

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **5199**



Introduced by Hon. Jerry P. Treñas

EXPLANATORY NOTE

The Government Service Insurance System (GSIS) was created in 1936 pursuant to Commonwealth Act No. 186, which established the GSIS to promote the efficiency and welfare of the employees of the Government.¹ The organic law of the GSIS had been amended through the years, and it was overhauled by the passage of Republic Act No. 8291 or the GSIS Law of 1997.²

However, the GSIS law still needs further refinement due to the exigencies of the current socio-economic context and the ever-changing condition of the country's economy. Section 14 of R.A. No. 8291 empowers the GSIS Actuary and Board to periodically adjust the monthly pension of GSIS members. Unfortunately, this provision merely gives the GSIS the prerogative to adjust the monthly pension instead of mandating set adjustments per year in order to reflect the changing economic conditions of the Filipino people. In so being, it is strongly recommended to amend the said provision in order to compel the yearly adjustment of the GSIS monthly premiums, taking to account to prevailing inflation rate and the present consumer price index in the country.

It must be noted that the provision of adequate social services which promotes a just and dynamic social order, ensures the prosperity and independence of the nation and frees the people from poverty is Constitutional state policy of the country.³ Our citizens from the public sector, especially those who have retired from civil service, heavily rely on the monthly pension they receive from the GSIS.

Based on statistics from the National Statistics Office (NSO), the average inflation rate from 2009-2013 ranged from 3.0% to 4.6%. To fulfill the mandate of the Constitution and of the original organic law of the GSIS, the monthly pension of the GSIS members must be adjusted per annum to help the GSIS members cope with the rising cost of living due to inflation.


JERRY P. TREÑAS

¹ Section 3, Commonwealth Act No. 186 (November 14, 1936)

² Republic Act 8291 (May 30, 1997)

³ Section 9, Article 2, The 1987 Philippine Constitution

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16
17 AN ACT AMENDING SECTION 14 OF REPUBLIC ACT NO. 8291, OTHERWISE
18 KNOWN AS THE GSIS ACT OF 1997
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20 *Be it enacted by the Senate and House of Representatives of the Philippines duly assembled:*

21
22 Section 1. Section 14 of Republic Act No. 8291, otherwise known as the GSIS Act of 1997, is
23 hereby amended as follows:
24

25 "SECTION 14. Periodic Pension Adjustment. — The monthly
26 pension of all pensioners including all those receiving survivorship
27 pension benefits shall be ~~[periodically adjusted as may be~~
28 ~~recommended by the GSIS' actuary and approved by the Board in~~
29 ~~accordance with the rules and regulations prescribed by the GSIS.]~~
30 **ADJUSTED PER ANNUM BY THE GSIS BOARD;**
31 **PROVIDED, THAT THE ANNUAL ADJUSTMENT TO THE**
32 **MONTHLY PENSION OF ALL PENSIONERS SHALL**
33 **TAKE INTO ACCOUNT THE PREVAILING INFLATION**
34 **RATE AND CONSUMER PRICE INDEX.**
35

36 **Section 2. Repealing Clause.** — All provisions of laws, orders, decrees, including rules and
37 regulations inconsistent herewith are hereby repealed and/or modified accordingly.
38

39 **Section 3. Separability Clause.** — If any part or provision of this Act shall be held
40 unconstitutional or invalid, other provisions hereof which are not affected thereby shall continue
41 to be in full force and effect.
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43 **Section 4. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in the
44 *Official Gazette* or in a national newspaper of general circulation.
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46 Approved,
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