745

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

House Bill No. 745

INTRODUCED BY HON. JOSEPH EMILIO A. ABAYA

EXPLANATORY NOTE

The Government Service Insurance System (GSIS) was created and established and still continues to exist primarily to promote and protect the welfare of government employees by providing them with social security and insurance benefits in the event of sickness, disability, death, retirement, and other contingencies. Towards this end, the GSIS law, originally, Commonwealth Act No. 186 of 1936, has been repeatedly amended and the latest of which amendments is Republic Act No. 8291, otherwise known as "The Government Service Insurance System Act of 1997", which became effective on June 24, 1997.

Republic Act No. 8291 grants a retiring GSIS member the option of a lump sum plus an old-age pension benefit equal to the basic monthly pension payable monthly for life, starting upon the expiration of the five (5) year guaranteed period covered by the lump sum; or a cash payment equivalent to eighteen (18) months of his/her basic monthly pension plus monthly pension for life payable immediately with no five (5) year guarantee. . However, these amounts are substantially less than what the retiree should be receiving if we were to consider all the contributions of the member and the employer plus the interest earnings thereof.

There can be no serious debate that the government's share of twelve percent (12%) in the GSIS contributions is for the benefit and welfare of the government employees concerned. Clearly, this government share and the government employee's personal share of nine percent (9%) should accrue to the benefit and welfare of and must be enjoyed to the fullest extent by such government employees.

The main objective of this House Bill is to grant the GSIS members who will retire from the service the total GSIS contributions of the member and the employer including the interest earnings of the said contributions.

To accomplish this objective, this Bill introduces the concept of "full value of contributions" which shall be used as the basis for the payment to the retirees of their lump sum and the basic monthly pension benefits which are likewise redefined in this Bill.

Our dedicated public servants work long and hard in the service of the government and the Filipino people. It is but a fitting tribute that they be allowed to enjoy the full benefits of their retirement once they reach their ripe old age. Justice, equity, and fair play demand nothing less.

Premises considered, the prompt approval of this House Bill is respectfully sought.

JOSEPH EMILIO A. ABAYA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

House Bill No. 745

INTRODUCED BY HON. JOSEPH EMILIO A. ABAYA

AN ACT
GRANTING RETIRED MEMBERS
OF THE GOVERNMENT SERVICE INSURANCE SYSTEM
THE FULL VALUE OF THEIR CONTRIBUTIONS TO THE SYSTEM,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8291,
OTHERWISE KNOWN AS "THE GOVERNMENT SERVICE INSURANCE
SYSTEM ACT OF 1997".

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 2 of Republic Act No. 8291, otherwise known as "The Government Service Insurance System Act of 1997", is hereby amended to read as follows:

"A. DEFINITIONS

"SEC. 2. Definition of Terms. - Unless the context otherwise indicates, the following terms shall mean:

x x x

"(f) Dependents - Dependents shall be the following: (a) the legitimate spouse of the member or pensioner; (b) the legitimate, legitimated, legally adopted child of the member or pensioner; and (c) the parents of the member or pensioner;

"(g) Primary beneficiaries - The legal dependent spouse and the dependent children;

"(h) Secondary beneficiaries - The dependent parents and the legitimate descendants, other than the dependent children, of the member or pensioner;

"(n) Lump sum - One-half of the "full value of contributions" to the GSIS by the member and the employer;

x x x"

"(v) 'Full value of contributions' - The sum total of all the contributions which were made by the member and the employer for the duration of the former's employment, plus the interest earnings thereon, compounded yearly. As used herein, the interest rate shall be the average time-deposit interest rate for the corresponding year which shall be supplied by the Bangko Sentral ng Pilipinas".

SECTION 2. Section 9 of the same law is hereby amended to read as follows:

"D. BENEFITS"

"SEC. 9. Computation of the Basic Monthly Pension. - The basic monthly pension shall be equivalent to the 'full value of contributions', less the lump sum plus interest earnings thereon.

The basic monthly pension shall be paid to the pensioner or his or her primary or secondary beneficiaries, as the case may be, in sixty (60) equal monthly payments after the expiration of one (1) year from the date of the payment of the lump sum".

SECTION 3. Section 13 of the same law is hereby amended to read as follows:

"RETIREMENT BENEFITS"

"SEC. 13. Retirement Benefits. - (a) Retirement benefit shall be the lump sum payment as defined under Section 1 (n) hereof, plus the basic monthly pension as the same is computed under Section 2 hereof, payment of which shall start one (1) year after the date of receipt of the lump sum.

x x x

"In the event that the pensioner dies after he or she has received his or her lump sum or during the time when he or she is receiving his or her basic monthly pension, the pensioner's primary or secondary beneficiaries, as the case may be, shall be immediately entitled to receive the basic monthly pension"

SECTION 4. Retroactivity Clause. - The provisions of this Act shall have full retroactive effect and shall benefit all retired members who may have already received their lump sum and/or have received or are receiving their basic monthly pension under Presidential Decree No. 1146 and Republic Act No. 8291.

SECTION 5. Separability Clause. - Should any provision of this Act or any part thereof be declared invalid, the other provisions, so far as they are separable from the invalid ones, shall remain in force and effect.

SECTION 6. Implementing Rules and Regulations. - The GSIS shall promulgate the implementing rules and regulations to carry out the provisions of this Act not later than ninety (90) days after the approval hereof.

SECTION 7. Repealing Clause. - Should any provision of this Act or any part thereof be declared invalid, the other provisions, insofar as they are separable from the invalid ones, shall remain in force and effect.

SECTION 8. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,