

PROMESA  
PR Oversight Management & Economic Stability Act  
August 22, 2016

Jose Julio Diaz  
P. O. Box 3167, Carolina, PR USA 00984  
787-513-3315, JJDiaz@usa.com

Dear members of PROMESA

Hereby a set of comments and suggestions for your evaluation:

## No. 1 Pension Funds

Pensions Funds are the must easy problem to solve of them all.  
Simple, Just put a "CAP" in the benefits of recipients.

Example: From July 1st 2017 all Pensions Funds in the Commonwealth will establish a maximum disbursement for beneficiaries. This "cap" will be calculated every 2 years and adjustments increasing or decreasing that amount will be calculated based on the actuaries.

Reasoning:

Through the years local politicians has been abusing the system. Many Mayors, Politicians and Bureaucrats increased their salaries in their last years in office to benefit themselves for the 75% of their salary for life. Some of them still in office and claim "they are working without salary".

Yess. They do not receive salary but they have others perks like automobile, business expenses, paid travel, etc.

Its not fair, its is not reasonable and it lacks Common Sense that an employee that through the years gave to his pension system something like \$10,000 in their whole working time received an amount similar to that amount but monthly for the rest of his life just because he/she increased his own salary to \$100,000. in his last few years.

Pensions funds are designed to supply a humble and steady income to retire people to help them to pay regular bills and to live a decent life in their golden years. On the other hand it was not designed to support a luxury and lavish lifestyle for life for anyone at expenses of other coworkers.

The actual Retirement System allows for government officers to "pay the equivalent of the time needed in order to comply with the years in Service:"

For example: If a person needs 30 years to retire and he/she has 26 years, that person could pay the equivalent of 4 yrs of contributions with just a check.

Example: Norma Burgos Andujar, she paid an undisclosed amount to the Retirement System to increase her monthly pension for life. There are many others doing the same thing moving around the system for their own financial benefits.

-----

The most abusing of all Pensions schemes in Puerto Rico is the one of the Supreme court Judges.

I understand (because the media never made the information public) that this Judges could retired with 100% of their salaries and if he/she die the widow will keep receiving the same amount until his/her dead.

The USA has 9 Supreme Court Judges for 320 Millions citizens while Puerto Rico has 9 Judges for only 3.5 Millions residents. This is a big and heavy burden in the finances of any government.

In addition, they got to retire at the age of 70 Yrs.

Once they are named, automatically they qualify for those perks for life.

Don't know if PROMESA could deal with this pension problems but maybe it could and should encourage particular citizens to bring this in a lawsuit where clearly this Judges should not participate. The US Supreme Court should be the ones to decide if those perks are reasonable and if it could be placed a "cap" in disbursements in order to keep the system solvent and in good health.

### Analysis

A CAP in disbursements is not something strange to Pensions Funds.

1. The Univ. of PR has a CAP.
2. The Social Security has a cap of \$2,300.
3. There should be a lot of "CAPS" in hundreds or thousands Pension Funds around the world just because its "Common Sense".

Should be the Law of the Land in the USA that all Pensions funds should establish "a cap" in their disbursements based in their specific actuaries. The amount of that CAP should be Up to them.

Every two years Actuaries could be updated to increase or decrease the maximum of disbursements. What is paramount is the financial health of the system.

If there is a challenge in the courts, let it be.