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PUERTO RICO GOVERNOR GARCÍA PADILLA SIGNS INTO LAW CRITICAL PENSION REFORM MEASURES

*Teacher, Judiciary Pension Reform Measures are Important Steps Forward in Strengthening
Commonwealth's Fiscal Health*

(San Juan, Puerto Rico)—Governor Alejandro García Padilla has signed into law two reform measures that will help alleviate Puerto Rico's pension shortfall. Changes to the teacher pension system reflect months of negotiations and compromise between García Padilla and teachers unions, and the result brings solvency to the fund while increasing pensions for teachers. As part of García Padilla's ongoing efforts to bring fiscal stability to the Commonwealth, the judiciary pension system saw similar reforms.

"Reforming the Commonwealth's pension systems is essential to achieving long-term fiscal health," said García Padilla. "Teachers are integral in shaping our future, and these policy changes reflect a compromise between teachers and my Administration that will ensure that teachers can retire with confidence in the long-term economic viability of our pension system."

The law sets the minimum pension at \$1,625 for all teachers who retire after the bill was signed into law. This establishes a minimum pension and increases the current average by more than \$250. The law also increases the minimum pension for retired teachers from \$400 to \$500 per month.

The law replaces the current defined benefit plan to a defined contribution plan, and balances an increase in contributions of one percent by providing a 10 year, \$300 annual salary increase.

The law sets the retirement age to 55 years and 30 years of service, while guaranteeing benefits accrued up to July 31, 2014. At the same time, the law allows for any teacher with 28 years of service to apply for a 70 percent credit-based pension.

Finally, the law keeps in place previously accrued benefits, and guarantees a Christmas bonus of \$200, a \$100 prescription drug bonus, and a medical plan contribution of \$1,200 a year.

"This law is critical to the economic future of every Puerto Rican, and it would not have been possible without the teachers unions, Speaker Jaime Perello, Senate President Eduardo Bhatia, and other leaders in the House and Senate coming together to make the right decision for our fiscal stability," said García Padilla.

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