prior to the effective date of said raises. In this manner, the Government has faced its moral obligation to help improve the living conditions of our pensioned teachers, those persons who devoted the best of their lives to the service of the educational system of Puerto Rico.

It is the obligation of the government to attend to the needs of our pensioned teachers, and continuing the established moral commitment, the pensions granted pursuant to the provisions of Act No. 218, mentioned above, and to take effect on January 1, 1998 and that are in effect on January 1, 2001, are hereby increased through this Act by a three percent (3%).

It must be indicated that the Teacher's Retirement Board shall cover the impact of this raise during the 2000-2001 and 2001-2002 fiscal years. To such effects, the Teachers Retirement Board shall certify said cost to the Management and Budget Office so that it may be taken into account when drafting the budget. These funds shall be considered in the 2002-2003 fiscal year budget, and shall be reimbursed by the Management and Budget Office. As of said year, the funds shall be consigned in the general budget of expenses of the Commonwealth Government.

Be it enacted by the Legislature of Puerto Rico:

Section 1. — (18 L.P.R.A. § 391 note)

As of January 1, 2001, the annuities granted under Act No. 218 of May 6, 1951, as amended, for age, years of service or disability, that are in effect on that date and that have been granted to take effect January 1, 1998 or before, are hereby increased by three percent (3%).

Section 2. — (18 L.P.R.A. § 391 note)

The Teacher’s Retirement Board shall cover the impact of this raise during the 2000-2001 and 2001-2002 fiscal years. To such effects, the Teachers Retirement Board shall certify said cost to the Management and Budget Office so that it shall be considered when drafting the budget. These funds shall be consigned in the budget for the 2002-2003 fiscal year, and shall be reimbursed by the Management and Budget Office. As of said year, the funds shall be consigned in the general budget of expenses of the Commonwealth Government.

Section 3. — (18 L.P.R.A. § 391 note)

This Act shall take effect immediately after its approval and its provisions shall be retroactive to January 1, 2001.

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