

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SIXTEENTH CONGRESS
Third Regular Session

House Bill No. **6407**



Introduced by
**REP. FRANCISCO ASHLEY L. ACEDILLO, REP. GARY C. ALEJANO,
REP. ROMEO M. ACOP, REP. LEOPOLDO N. BATAOIL,
and REP. SAMUEL D. PAGDILAO**

EXPLANATORY NOTE

“The State shall provide immediate and adequate care, benefits, and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans.”
– Section 7 of Article XVI of the 1987 Philippine Constitution

It is the responsibility of the State to ensure that the retirees continue to receive benefits commensurate to the service they have rendered and that they be allowed to live a comfortable life during their retirement.

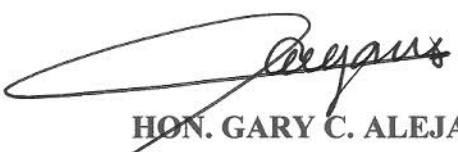
Hence, to be consistent with the government policy to help foster socio-economic security and general well-being of the country’s veterans in recognition of their bravery and loyalty to the country, the government, through existing retirement laws, provides for the automatic adjustment of retirement pension based on the prevailing scale of base pay of similarly ranked active personnel. Said existing laws also have a non-contributory nature which means that no “seed fund” was established and the budget for pension comes from the annual general appropriations act.

Such policies led to the ballooning of pension costs. It is estimated that by year 2022, the total pension costs of the Armed Forces of the Philippines will eventually surpass the salaries paid to its active personnel. If this condition is allowed to persist, the government will eventually fail to provide adequate retirement pension to the uniformed personnel.

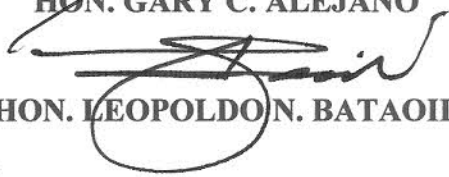
Thus, in order to allow the government to fulfill its duties to the retirees, this measure will implement reforms by way of overhauling the entire retirement benefits and pension system in the uniformed service. This piece of legislation will also provide a new fund-sourcing scheme for the uniformed retirees' pension and benefits that is sustainable in the long term.

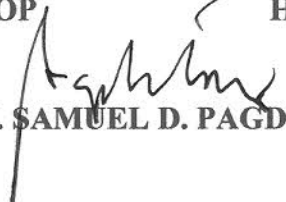
In view of the foregoing, the immediate approval of this bill is urgently sought.


HON. FRANCISCO ASHLEY L. ACEDILLO


HON. GARY C. ALEJANO


HON. ROMEO M. ACOP


HON. LEOPOLDO N. BATAOIL


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AN ACT
AMENDING PERTINENT LAWS ON THE RETIREMENT BENEFITS AND PENSION
OF THE UNIFORMED PERSONNEL OF THE UNIFORMED SERVICES AND
PROVIDING FUNDS THEREFOR

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 “Unified Uniformed Personnel
2 Retirement Benefits and Pension Reform Act of 2016.”

3
4 **SEC. 2. Declaration of State Policy.** The State duly recognizes the vital role of the
5 uniformed services in providing internal and external security, promoting peace and order,
6 ensuring public safety and further strengthening local government capability aimed towards the
7 effective delivery of basic services to the citizenry. The State also recognizes the extraordinary
8 hazards, risks, perils and dangers that the uniformed personnel of the uniformed services
9 encounter in the performance of their duties.

10
11 It shall therefore be the prime concern of the State to provide all uniformed personnel
12 adequate remuneration and benefits, including retirement benefits and pension. To this end, the
13 State shall ensure that the retirement benefits and pension scheme of the uniformed personnel is
14 secure, reliable, and sustainable.

15
16 **SEC. 3. Definition of Terms.** As used in this Act, the following terms shall have the
17 corresponding meanings hereinafter set forth:

- 18
19 a) AFP-RSBS shall refer to the Armed Forces of the Philippines Retirement and
20 Separation Benefits System established by virtue of Presidential Decree (PD) 361,
21 as amended by PD 1656;

- 1 b) Existing Retirees shall refer to retired uniformed personnel who are currently
2 receiving or entitled to receive retirement benefits and pension under existing
3 laws applicable to the uniformed services at the time of the effectivity of this Act;
4 c) Future Retirees shall refer to uniformed personnel active at the time of the
5 effectivity of this Act, and to new entrants, all of whom, at the time of their actual
6 retirement from the uniformed services, are eligible to receive retirement benefits
7 and pension under existing laws applicable to the uniformed services;
8 d) GSIS shall refer to the Government Service Insurance System;
9 e) New Entrants shall refer to uniformed personnel who enter the uniformed services
10 upon the effectivity of this Act, excluding those who entered the uniformed
11 services through lateral entry from another uniformed service;
12 e) Uniformed Personnel shall refer to the officers and enlisted personnel of the
13 uniformed services; and,
14 g) Uniformed Services shall refer to the Armed Forces of the Philippines (AFP),
15 Philippine National Police (PNP), Philippine Coast Guard (PCG), Bureau of Fire
16 Protection (BFP), Bureau of Jail Management and Penology (BJMP), Bureau of
17 Corrections (BuCor), and National Mapping and Resource Information Authority
18 (NAMRIA).

19
20 **SEC. 4. Standardizing the Uniformed Services Monthly Retirement Pay.** New
21 entrants and those in the active service of the uniformed services, upon their retirement, shall be
22 entitled to receive a monthly retirement pay equivalent to two and one-half percent (2 1/2%) for
23 each year of active service rendered, but not exceeding ninety percent (90%) of the monthly base
24 and longevity pay of the grade next higher than the permanent grade last held.

25
26 **SEC. 5. Rationalized Adjustment of Retirement Benefits and Pension.** The retirement
27 benefits and pension of all new entrants shall not be subject to automatic adjustments based on
28 the prevailing scale of base pay of active uniformed personnel. Provided, however, that the
29 existing and future retirees shall continue to receive retirement benefits and pension and their
30 corresponding automatic adjustments. Provided further that, the existing and future retirees of the
31 Philippine Coast Guard shall likewise be subject to adjustments based on the prevailing scale of
32 base pay of the PCG uniformed personnel in the active service. The funding of which shall still
33 be sourced from the annual General Appropriations Act (GAA).

34
35 **SEC. 6. Receipt of Retirement Benefits and Pension.** All new entrants who, at the time
36 of their actual retirement, are eligible to receive retirement benefits and pension under existing
37 laws applicable to the uniformed services , shall be entitled to receive their lump sum benefit
38 equivalent to three (3) years pay within one (1) month of their effective date of retirement.

1 **SEC. 7. Automatic Review.** The retirement benefits and pension of the new entrants
2 shall be reviewed commencing two (2) years after the year of retirement of the first new entrant
3 retirees and every two (2) years thereafter, by the Department of National Defense (DND),
4 Department of Interior and Local Government (DILG), Department of Justice (DOJ),
5 Department of Transportation and Communication (DOTC), Department of Budget and
6 Management (DBM), the Department of Finance (DOF), and the GSIS for the purpose of
7 recommending to the President, for his approval, appropriate adjustments thereto, in accordance
8 with rules and regulations to be jointly promulgated by the DOF and the DBM under Section 12
9 of this Act.

10
11 **SEC. 8. Disability Pension.** All uniformed personnel who are disabled in the line of duty
12 shall be eligible to receive a monthly pension, the rates of which shall be determined by the
13 respective department concerned.

14
15 **SEC. 9. Creation of a Uniformed Personnel Retirement Fund and Sources of**
16 **Funding.** A Uniformed Personnel Retirement Fund (UPRF), to be managed by the GSIS, shall
17 be established for the sustainability of the retirement benefits and pension of uniformed
18 personnel.

19
20 The GSIS shall create a new department which shall exclusively administer the UPRF for
21 the payment of retirement benefits and pension to new entrants.

22
23 The UPRF shall be financed through the following:

24
25 (a) **Mandatory Contributions.** Upon the effectivity of this Act, it shall be mandatory for
26 new entrants contribute a percentage of their monthly compensation as personal share and
27 for the National Government to contribute a corresponding share sourced from the annual
28 general appropriations for the maintenance of the UPRF, as provided hereunder:

29 i) New entrants shall contribute nine percent (9%) of their monthly base pay as
30 personal share and for the National Government a corresponding share of
31 eighteen percent (18%); and,

32 ii) The National Government, representing the active uniformed personnel's
33 contribution, shall contribute twenty-seven percent (27%) of the monthly base pay
34 of the aforementioned uniformed personnel.

35 (b) **Additional Sources of Funding.** Additional funds for the maintenance of the UPRF
36 shall be sourced from:

37 (i) The proceeds derived from the sale or disposition of public lands, as may be
38 authorized by the President for this purpose;

(ii) The proceeds derived from the lease or joint development of public lands, as may be authorized by the President for this purpose, pursuant to the provisions of existing laws and regulations governing lease or joint development of public lands, including such immovables and other facilities as may be found therein; and,
(iii) The proceeds derived from reclamation projects to be approved by the President for this purpose.

SEC. 10. Deactivation of the AFP-RSBS. The AFP-RSBS shall be deactivated upon the effectivity of this Act.

For purposes of this Section, the AFP-RSBS Board, at the option of the Secretary of National Defense, shall constitute the Board of Liquidators (BOL), which is mandated to supervise collecting and realizing the assets of the AFP-RSBS, and effect the settlement of the obligations of the AFP-RSBS to third persons. The BOL is hereby authorized to perform such other functions as may be necessary for the purpose of winding-up the affairs of the AFP-RSBS, which may include, but are not limited to, the payment of obligations, set-offs, write-offs, condonations, collections, reappraisals, prosecution and defense of suits, disposal and conveyance of properties, and distribution of assets: Provided, the BOL shall continue to perform its mandated duties and authorized functions until all the obligations of the AFP-RSBS have been settled, for a period not to exceed three (3) years from the time the BOL is constituted: Provided further, the remaining assets and obligations of the AFP-RSBS, if any, shall be transferred to the UPRF after the said three-year period.

SEC. 11. Termination of Contributions to the AFP-RSBS. Upon the effectivity of this Act, the active AFP personnel shall immediately cease to pay to the AFP-RSBS the contributions required under Section 4 of PD 361, as amended by PD 1656.

SEC. 12. Return of Contributions made to the AFP-RSBS. All contributions previously paid by the active uniformed personnel of the AFP shall be refunded within a period not to exceed three (3) years from the effectivity of this Act.

SEC. 13. Implementing Rules and Regulations. Within sixty (60) days from the effectivity of this Act, the DBM and the DOF, in consultation with the GSIS, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

1 **SEC. 14. Separability Clause.** If any provision of this Act is declared invalid by a
2 competent court, the other provisions not affected by such declaration of invalidity shall continue
3 to be in force and effect.

4 **SEC. 15. Repealing Clause.** The pertinent portions of the following legal provisions,
5 insofar as they dispose of the net income of the Philippine Reclamation Authority, are hereby
6 repealed and/or modified accordingly: a) Section 112, RA 8435, as amended by RA 9281; b)
7 Section 42(a), RA 7279; and, c) Section 10(d), RA 7835.

8
9 RA 9993, RA 8551, PD 1638, PD 361, PD 1656 and all other laws, decrees, orders, rules
10 and regulations, or parts thereof, specifically inconsistent with any provision of this Act shall be
11 deemed repealed, amended or modified accordingly.

12
13 **SEC. 16. Effectivity.** This act shall take effect fifteen (15) days after the date of its
14 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,