Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1750

Introduced by: **REP. PROSPERO A. PICHAY, JR.**

EXPLANATORY NOTE

This bill seeks to increase the benefits of retired government employees, further introducing amendments to Commonwealth Act Numbered One Hundred and Eighty Six, otherwise known as the Government Service Insurance System.

Republic Act No. 660 and Presidential Decree No. 1146 are the basis for payment of lump sum annuity to retirees who are members of the Government Service Insurance System, while RA No. 1616 is the basis for employers to pay such retirement gratuity. In both cases, however, said laws provide amendments to CA No. 186.

Under this bill, government employees who retire under either RA 660 or PD 1146 would be receiving six (6) year—annual lump sum instead of the usual five (5) year annuity. Further, the basis of the monthly annuity to be subsequently received is proposed to be the highest monthly salary rate received prior to retirement in lieu of the existing provision which provides that the basis of the annuity is the average monthly salary received during the last three years of service.

Civil servants who retire after giving the best years of their lives to public service, from twenty to more than forty years, should be afforded maximum benefits from the government. Nevertheless, for them to be able to use and enjoy their pensions, the same must be responsive to the changing high cost—high standard call of the present times.

The national government has annually appropriated billions of pesos for retirement gratuity and early retirement plans. The GSIS on the other hand, has on hand 18 billion for social insurance purposes.

Funds for retirement gratuity are also usually paid from savings of each office concerned, while those set aside by the GSIS for the purpose are immediately available. Hence, affordability of the government to implement the proposal is high.

The foregoing considered, the approval of this bill is strongly recommended. In this instance, the government as the people's protector reinforces such role particularly to those who need most of its help in the sunset of their years.

PROSPERO A. PICHAY, JR.



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AN ACT
INCREASING THE BENEFITS OF RETIRED GOVERNMENT EMPLOYEES, AMENDING FOR THE PURPOSE COMMONWEALTH ACT NUMBERED ONE HUNDRED EIGHTY-SIX, AS AMENDED

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

SECTION 1. Section 11 of Commonwealth Act Numbered 186 as amended is hereby further amended to read as follows:

"SEC.11 (a) Amount of Annuity—Upon retirement after faithful and satisfactory service, a member shall be automatically entitled to a life a annuity of **[**five**]** SIX years and thereafter as long as he lives. The amount of the monthly annuity of the age of fifty-seven years shall be thirty pesos, plus for each year of service after the sixteenth of June, nineteen hundred and fifty-two, two per centum of the **[**average monthly salary received by him during the last three years of service**]** HIGHEST MONTHLY SALARAY RATE RECEIVED PRIOR TO DATE OF HIS RETIREMENT, plus, for each year of service rendered prior to the sixteenth of June, 1951, one and two-tenths per centum of **[**said average**]** THE HIGHEST two tenths per centum of **[**said average**]** THE HIGHEST monthly salary RATE RECEIVED: X X X *Provided, further,* That the maximum amount of monthly annuity at age fifty-seven shall not in any case exceed **[**three-fourths**]** NINETY PER CENTUM OF **[**said average**]** the HIGHEST monthly salary

RATE: X X X. In lieu of this annuity, he may prior to his retirement elect one of the following equivalent benefits:

(1) X X X

(2) Monthly annuity during the joint lives of the employee and his or her spouse guaranteed for at least **[**five**]** SIX years, which annuity, however, shall upon the death of either and after the **[**five-year**]** SIX-YEAR guaranteed period, be reduced to one-half and be paid to the survivor.

(3) For those who are at least sixty-three years of age, lump sum payment of present value of annuity for first **[**five**]** SIX years, and for those who are at least sixty but below sixty-three years of age, lump sum payment of the present value of the annuity for the first three years, with the balance of the **[**five**]** SIX year guaranteed annuity payable in lump sum upon reaching sixty-three years of age, and annuity after the guaranteed period to be paid monthly: *Provided,* That said lump-sum payment of annuity may be made to a retired employee only if the premium paid by and for him are sufficient to cover said payment or payments: X X X

SEC. 2. Section 12 of the same Commonwealth Act No. 186 as amended is also further amended to read:

"SEC. 12. Conditions for retirement

(a) X X X

(b) X X X

(c) Retirement is likewise allowed to any official of employee, appointive or elective, regardless of age and employment status, who has rendered a total of at least twenty years of service, the last three of which are continuous. The benefit shall, in addition to the return of his

personal contributions with interest compounded monthly and the payment of the corresponding employer's premiums described in subsection (a) of Section five hereof, without interest, be only a gratuity equivalent to one AND ONE HALF (1.5) month's salary for every year of the first twenty years of service plus [one and one-half] TWO month's salary for every year of service over twenty but below thirty years and two AND ONE-HALF month's salary for every year of service over thirty years in case of employees based on the highest rate received and in case of elected officials on the rates of pay as provided by law. X X X

SEC. 3. This Act shall take effect upon its approval.

Approved,