

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8476



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

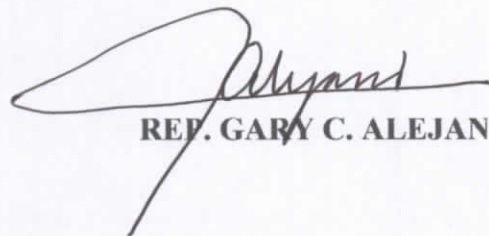
Existing retirement laws provide for the automatic adjustment of retirement pension based on the prevailing scale of base pay of similarly ranked active personnel. However, said laws are non-contributory in nature, hence, no "seed fund" was established at the time of their enactment, and the budget for the pension comes solely from the annual General Appropriations Act (GAA). This form of budget sourcing eventually led to the ballooning of pension costs, which may no longer be sustained by our meager government resources in the coming years.

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.

Passing this measure is the least we can do to honor the sacrifices of our heroes and to recognize their unwavering fidelity and their life of service to the country, while we take into consideration the government resources' capacity to support their needs. By providing a secure, reliable, sustainable and economically viable retirement benefit and pension system, we fulfill the socio-economic mandate of our government to improve the lives of our veterans and retirees.

This bill is the version approved by the Senate as sponsored by Sen. Antonio F. Trillanes IV in the 16th Congress.

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


REP. GARY C. ALEJANO

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AN ACT
ESTABLISHING A SUSTAINABLE RETIREMENT AND PENSION SYSTEM BY
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 2018.”
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
7 the effective delivery of basic services to the citizenry. The State also recognizes the
8 extraordinary hazards, risks, perils and dangers that the uniformed personnel of the uniformed
9 services 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,
13 the State shall ensure that the retirement benefits and pension scheme of the uniformed
14 personnel is secure, reliable, and sustainable.
15

16 **SEC. 3. Definition of Terms.** – As used in this Act, the following terms shall have
17 the 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, as
21 amended by PD 1656;
22
23 b) Existing Retirees shall refer to retired uniformed personnel who are currently
24 receiving or entitled to receive retirement benefits and pension under existing laws
25 applicable to the uniformed services at the time of the effectivity of this Act;

- 1 c) Future Retirees shall refer to uniformed personnel active at the time of the effectivity
2 of this Act, and to new entrants, all of whom, at the time of their actual retirement
3 from the uniformed services, are eligible to receive retirement benefits and pension
4 under existing laws applicable to the uniformed services;
5
6 d) GSIS shall refer to the Government Service Insurance System;
7
8 e) New Entrants shall refer to uniformed personnel who enter the uniformed services
9 upon the effectivity of this Act, excluding those who entered the uniformed services
10 through lateral entry from another uniformed service;
11
12 f) Uniformed Personnel shall refer to the officers and enlisted personnel of the
13 uniformed services; and,
14
15 g) Uniformed Services shall refer to the Armed Forces of the Philippines (AFP),
16 Philippine National Police (PNP), Philippine Coast Guard (PCG), Bureau of Fire
17 Protection (BFP), Bureau of Jail Management and Penology (BJMP), Bureau of
18 Corrections (BuCor), and National Mapping and Resource Information Authority
19 (NAMRIA).
20

21 **SEC. 4. Standardizing the Uniformed Services Monthly Retirement Pay.** – New
22 entrants and those in the active service of the uniformed services, upon their retirement, shall
23 be entitled to receive a monthly retirement pay equivalent to two and one-half percent (2
24 1/2%) for each year of active service rendered, but not exceeding ninety percent (90%) of the
25 monthly base and longevity pay of the grade next higher than the permanent grade last held.
26

27 **SEC. 5. Rationalized Adjustment of Retirement Benefits and Pension.** – The
28 retirement benefits and pension of all new entrants shall not be subject to automatic
29 adjustments based on the prevailing scale of base pay of active uniformed personnel.
30 Provided, however, That the existing and future retirees shall continue to receive retirement
31 benefits and pension and their corresponding automatic adjustments. Provided, further, That,
32 the existing and future retirees of the Philippine Coast Guard shall likewise be subject to
33 adjustments based on the prevailing scale of base pay of the PCG uniformed personnel in the
34 active service. The funding of which shall still be sourced from the annual General
35 Appropriations Act (GAA).
36

37 **SEC. 6. Receipt of Retirement Benefits and Pension.** – All new entrants who, at the
38 time of their actual retirement, are eligible to receive retirement benefits and pension under
39 existing laws applicable to the uniformed services, shall be entitled to receive their lump sum
40 benefit equivalent to three (3) years pay within one (1) month of their effective date of
41 retirement.
42

43 **SEC. 7. Automatic Review.** – The retirement benefits and pension of the new
44 entrants shall be reviewed commencing two (2) years after the year of retirement of the first
45 new entrant retirees and every two (2) years thereafter, by the Department of National
46 Defense (DND), Department of Interior and Local Government (DILG), Department of
47 Justice (DOJ), Department of Transportation (DOTr), Department of Budget and
48 Management (DBM), the Department of Finance (DOF), and the GSIS for the purpose of
49 recommending to the President, for his approval, appropriate adjustments thereto, in

1 accordance with rules and regulations to be jointly promulgated by the DOF and the DBM
2 under Section 12 of this Act.

3
4 **SEC. 8. Disability Pension.** – All uniformed personnel who are disabled in the line of
5 duty shall be eligible to receive a monthly pension, the rates of which shall be determined by
6 the respective department concerned.

7
8 **SEC. 9. Creation of a Uniformed Personnel Retirement Fund and Sources of**
9 **Funding.** – A Uniformed Personnel Retirement Fund (UPRF), to be managed by the GSIS,
10 shall be established for the sustainability of the retirement benefits and pension of uniformed
11 personnel.

12
13 The GSIS shall create a new department which shall exclusively administer the UPRF
14 for the payment of retirement benefits and pension to new entrants.

15
16 The UPRF shall be financed through the following:

17
18 (a) **Mandatory Contributions.** Upon the effectivity of this Act, it shall be mandatory
19 for new entrants to contribute a percentage of their monthly compensation as personal share
20 and for the National Government to contribute a corresponding share sourced from the annual
21 general appropriations for the maintenance of the UPRF, as provided hereunder:

22 i) New entrants shall contribute nine percent (9%) of their monthly compensation as
23 personal share and for the National Government, a corresponding share of eighteen percent
24 (18%); and,

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

28
29 (b) **Additional Sources of Funding.** Additional funds for the maintenance of the UPRF
30 shall be sourced from:

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

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

37 (iii) The proceeds derived from reclamation projects to be approved by the President
38 for this purpose.

39
40
41 **SEC. 10. Deactivation of the AFP-RSBS.** – The AFP-RSBS shall be deactivated
42 upon the effectivity of this Act.

43
44 For purposes of this Section, the AFP-RSBS Board, at the option of the Secretary of
45 National Defense, shall constitute the Board of Liquidators (BOL), which is mandated to
46 supervise collecting and realizing the assets of the AFP-RSBS, and effect the settlement of
47 the obligations of the AFP-RSBS to third persons. The BOL is hereby authorized to perform
48 such other functions as may be necessary for the purpose of winding-up the affairs of the
49 AFP-RSBS, which may include, but are not limited to, the payment of obligations, set-offs,
50 write-offs, condonations, collections, reappraisals, prosecution and defense of suits, disposal

1 and conveyance of properties, and distribution of assets: Provided, That the BOL shall
2 continue to perform its mandated duties and authorized functions until all the obligations of
3 the AFP-RSBS have been settled, for a period not to exceed three (3) years from the time the
4 BOL is constituted: Provided, further, That the remaining assets and obligations of the AFP-
5 RSBS, if any, shall be transferred to the UPRF after the said three-year period.

6
7 **SEC. 11. Termination of Contributions to the AFP-RSBS.** – Upon the effectivity
8 of this Act, the active AFP personnel shall immediately cease to pay to the AFP-RSBS the
9 contributions required under Section 4 of PD 361, as amended by PD 1656.

10
11 **SEC. 12. Return of Contributions made to the AFP-RSBS.** – All contributions
12 previously paid by the active uniformed personnel of the AFP shall be refunded within a
13 period not to exceed three (3) years from the effectivity of this Act.

14
15 **SEC. 13. Implementing Rules and Regulations.** – Within sixty (60) days from the
16 effectivity of this Act, the DBM and the DOF, in consultation with the GSIS, shall
17 promulgate the necessary rules and regulations for the effective implementation of this Act.

18
19 **SEC. 14. Separability Clause.** – If any provision of this Act is declared invalid by a
20 competent court, the other provisions not affected by such declaration of invalidity shall
21 continue to be in force and effect.

22
23 **SEC. 15. Repealing Clause.** – The pertinent portions of the following legal
24 provisions, insofar as they dispose of the net income of the Philippine Reclamation Authority,
25 are hereby repealed and/or modified accordingly: a) Section 112, RA 8435, as amended by
26 RA 9281; b) Section 42(a), RA 7279; and, c) Section 10(d), RA 7835.

27
28 RA 9993, RA 8551, PD 1638, PD 361, PD 1656 and all other laws, decrees, orders,
29 rules and regulations, or parts thereof, specifically inconsistent with any provision of this Act
30 shall be deemed repealed, amended or modified accordingly.

31
32 **SEC. 16. Effectivity.** – This act shall take effect fifteen (15) days after the date of its
33 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,