

(H. B. 1995)

(No. 79)

(Approved May 1, 2006)

AN ACT

To amend Section 4-102 of Act No. 447 of May 15, 1951, as amended, in order to provide that the “Employees Retirement System of the Government of the Commonwealth of Puerto Rico” shall submit its operating budget before the Legislature and the Governor after its approval by the Board of Trustees of the System, publish the same on the Retirement System webpage, and make available copies thereof for the members or participants of the System who thus request it.

STATEMENT OF MOTIVES

The Employees Retirement System of the Government of the Commonwealth of Puerto Rico was created by Act No. 447 of May 15, 1951, as amended, which establishes the benefits of its participants based on their contributions to said system, age, and years of service at the time of their retirement.

The Retirement System has been facing a great actuarial deficit for different reasons, among which is an increase in the obligations of the system without providing for their due financing, this endangering its fiscal health. The result of this has been that the Government has had to finance, the raises granted to the pensioners of the system from funds in the General Budget.

Act No. 447, *supra*, establishes that after the closing of the fiscal year, the Retirement System shall remit to the Legislature a report on the finances of the System (although it has not remitted the reports corresponding to years 2003, 2004, and 2005.) However, because of their nature, the reports on the finances of the System omit information concerning the use of the contributions, since said information appears in the annual operating budget of the Retirement System, which is not submitted to the Legislature.

With this Act, it is established that the Employees Retirement System of the Government of the Commonwealth of Puerto Rico shall submit its operating budget to the Legislature and the Governor, after its approval by the Board of Trustees of the System, shall publish the same on the Retirement System webpage, and shall make available copies thereof for the members or participants of the System who thus request it.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.- Section 4-102 of Act No. 447 of May 15, 1951, as amended, is hereby amended to read as follows:

“Section 4-102.- Powers and Duties of the Board

To carry out the provisions of this Act, the Board shall appoint an Administrator of the System and shall fix his/her salary, shall adopt bylaws for its internal organization and functioning, and shall approve those regulations that the Administrator prepares, from time to time for the administration of the system, pursuant to law and promulgate the same.

In addition to the duties arising from this Act, the Board shall have the following powers and duties:

(a) ...

(e) As soon as possible, after the closing of each fiscal year, but not later than November 1 of each year review, approve, and direct to

remit to the Governor and to the Legislature, an annual report containing among other things, a balance sheet of financial situation, a statement of receipts and expenditures for the year; a balance of actuarial valuation; detailed statement of the investments made or liquidated during the year; a report on the investment titles owned by the system; and other statistical and financial data considered necessary for a proper understanding of the situation of the system and of the result of its operations. The Board shall cause to be published, for the benefit of the members of the System, a summary of the annual report. In addition, it shall remit the operating budget of the System approved by the Board for the following fiscal year to the Legislature and the Governor, on or before June 15 of the fiscal year preceding the year which shall be governed by such budget. It shall also publish said approved operating budget on or before that same date on the Retirement System webpage, and make copies thereof available for the members or participants of the System who thus request it. The budget thus published shall remain in the Retirement System webpage during the entire fiscal year governed by the same.

(g) ...”

Section 2.- Severability

If any paragraph or section of this Act is declared null by a Court with competent jurisdiction, the ruling thus issued shall only affect the part, paragraph or section that has been declared null.

Section 3.- Effectiveness

This Act shall take effect immediately after its approval.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 79 (H.B. 1995) of the 3rd Session of the 15th Legislature of Puerto Rico:

AN ACT to amend Section 4-102 of Act No. 447 of May 15, 1951, as amended, in order to provide that the “Employees Retirement System of the Government of the Commonwealth of Puerto Rico” shall submit its operating budget before the Legislature and the Governor after its approval by the Board of Trustees of the System, publish the same on the Retirement System webpage, and make available copies thereof for the members or participants of the System who thus request it,

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

In San Juan, Puerto Rico, today 8th of September of 2006.

Francisco J. Domenech
Director