

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5150

Introduced by HONORABLE LANI MERCADO-REVILLA

EXPLANATORY NOTE

The Constitution, Article XVI, Section 8 provides:

“Section 8. The State shall, from time to time, review to upgrade the pension and other benefits due to retirees of both government and private sectors.”

The Government Service Insurance System (GSIS) was created by Commonwealth Act No. 186 in 1936. Since its effectivity, this law mandated that the salaries of government employees are regularly and automatically deducted with their contributions to the GSIS. After rendering the minimum number of years of government service and/or upon attainment of retirement age, the same law renders the government employee as a retired employee. A retired employee will be entitled to monthly pension primarily based on his/her last salary upon retirement.

In its report, the National Statistical Coordination Board (NSCB) said the average pension a senior citizen receives from the Government Service Insurance System (GSIS) was only P7,768 in 2008, P8,359 in 2009 and P8,586 in 2010. GSIS, the state-owned pension fund for government workers, only approved a 1.5 percent increase in pensions effective January 2010.

However, average increases of prices of all items between 2009 and 2010 are 3.6 percent and 3.8 percent among all income and bottom 30 percent households, respectively. Thus, during this period, the average monthly GSIS pensions did not increase as fast as prices of general commodities.

There is a need to upgrade the pension and expand the benefits due our senior citizens so they can address more adequately their subsistence needs and meet their mounting medical expenses that come with their progressively degenerating health conditions of ageing.

Based on the Philippine National Health Accounts, compiled by the NSCB, the average per capita health expenditure was Php2,642 in 2007. The senior citizens most certainly spend more than the average so an annual health insurance premium subsidy of at least Php2,642 for our senior citizens would be something that the Philippine Charity Sweepstakes Office (PCSO) can consider in lieu of the at-need-assistance that it currently gives.

Studies show that the leading causes of death of our senior citizens are cerebrovascular disease, acute myocardial infarction, and chronic lower respiratory diseases, for which many doctors charge not exactly discounted rates.

According to the NSCB, the share of seniors to total population has been steadily increasing over time and is projected to go up to 13.8 percent in 2040.

There were 6.3 million senior citizens last year and the number is expected to increase to 6.6 million or 6.9 percent of the projected population this year of 95.8 million people.

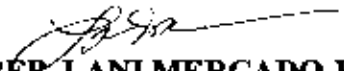
The number of GSIS pensioners who are senior citizens increased by 4.9 percent between 2008 and 2009 and 5.6 percent between 2009 and 2010. As of December 31, 2010, the total number of GSIS pensioners who are senior citizens is 199,579.

A real example is the case of an 84-year old pensioner who retired in 1990 as a public school teacher. After having served the government for 30 years, she receives Php5,069 as monthly pension from the GSIS. Due to inflation – the rise in consumer prices – the said pensioner's monthly pension of Php5,069 is only one-third of the current salary (Php18,333) of the same position she held when she retired in 1990.

After long years of dedicated service in government, molding the minds of our youth and contributing to the creation of human capital in our country, senior citizens certainly deserve a much better pension scheme. It is highly doubtful that the monthly pensions are sufficient even for the subsistence needs of one person, much less when they would need caregivers and additional health expenses.

Therefore, upgrading the monthly pension of senior citizens to a living pension stipend would significantly help the sector cope with rising commodity prices and increasing cost of services. It is a timely gesture of recognition and appreciation, even gratitude this nation owes them for their lifelong, loyal and dedicated service to our people.

In view of the foregoing, the passage of this bill is earnestly sought.


REP. LANI MERCADO-REVILLA
2nd District, Cavite

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5150

Introduced by HONORABLE LANI MERCADO-REVILLA

AN ACT
TO INCREASE THE MONTHLY PENSION OF RETIREES OF THE GOVERNMENT
AND TO ADJUST THE MONTHLY PENSION OF RETIREES OF THE
GOVERNMENT EVERY FIVE (5) YEARS TO MAKE IT AT PAR WITH THE VALUE
OF PESO IN RELATION TO THE COST OF INDEX OF PRICES OF BASIC
COMMODITIES

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

Section 1. Declaration of Policy. – It is the policy of the State that the State shall, from time to time, review to upgrade the pensions and other benefits due to retirees of both the government and private sectors. As far as may be possible, it should provide a living monthly pension to government retirees to help them cope with rising commodity prices and increasing cost of services. This is to enable them to live a dignified living standard even in retirement in keeping with the commitment of the Government of the Republic of the Philippines.

Section 2. Definition of Terms. – The following terms shall be understood in this Act to mean:

1. **Government Service Insurance System (GSIS)** – refers to the agency entrusted to take charge of all matters pertaining to the benefits and insurance claims of all government officials and employees, as created and established under Presidential Decree No. 1146 and further amended by Republic Act No. 8291;
2. **Retiree** – refers to government officials and employees who have availed of retirement benefits under Republic Act 8291 or the 1997 GSIS act, Presidential Decree 1146 or the 1977 revised Government Service Insurance Act, Republic Act No. 1616 and RA 660 or amendments to Commonwealth Act 186;
3. **Monthly pension** – refers to the monthly benefits received by government retirees under Republic Act 8291 or the 1997 GSIS act, Presidential Decree 1146 or the 1977 revised Government Service Insurance Act, Republic Act No. 1616 and RA 660 or amendments to Commonwealth Act 186.

Section 3. Coverage. – This Act shall cover all past, present and future qualified civil servants of the Government of the Republic of the Philippines who retire under the pension system.

Section 4. Increase of Monthly Pension. The monthly pension of retirees of the government shall be increased by ten percent (10%) upon the effectivity of this Act and shall be subsequently increased every five years thereafter.

Section 5. *Periodic Review.* The monthly pension of government retirees shall be reviewed every five (5) years upon the effectivity of this Act so as to make the value of the pension at par with the current purchasing power of the peso in relation to the cost index of process of basic commodities.

Section 6. *Implementing Rules and Regulations.* The President of the Republic of the Philippines in coordination with the General Manager of the Government Service Insurance System (GSIS) shall formulate the Implementing Rules and Regulations (IRR) for this Act.

Section 7. *Funding.* The President of the Republic of the Philippines is hereby authorized to realign or transfer any item appropriate within the GSIS and/or utilize any savings therein to carry out the purpose of this Act. Whatever additional amount as may be needed for its implementation shall be included in the overall Appropriations Act of the ensuing Fiscal Years.

Section 8. *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 9. *Repealing Clause.* All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Section 10. *Effectivity.* This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,