

***Increase the Retirement Pension or Annuity to a Minimum of Three hundred
(300) dollars***

Act No. 156 of June 27, 2003

To amend subsection A of Section 2-101 and subsection (a) of Section 2-103 of Act No. 447 of May 15, 1951, as amended, to increase the retirement pension or annuity to a minimum of three hundred (300) dollars, and to provide the source of financing for the payment of said increase.

STATEMENT OF MOTIVES

Act No. 447 of May 15, 1951, as amended, created the Employees Retirement System of the Government of Puerto Rico and its Instrumentalities. This System established as one of its purposes to provide worthy and dignified means of subsistence to those employees who have dedicated their lives to public service.

This administration has approved several measures for the improvement of the services that the System offers, and has tempered the benefits to the needs of the participants and pensioners. However, almost fifteen (15) years have elapsed since the amount of two hundred (200) dollars was approved as the minimum pension to be received by the pensioners without an adjustment to said amount for the increase in prices of goods and services. Therefore, the buying power of the two hundred (200) dollars of the pension has diminished significantly along these fifteen (15) years, and the trend continues to hold true. Consequently, it is necessary and fair to increase the amount of the minimum pension.

An increase in the minimum pension or annuity received or to be received by all pensioners or participants entitled to retire is hereby set forth. For these purposes, an increase in the minimum pension of three hundred (300) dollars is hereby set forth, effective January 1, 2004.

The funds to defray the minimum pension increase set forth in this Act, with respect to the pensioners of the Central Government shall be appropriated in the General Budget of Expenses of the Commonwealth of Puerto Rico. The public corporations and municipalities whose employees are covered by this Act shall provide the funds to defray the minimum pension increase set forth in this Act for the pensioners of their corporation or municipality.

Be it enacted by the Legislature of Puerto Rico:

Section 1. — Subsection A of Section 2-101 of Act No. 447 of May 15, 1951, as amended, is hereby amended to read as follows:

“Section 2-101.-Retirement Annuity

A. Any member who has not been reimbursed his accumulated contributions shall be entitled to receive a retirement annuity upon separation from service, on or after attaining the ages

indicated further on herein. Said annuity shall commence on the date in which the participant files the retirement application, but never before said participant's separation from service.

Retirement shall be optional for the members of the System in active service, on and after the date they have attained the age of fifty-five (55) years and have completed at least twenty-five (25) years of creditable service; and for members of the System who having reached the age of fifty-eight (58) years, and have completed at least ten (10) years of creditable service. The members of the Police Corps or the Firefighting Corps shall also have the option to avail themselves of a retirement annuity on and after the date on which they have attained the age of fifty (50) years and have completed at least twenty-five (25) years of creditable service.

Any participant whose separation from the service occurs prior to having attained the age of fifty-eight (58) years, who shall have completed at least ten (10) years of creditable service, and who shall have not applied for, nor received reimbursement of accumulated contributions shall be entitled to receive a deferred retirement annuity. Said participants shall receive a deferred retirement annuity which shall commence upon attaining the age of fifty-eight (58) years or after attaining the age of fifty (50) years in the case of policemen or firemen, and fifty-five (55) years in the case of the other participants, if they have completed at least twenty-five (25) years of service in one case or the other.

The amount of the annuity shall be one and one-half percent (1 ½%) of the average compensation multiplied by the number of years of creditable service up to twenty (20) years, plus two percent (2%) of the average compensation multiplied by the number of years of creditable service in excess of twenty (20) years. Said annuity shall be payable in full to the members who retire at the age of fifty-eight (58) years or more, and to the members of the Police Corps of the Firefighting Corps who retire at the age of fifty (50) years or more and who have completed at least twenty-five (25) years of creditable service. The members or participants who become entitled to a deferred retirement annuity shall receive the percentage of their annuity as provided in this paragraph.

With the exception of the members of the Police Corps and the Firefighting Corps, those participants who apply for and are granted an annuity while under the age of fifty-eight (58) years, request and are granted an annuity, shall have their retirement annuity computed as stated above, except that it shall be reduced to an amount representing the actuarial equivalent, at said participant's age at retirement, of an annuity payable when the participant attains the age of fifty-eight (58) years; provided, that when any member of the Police Corps or the Firefighting Corps who has completed the requirements of age and of years of service established by this Act to enjoy a retirement annuity passes or has passed without interruption to another position comprised within the membership of this System, he shall retain his right to an annuity under the provisions in force for the members of the Police Corps and the Firefighting Corps.

Nevertheless, a minimum pension of three hundred (300) dollars per month is hereby established for the participants who retire in accordance with the provisions set forth in this Act, or of any pension plans superseded by same. All pensioners who are receiving a pension of less than three hundred (300) dollars per month shall receive an increase of one hundred (100) dollars effective January 1, 2004, or the difference between what he receives as a pension by December 31, 2003 and three hundred (300) dollars per month, whichever is less.

The provisions on minimum pensions set forth in this Section shall not apply to persons who, having been participants of this System, retire under the jurisdiction of any other of the systems sponsored by the Government, in accordance with the provisions set forth in this Act.

The maximum retirement annuity for the participants shall be seventy-five percent (75%) of the average compensation.

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Section 2. — Subsection (a) of Section 2-103 of Act No. 447 of May 15, 1951, as amended, is hereby amended to read as follows:

“Section 6 D.-Annuities for New Participants

(a) Annuity for Years of Service. Retirement shall be optional for new participants joining the System for the first time after April 1, 1990, after the date in which they have reach sixty-five (65) years of age, have completed a minimum of ten (10) years of creditable services, and have not requested or received reimbursement for their accumulated contributions. The amount of the annuity shall be one point five percent (1.5%) of the average compensation, multiplied by the number of years of creditable service. Notwithstanding this provision, a minimum pension is hereby set forth for participants who retire in pursuant to the provisions set forth herein of three hundred (300) dollars per month, effective January 1, 2004. All pensioners who are receiving a pension of less than three hundred (300) dollars per month shall receive an increase of one hundred (100) dollars effective January 1, 2004, or the difference between what he receives as a pension by December 31, 2003 and three hundred (300) dollars per month, whichever is less.

Section 3. — The funds to defray the cost of the increase in minimum pension set forth by this Act, with respect to the employees of the Central Government, shall be appropriated in the General Budget of Expenses of the Commonwealth of Puerto Rico. The public corporations and municipalities whose employees are covered by this Act shall provide the funds for the payment of the minimum pension set forth by this Act for the pensioners of their corporation or municipality.

Section 4. — This Act shall take effect on January 1, 2004.

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