

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

House Bill No. **4940**



Introduced by REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

Every worker has to think of his security when the time comes that he has to retire from work, whether compulsorily or voluntarily. It is a future contingent event that a worker or employee has to consider and plan for at the earliest possible time. A good retirement and pension plan is insurance for the future. And, it is often viewed as a wise investment into one's security in one's twilight years.

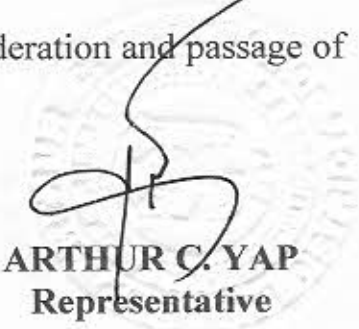
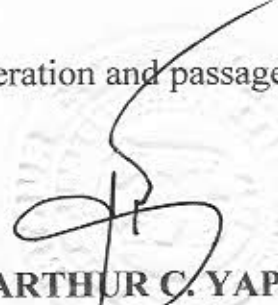
Recognizing this need of workers and employees, the law has mandated the State, in partnership with employers, to provide for viable social security systems for both private employees and workers in the public sector. Pursuant thereto, the Social Security System (SSS) for private employees and the Government Service Insurance System (GSIS) for government workers have been established. Currently, the SSS has 1.9 million retired members, while the GSIS has roughly 250,000 active pensioners all over the country.

Under both security systems, workers contribute regular premiums during their period of employment and with counterpart share from their respective employers. These contributions entitle them to benefits as members under the system, in particular, to specific pension plans at the time of their retirement. Varying amounts of pension are then given to pensioners on a monthly basis depending on the total amount of their contributions.

While existing laws allow for adjustments to be made on the basic monthly pensions, experience has shown that such adjustments often lag behind the much faster increases in the rate of inflation resulting to the erosion of the real values of the pensions received by the retirees. This situation, if unabated will defeat the very purpose of the security system as well as of the policies and objectives of the law.

Thus, this bill seeks to provide for the automatic adjustment of the basic monthly pensions of retirees both covered by the SSS and the GSIS based on the prevailing cost of living index as determined by the National Economic and Development Authority (NEDA). It aims to ensure that our retirees will be able to sustain their needs and live a decent life in the twilight stage of their lives.

For the foregoing reasons, the immediate consideration and passage of this bill is earnestly urged.



ARTHUR C. YAP
Representative

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AN ACT
PROVIDING FOR AUTOMATIC ADJUSTMENT OF
THE BASIC MONTHLY PENSION FOR RETIRED
PERSONNEL COVERED BY THE GOVERNMENT
SERVICE INSURANCE SYSTEM AND THE SOCIAL
SECURITY SYSTEM TO THE PREVAILING COST OF
LIVING INDEX

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

1 **SECTION 1. *Title*** - This Act shall be known as the ‘Automatic
2 GSIS and SSS Pension Adjustment Act’.

3 **SECTION 2. *Automatic Pension Adjustment.*** - The basic monthly
4 pension of members covered by the Government Service Insurance System
5 (GSIS) and the Social Security System (SSS) shall be automatically adjusted
6 to the prevailing cost of living index as determined by the National
7 Economic and Development Authority (NEDA).

8 **SECTION 3. *Extent of Coverage.*** - The benefits provided for in
9 this Act shall extend to all GSIS and SSS pensioners still surviving at the
10 time of its approval.

1 **SECTION 4. *Implementing Rules and Regulations.*** - The GSIS
2 and the SSS, as the case may be, shall issue the rules and regulations
3 necessary for the effective implementation of this Act.

4 **SECTION 5. *Appropriation.*** - Such amount necessary for the
5 implementation of this Act shall be charged to the State Insurance fund of
6 the GSIS and to the Reserve Fund of the SSS, respectively.

7 **SECTION 6. *Separability Clause*** - If any of the provisions of this
8 Act is declared invalid or unconstitutional, the remaining parts or provisions
9 hereof not affected thereby shall remain in full force and effect.

10 **SECTION 7. *Repealing Clause.*** - All laws, decrees, executive
11 orders, proclamations, rules and regulations, and issuances, or parts thereof,
12 inconsistent with the provisions of this Act are hereby repealed or modified
13 accordingly

14 **SECTION 8. *Effectivity Clause.*** - This Act shall take effect fifteen
15 (15) days after its publication in at least two (2) national newspapers of
16 general circulation.

Approved.