(S.B. 1151)

(No. 143)

(Approved November 22, 2005)

AN ACT

To establish an Early Retirement Program for the employees of the Industrial Development Company; to provide the minimum age and years of service requirement to qualify for said Program; set the minimum compensation percentage to be used to compute the pension; provide for the payment of the actuarial cost of said Program; fix the term the employees have to decide whether to avail themselves of the Retirement Program; and to provide special incentives to be granted to those who join said Program.

STATEMENT OF MOTIVES

The Industrial Development Company (CFI, Spanish acronym) has initiated a process for the deep transformation of its operational and promotional structure so as to speedily and effectively respond to the needs of Puerto Rico in the 21st Century. This process entails the implementation of a Restructuring Plan through which to redirect the operational resources of the Industrial Development Company leading to the creation of a plan for a "New Development," capable of guiding Puerto Rico towards the road to competitiveness and of attracting employment to fulfill the needs of Puerto Rico.

In order to successfully implement this Restructuring Plan it is imperative to minimize the operating costs and reduce the organizational structure of the Industrial Development Company. Based on the success

other early retirement programs have had in the past for reducing the size of certain government entities, we intend to adopt an Early Retirement Program for the employees of the Industrial Development Company through which to acknowledge the work of those employees with over twenty-four and a half (24 ½) years of service in the Government of the Commonwealth of Puerto Rico.

The Industrial Development Company has approximately 125 employees who qualify for this benefit and could retire with dignity enjoying 75% of their salaries. These employees would also benefit from the total liquidation of their accrued sick and annual leave and the cover provided by the medical plan for the two years following their date of retirement or a bonus equal to the contribution made by the Company for this benefit.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.-The Puerto Rico Industrial Development Company, in its capacity as a public corporation, shall implement an Early Retirement Program to cover all employees who occupy positions in this Company and who by January 31, 2006 have acquired a minimum of twenty-four and a half (24 ½) years of service accredited as participants in the Retirement System of the Employees of the Government of the Commonwealth of Puerto Rico.

Section 2.-All employees who meet the requirements established in Section 1 of this Act and who by January 31, 2006 have completed twenty-four and a half (24 ½) or more accredited years of service regardless of their age, shall be entitled to receive a pension of seventy-five percent (75%) of the average salary.

It is hereby provided that what has been established in this Act does not reduce the power and the authority of the Board of Directors of the Industrial

Development Company for establishing the special criteria and parameters for granting any addition of benefit it may decide to grant as part of the Early Retirement Program. Also provided, that the positions held by the employees who choose to retire shall not be reopened nor shall employees be contracted or subcontracted to perform the tasks executed by the employees who have chosen to retire unless they are indispensable for the operation of the Industrial Development Company, as determined by its Board of Directors.

Section 3.-Indispensable positions shall be understood to be those whose functions are of a highly specialized nature and that are indispensable and essential for the most effective operation of the Corporation so that the latter may be able to achieve the public purpose sought by the Industrial Development Corporation Enabling Act as a public corporate entity of the Commonwealth of Puerto Rico.

Section 4.-The special incentives which the Industrial Development Company shall grant to the employees who meet the parameters set forth in Sections 1 and 2 are the following:

  a. The total liquidation of their accrued sick and annual leave.
  b. Medical plan for the two years following their date of retirement or a bonus equal to the contribution made by the Company for this benefit.

Section 5.-Those employees who meet the employment requirements according to Sections 1 and 2 of this Act shall have to decide whether to avail themselves of the Early Retirement Program on or before January 31, 2006, provided the Industrial Development Company has already presented to its employees its Restructuring Plan indicating the positions that shall be maintained and the requirements for applying for these. Should the Industrial

Development Company fail to comply with the presentation of the Plan before January 31, 2006, the employees shall have thirty (30) days after the presentation thereof to avail themselves of the Program.

Section 6.-In those cases in which the employees, in order to able to complete the twenty-four and a half (24 ½) years, need to have the services not accounted for in the Retirement System of the Employees of the Government of the Commonwealth of Puerto Rico accredited, must file an application with the Coordinator of Retirement Matters of the Industrial Development Company, before their date of separation from service. It is also provided that the employees may use the accrued vacation or sick leave so as to be able to compute the months they may lack to complete the retirement requirements provided by this Act in order to be able to avail themselves of this window. To those effects, every twenty (20) accrued days shall equal one month of work.

The Coordinator of Retirement Matters of the Industrial Development Company shall certify to the System that the application for services not accounted for was filed while the employee was still in active service.

The Administrator of the Retirement System of the Employees of the Government of the Commonwealth of Puerto Rico shall accept the payment for the unaccounted services made by the employee even when the latter is no longer in active service, as an exception to Section 1-107 of Act No. 447 of May 15, 1951, as amended, provided it receives the Certification of the Coordinator. The effective date of the pension shall be the day following separation from service, even though the employee has not finished paying for the unaccounted services.

Section 7.-The actuarial cost of the pensions provided in this Act as determined by the Administrator, shall be paid by the Industrial

Development Company to the Retirement Systems Administration prior to the implementation of the Early Retirement System. Said actuarial cost shall consist of the difference between the present value of the accelerated pension granted by this Act and the present value of a pension for years of service under the provisions of Act No. 447 of May 15, 1951, as amended.

Section 8.-All provisions of Act No. 447 of May 15, 1951, as amended, not in conflict with this Act shall be applicable to the Early Retirement Program.

Section 9.-This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act <u>No. 143</u> (<u>S.B. 1151</u>) of the 2nd Session of the <u>15th</u> Legislature of Puerto Rico:

AN ACT to establish an Early Retirement Program for the employees of the Industrial Development Company; to provide the minimum age and years of service requirement to qualify for said Program; set the minimum compensation percentage to be used to compute the pension; provide for the payment of the actuarial cost of said Program; fix the term the employees have to decide whether to avail themselves of the Retirement Program; and to provide special incentives to be granted to those who join said Program,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 1st of March of 2006.

Francisco J. Domenech
Director