

Figure 1: Detail of Benefit Structure for the Public Employees System and the Teachers System

Public Employees System		Teacher
Defined Benefit Plan		Defined Benefit Plan
Act 447 of 1951	Act 1 of 1990	Act 91 of 2004
<ul style="list-style-type: none"> • Maximum merit pension of 75% (30 years in service and 55 years of age) • Benefit: 1.5% of average salary during the first 20 years in service and 2.0% of average salary during subsequent years • Average salary computation based on highest salaries during any 36 month period • Minimum benefit: \$400/month • Retirement age^(a): 58 years • Active members: 22,866 • Retired employees^(b): 109,097 	<ul style="list-style-type: none"> • Reduced the benefit structure • Benefit: 1.5% of average salary during years in service • Average salary computation based on the last 5 years in service • Minimum benefit: \$400/month • Retirement age: 65 years • Active members: 46,452 • Retired employees^(b): 7,540 	<ul style="list-style-type: none"> • Closed the Defined Benefit Plan for new employees • Benefit: There is no defined benefit. Pension depends on the employee's contribution plus return on investment • Upon retirement, the total value accrued is disbursed to the member's account • Minimum benefit: N/A • Retirement age: 60 years • Active members: 62,043 • Retired employees^(b): 21
		<ul style="list-style-type: none"> • Established a Defined Benefit Plan • Benefit: 1.8% of average salary during years in service • Average salary computation based on highest salaries during any 36 month period • Minimum benefit: \$400/mo. • Retirement age: 50 years • Active members: 42,720 • Retired employees^(c): 35,361

(a) Except for merit pensions and early retirement with reduced pension.

(b) According to data as of December 31, 2012. Including beneficiaries and disabled workers.

(c) According to data as of June 30, 2011. Including beneficiaries and disabled workers.

Figure 2: Laws Changing Benefits in the Public Employees System

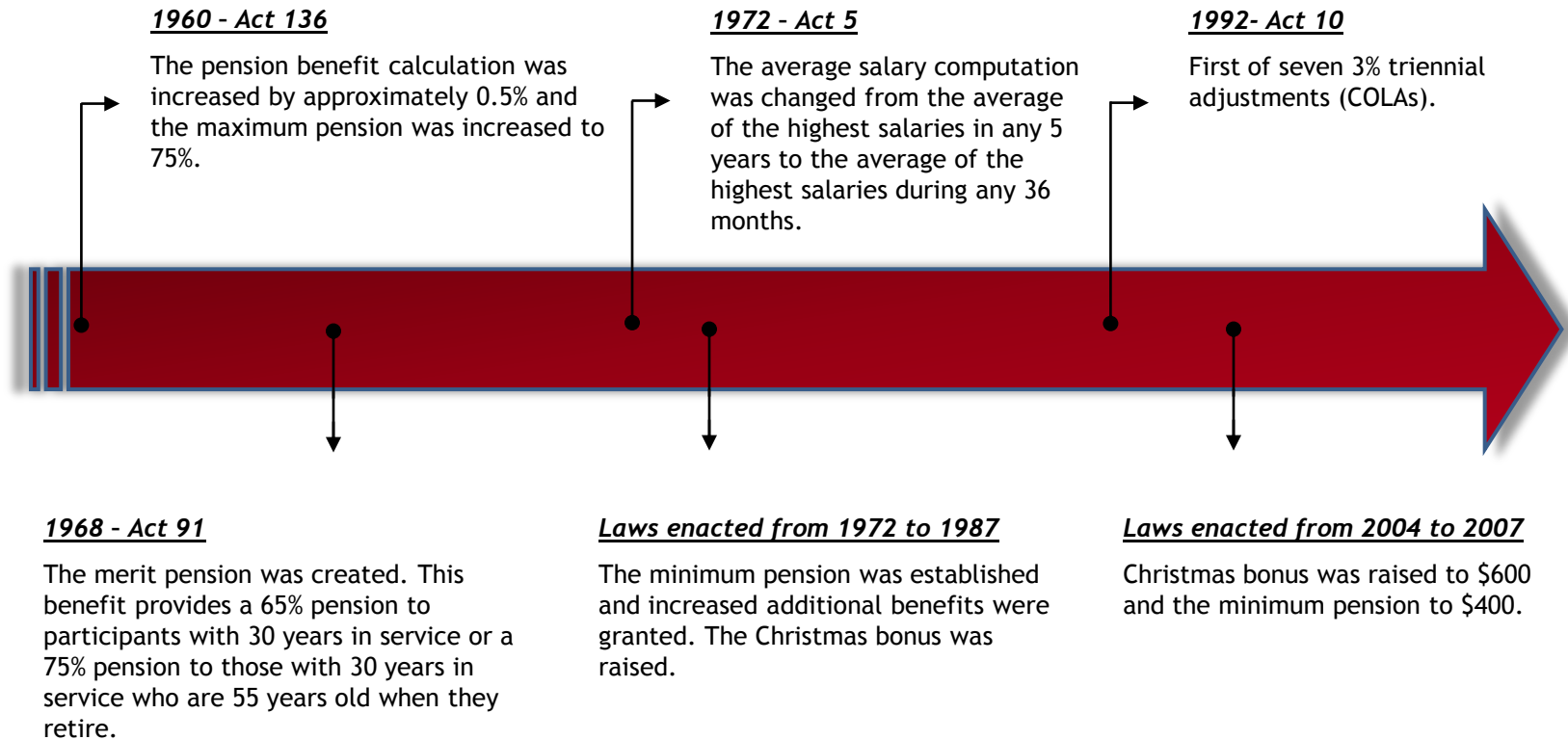
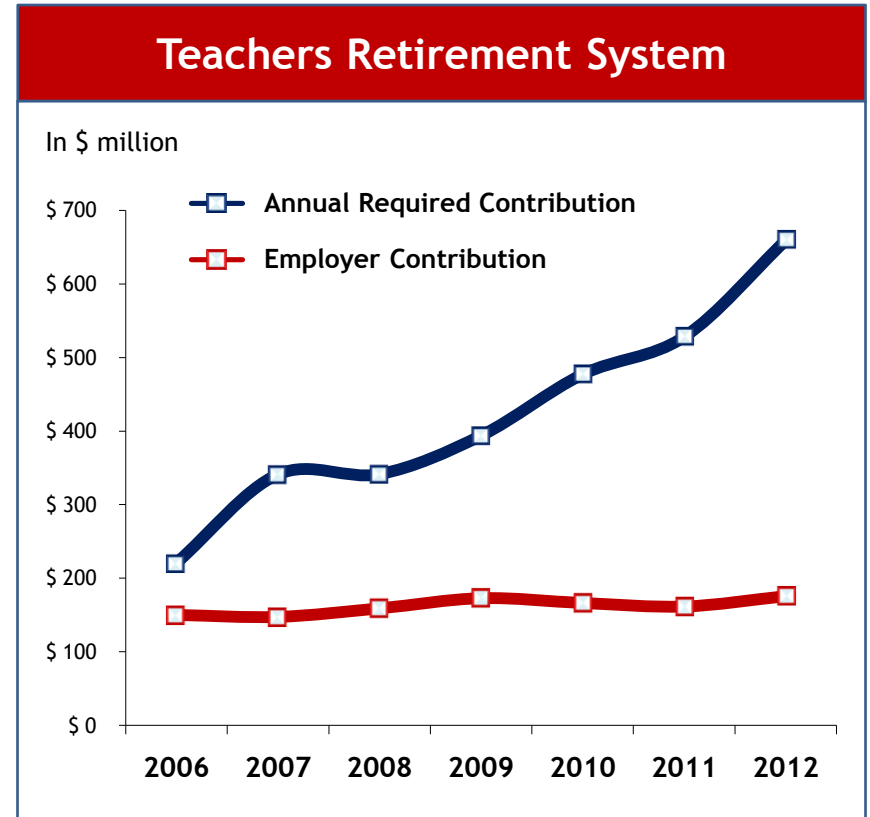
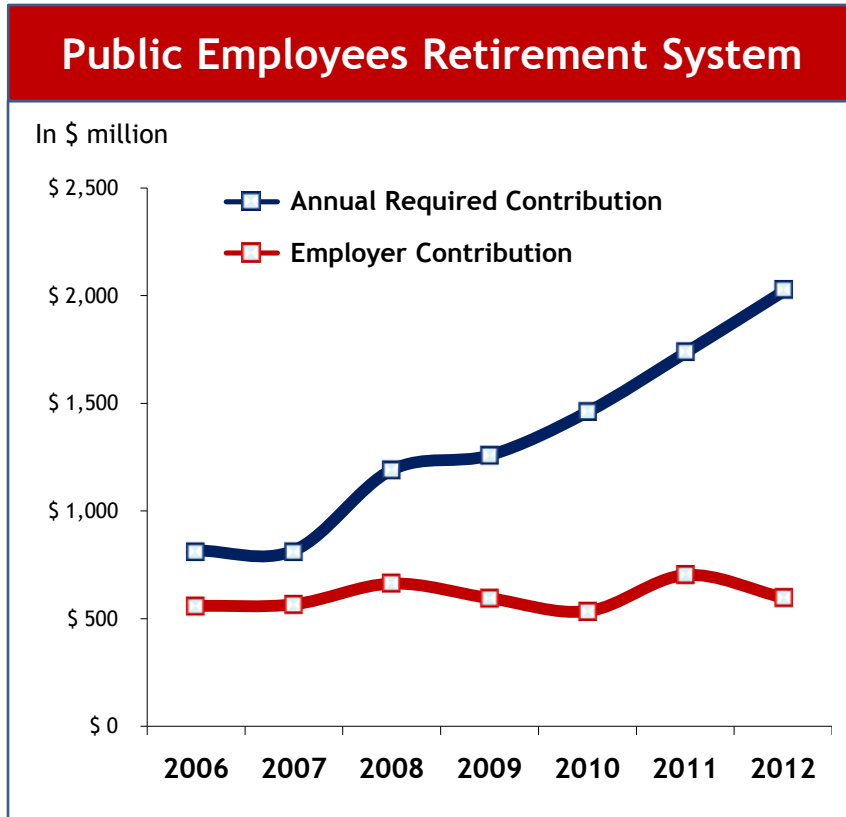
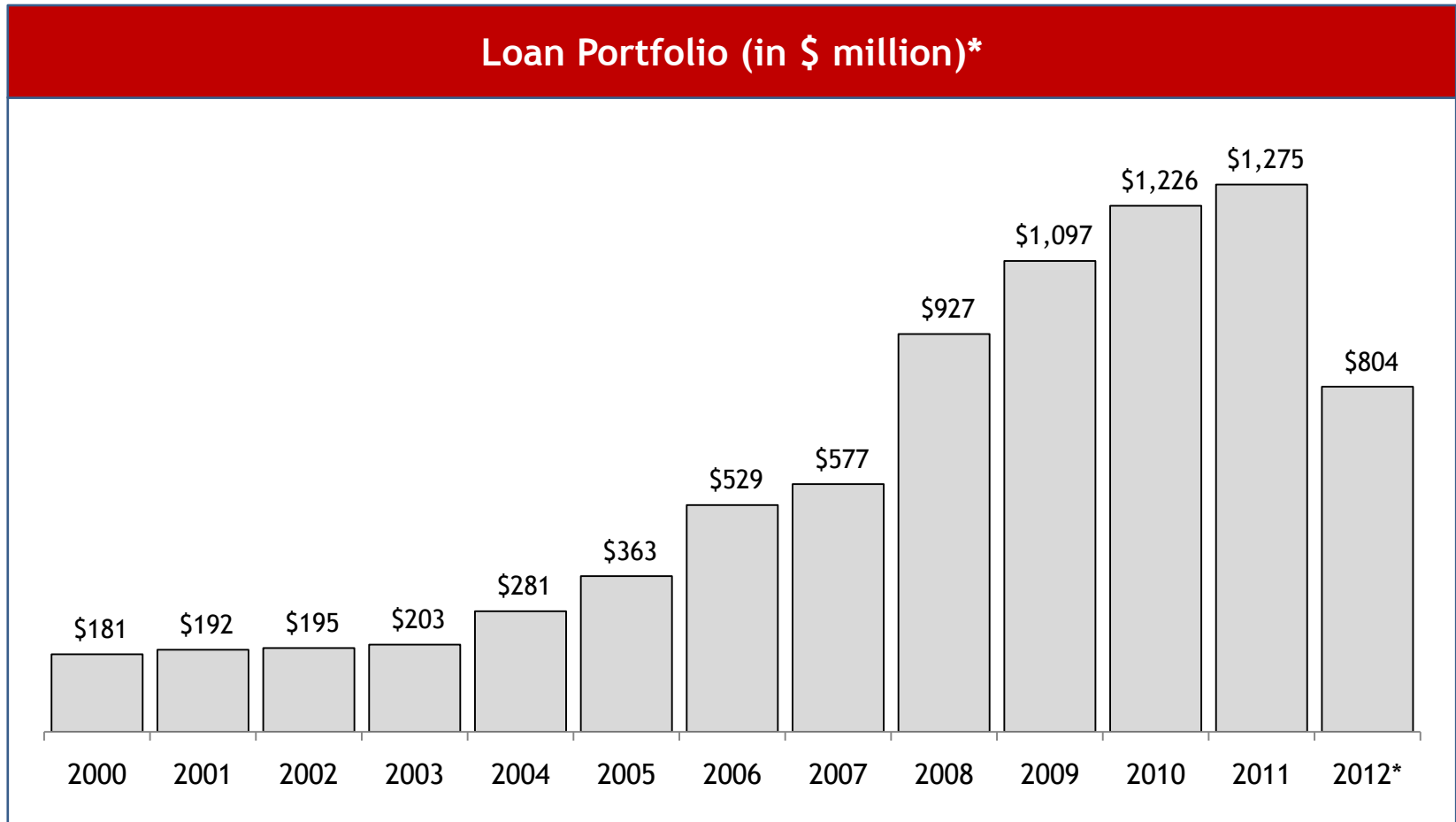


Figure 3: Difference between Annual Required Contribution and Actual Employer Contribution to the Retirement Systems



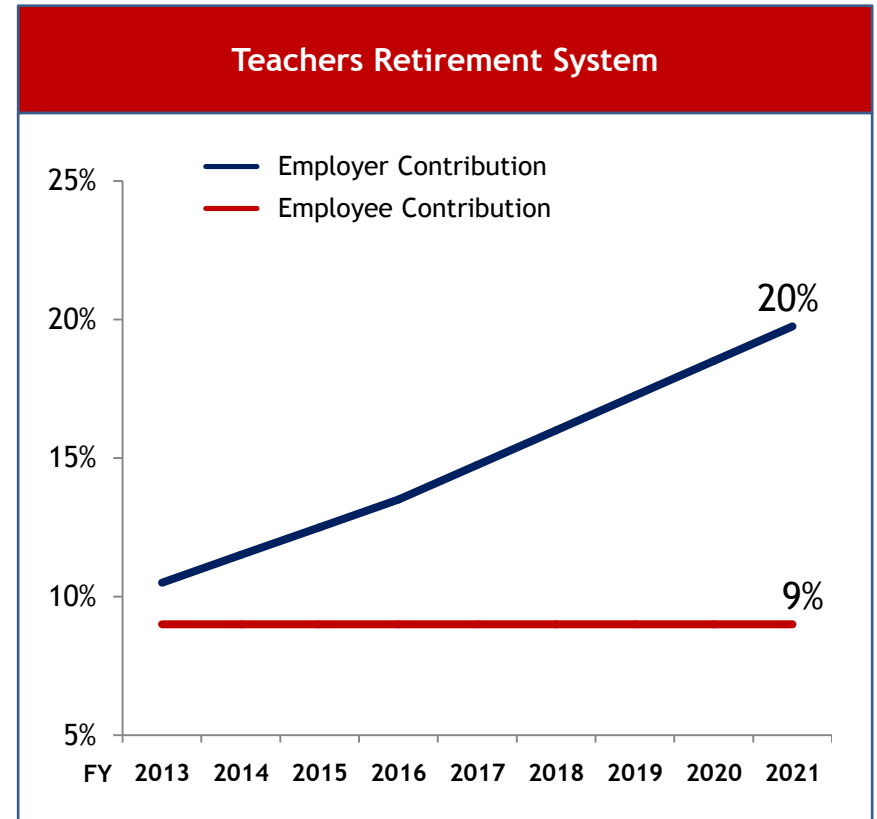
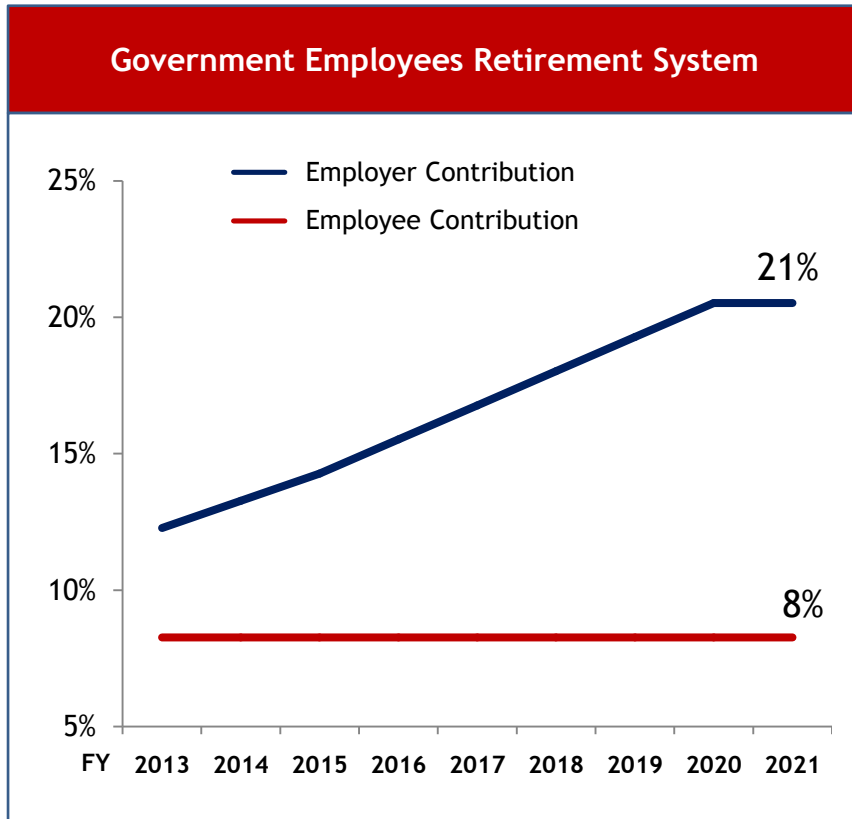
Source: Based on Actuarial Valuation Reports for FY2011. This includes contributions established by Special Laws. It does not take into consideration Other Post-Employment Benefits.

Figure 4: Evolution of Loan Portfolio of the Public Employees System



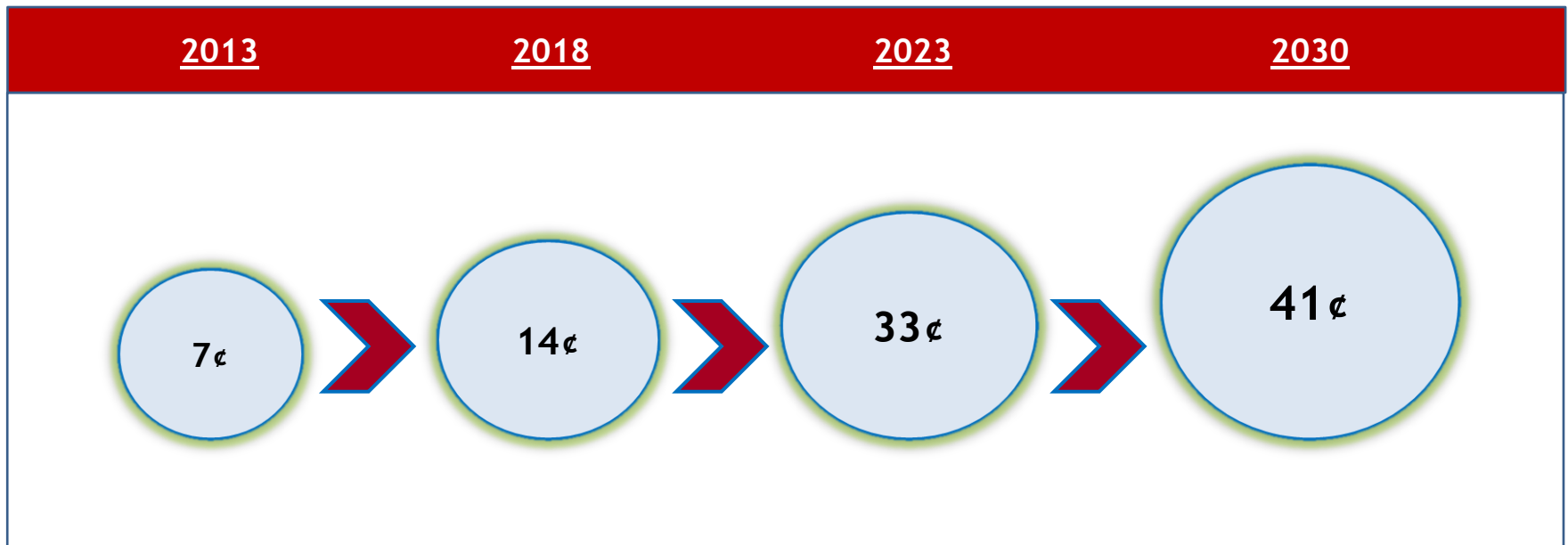
* Balances per Audited Statements as of June 30, 2011 and information provided by the Administration of the Employees Retirement System as of December 2012. During FY2012, the Public Employees System sold part of its loan portfolio (approx. \$315 million).

Figure 5: Employer Contribution vs. Employee Contribution for Public Employees System and Teachers System*



* This reflects the increase in employer contribution pursuant to Act 116 for the Public Employees System and Act 114 for the Teachers System.

Figure 6: Portion of the General Fund Designated to Pay Pension Benefits per Revenue Dollar*



* This analysis assumes that the General Fund revenues of \$8.75 billion (as of FY2012-2013 budget) will remain constant, and a payroll based on a present and future population of 134,566 employees. The General Fund item includes: employer contribution, Law 70 contribution, the Special Laws contribution, and the annual cash flow deficit.

Figure 7: Increase in Number of Retirees compared to Number of Participants

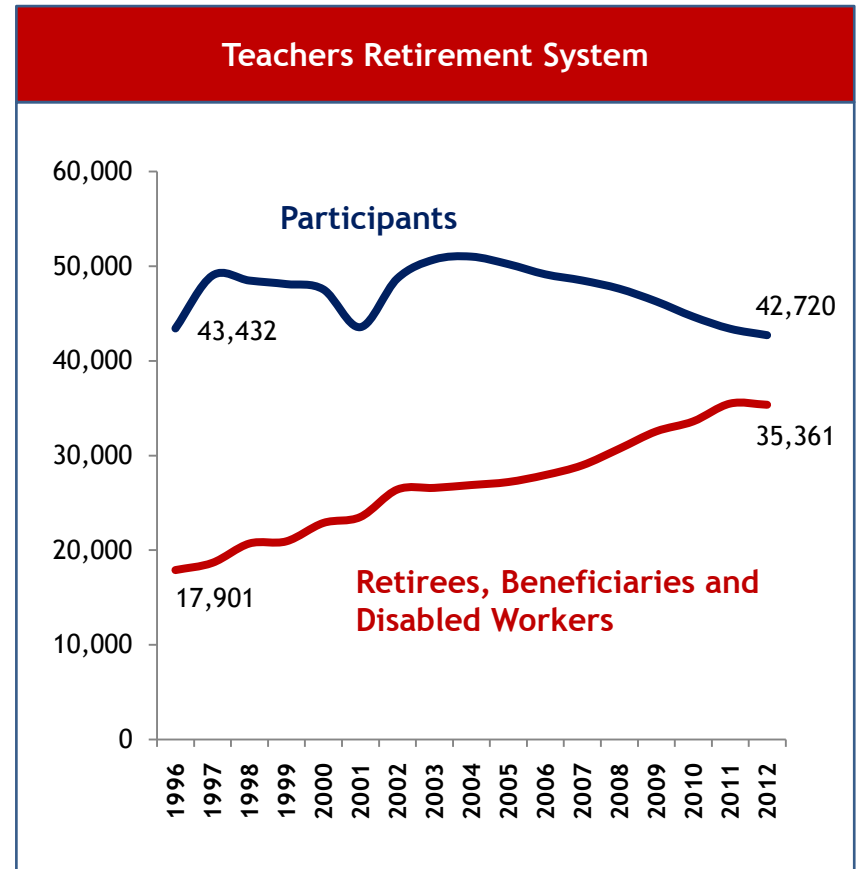
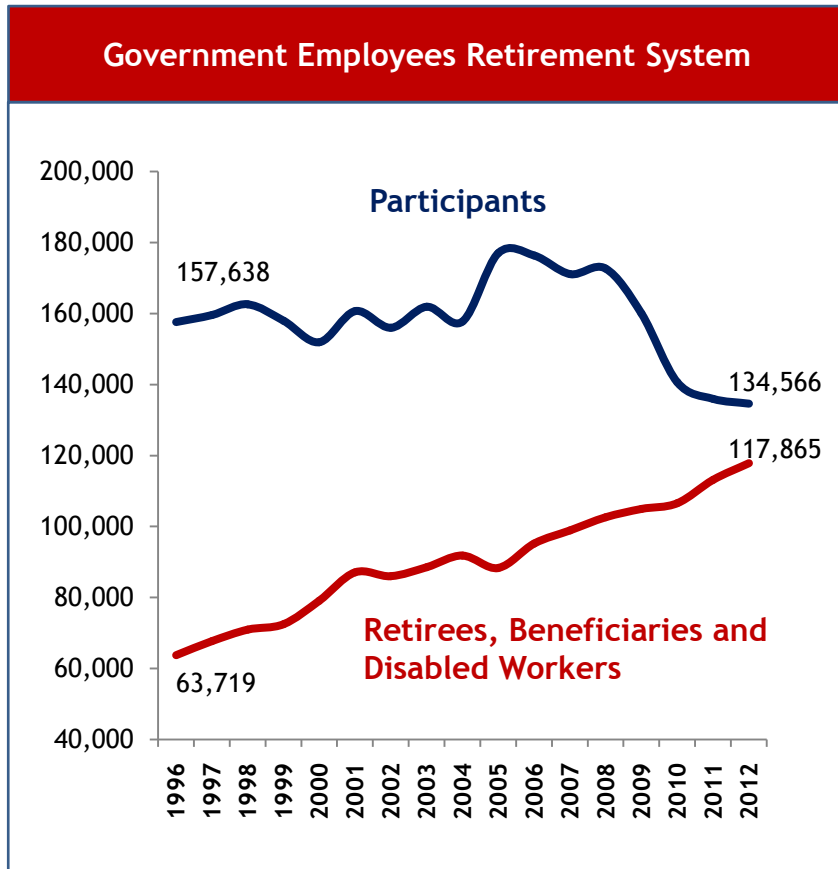


Figure 8: Evolution - Asset Depletion

