

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session



HOUSE BILL NO. 3439

Introduced by: **HON. RAUL V. DEL MAR**

EXPLANATORY NOTE

It is lamentable that at present the monthly pension being received by retired government personnel is inadequate for a decent life, aggravated by the continuing devaluation of the peso that trigger the never-ending increases in the prices of all commodities, including life-sustaining drugs and medicines for the senior citizens, and illnesses-prone retirees. This has effectively deprived the pensioners of a decent standard of living and financial security they deserve.

Affected most is a class of elderly retired government employees under the lump sum, take-all gratuity system pursuant to Republic Act 1616 who did not and do not receive at all any monthly pension from government. This class of now elderly former public servants, still numbering in the thousands all over the country, are lamentably existing at predominantly near-pauper, if miserable, levels. This is because their meager, take-all gratuity received many years back from their respective last employers – instead of from the GSIS, retirement scheme – which deviates from the ideally prescribed annuity system of retirement by way of monthly old-age pension for life plus survivorship benefits, administered by the GSIS pursuant to existing laws, have long been exhausted.

Cognizant of their plight, there is therefore a need – consistent with the liberal treatment of retirement benefits in favor of the retirees – to add to or broaden the benefits granted to RA 1616 retirees who are now senior citizens, former public servants in their twilight years.

This can be legally done by allowing senior citizens who retired under RA 1616 to convert his mode of retirement to the more beneficial ideally-legislated Pension System (RA 660, PD 1146 or RA 8291). The mandate shall be to allow the retiree to choose the pension scheme that shall give him additional benefits in the form of old-age pension for life plus survivors benefits. The GSIS shall carry out this mandate, the details of which shall be spelled out in the implementing rules, having in mind the primary mandate/objective to grant, in any case, old-age pension to senior citizen – RA 1616 retirees.

Approval of this bill is earnestly sought if only to manifest the continuing concern of this Congress on the plight of our senior citizens-retirees who have spent the best years of their lives in the service of the country.



RAUL W. DEL MAR

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AN ACT
GRANTING OLD-AGE PENSION FOR LIFE TO SENIOR CITIZENS WHO
RETIRED UNDER REPUBLIC ACT 1616 AS WELL AS SURVIVORSHIP
BENEFITS TO THEIR SURVIVORS

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

Section 1. *Declaration of Policy.* It is the declared policy of the State to promote and provide a rising standard of living and an improved quality of life for all. In pursuit of such policy the state recognizes the need and so undertakes to grant old-age pension for life to senior citizens who retired under Republic Act 1616 retirees as well as survivorship benefits to their survivors who are otherwise deprived thereof, in order that such pension would be responsive to their increasing needs.

Section 2. *Coverage.* This Act shall cover senior citizens who retired under RA 1616 effective June 1, 1977 and thereafter.

Section 3. *Change of Mode of Retirement.* An employee who retired not earlier than June 1, 1977 under Republic Act 1616 but who is otherwise qualified to retire under RA 660 or PD 1146, shall hereafter automatically have this gratuity retirement converted to a pension system of his choice under existing laws that is more beneficial to him, and thereafter shall receive the old-age pension for life as well as the survivors' benefits for this survivors provided under such laws. In addition, the retiree or his survivors shall no longer be required to reimburse to the Government Service Insurance System (GSIS) the retirement gratuity previously received by him from his last employer as well as the refunds from the GSIS of the personal and employer's premiums as the case may be but

shall be considered as partial payment by the GSIS to the retiree under the pension law of his choice.

Section 4. *Status of the Converted Senior Citizen-Retiree.* Upon approval of this Act, the status of the converted Senior citizen – retiree shall, for all intents and purposes, be the same as though he had originally retired under the annuity Pension System, he shall henceforth be accorded all the present and future benefits and privileges accruing to a retiree under the annuity Pension System. However, if an RA 1616 retiree prefers not to be converted under this Act, then he shall so state in writing to the GSIS.

Section 5. *Funding.* Such sum as may be necessary for the payment of the retirement/survivorship benefits under Section 3 of this Act, shall be charged against the accumulated aggregate residual actuarial reserves as established pursuant to Sec. 24 (b) of Commonwealth Act 186, as amended, that the GSIS essentially saved from not being required to pay the old-age pension for life, as well as the survivorship benefits of thousands of RA 1616 retirees whose lump sum gratuity was each paid instead by his last employer effective from the time RA 1616 took effect on May 31, 1975.

Section 6. *Implementing Guidelines.* The GSIS, in coordination with the Department of Budget and Management, shall issue the necessary guidelines for the implementation of this Act not later than sixty (60) days after the approval hereof.

Section 7. *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 full force and effect.

Section 8. *Repealing Clause.* All laws, presidential decrees, letter of instructions, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 9. *Approval.* This Act shall take effect upon its approval.

Approved.