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Puerto Rico's Retirement-Plan Woes Persist as Bankruptcy Nears End.

A proposed restructuring would end defined-benefit retirement programs for active teachers and judges

Puerto Rico's long history of failing to pay its pension obligations is expected to haunt the U.S. territory even after its bankruptcy ends.

A proposed bankruptcy restructuring under consideration by a federal judge would end defined-benefit retirement programs covering tens of thousands of active teachers and judges in Puerto Rico. The pension benefits public employees have already earned would be honored when they retire, although current workers can't accrue anything more.

Those measures would help close a roughly \$55 billion gap between the retirement benefits owed to public servants in Puerto Rico and the funding set aside to pay them. Active teachers and judges are being shifted under the bankruptcy plan into defined-contribution retirement products akin to 401(k)s, ending the defined-benefit formulas in place when many of their careers began. Retirement ages would be increased, delaying when pensions can be tapped.

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By Andrew Scurria, Sebastian Pellejero and Soma Biswas

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