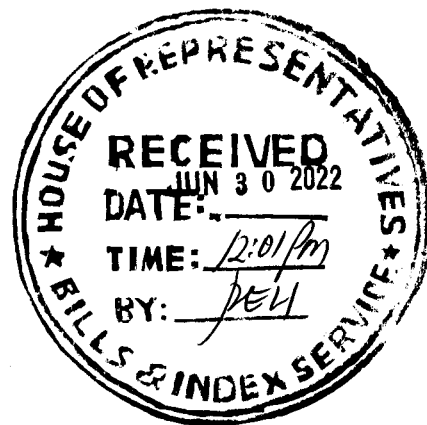




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 7



Introduced by Representatives **FERDINAND MARTIN G. ROMUALDEZ**,
YEDDA MARIE K. ROMUALDEZ and **JUDE A. ACIDRE**

EXPLANATORY NOTE

Securing the pension system for military and uniformed personnel (MUP) is an obligation of the State. Because of long-standing issues in the design of the system, however, the MUP pension is facing an imminent existential threat. The possibility that the state will be unable to meet the funding requirements of the MUP pension is real, and its signs are now evident given the government's budget deficit is at ₱187.7 billion pesos.¹

From 2018 to 2022, MUP pension requirements have grown at an annual rate of 12% on the average. Such funding requirements will continue to elevate at a fiscally unsustainable rate, as pension payments are indexed to growing salaries of active MUP. Moreover, the ballooning MUP pension requirements, with no corresponding financing source cover, create significant fiscal risk to the government and expose the MUP pension from fiscal and economic shocks. Thus, it is imperative to make crucial changes to save the pension system.

To keep the pension system alive for current and future pensioners, we must address the system's most significant weaknesses. First, the pension of the MUP is indexed to the salary of active personnel. Second, unlike other government employees, the MUP are entitled to a retirement pension starting at 20 years of service before reaching retirement age. Finally, unlike the pension of government employees under the Government Service Insurance System (GSIS), the MUP pension is non-contributory.

The urgency of the situation is shown clearly by the size of the problem. The estimated total funding requirement is around **P9.6 trillion** if the status quo is maintained, according to the latest actuarial study by the GSIS.²

The size of the problem will continue to expand as we recruit more MUP. The MUP pension is already nine times that of the average pensioner of the Social Security System (SSS) and three times that of the average GSIS pensioner.

¹ As of March 2022, reported by the Bureau of Treasury

² GSIS using data as of December 31, 2019

To address this staggering fiscal overhang, this bill, patterned after the Committee Report of the Adhoc Committee on the MUP Pension System of the 18th Congress chaired by Representative Joey Sarte Salceda, proposes the following reforms:

- (1) **Monthly disability pension.** Grants a monthly disability pension, in lieu of disability benefits provided under existing laws, with the range of rates increased to between ₱5,000.00 to ₱20,000.00 a month;
- (2) **Mandatory contributions:** (i) first three years: 5% employee share, 16% National Government (NG) share; (ii) next three years: 7% employee share, 14% NG share; and (iii) thereafter: 9% employee share, 12% NG share. The NG share shall be used exclusively for pensions while the MUP's monthly contribution shall go to the MUP Trust Fund, 45% of which is for the establishment of a life insurance plan with death, accident, and disability benefits; another 45% for the establishment of the Provident Fund; while the remaining 10% is for the payment of disability pension;
- (3) **Fund administrator of MUP pension.** The MUP Trust Fund Committee will be established as the administrator of the MUP Trust Fund, with the Bureau of Treasury (BTr) as the Secretariat and the GSIS as the fund manager;
- (4) **Pension indexation.** Limits the automatic indexation of pension and survivorship benefits to adjustments in the salary of those in the active service holding the same rank, with a five percent (5%) annual cap on the salary increase of MUP for the next ten (10) years following the effectivity of the measure. The bill also allows the President, upon recommendation to the MUP Trust Fund Committee, to increase pensions at a rate lower than the growth rate in salaries, when the national government incurs an unmanageable public sector deficit;
- (5) **Other sources of funding.** Earmarks proceeds from the lease, joint development, auction of development rights, or disposition of government properties identified for the purpose, and investment income from the Trust Fund as sources of additional funding for the maintenance of MUP Trust Fund; and proceeds from the disposition of certain assets of the military and uniformed services for budgetary support of the uniformed services for capital outlay and maintenance and other operating expenditures;
- (6) **Tax treatment of the MUP Trust Fund.** Exempts MUP Trust Fund, its assets, revenues, including all accruals thereto, and benefits paid, from all taxes, assessments, fees, charges, or duties of all kinds;

In view of the urgency of the matter, the approval of this bill is urgently sought.


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Representative
First District, Leyte


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Representative
Party-List, Tingog Sinirangan



Republic of the Philippines
HOUSE OF REPRESENTATIVES
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NINETEENTH CONGRESS
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HOUSE BILL NO. 7

Introduced by Representatives **FERDINAND MARTIN G. ROMUALDEZ,**
YEDDA MARIE K. ROMUALDEZ and **JUDE A. ACIDRE**

AN ACT
CREATING A SUSTAINABLE FISCAL FRAMEWORK FOR THE PENSION
SYSTEM OF THE MILITARY AND UNIFORMED PERSONNEL, PROVIDING
MECHANISMS FOR THE DISPOSITION OF GOVERNMENT ASSETS FOR THE
PURPOSE, AND APPROPRIATING FUNDS THEREFOR

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

TITLE I
General Provisions

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “*Military and Uniformed*
2 *Personnel Pension Act*”.

3
4 **SEC. 2. *Declaration of Policy.*** – The State duly recognizes the vital role of the military
5 and uniformed personnel in providing internal and external security, promoting peace and order,
6 and ensuring public safety.

7 The State also recognizes its obligation to secure the pension system for the military and
8 uniformed personnel given the distinctive personal risks in their role in nation building and
9 national security.

10 To protect the military and uniformed personnel against the extraordinary hazards, risks,
11 and dangers that they encounter in the performance of their duties, the State shall ensure that
12 there shall be an adequate, robust, and a well-managed insurance system that shall adequately and
13 sustainably support their needs and that of their dependents.

14 Towards these ends, the State shall guarantee the sustainability of the pension and other
15 benefits of the military and uniformed personnel by creating a fiscal framework that fully
16 supports their funding requirements.

SEC. 3. *Definition of Terms.* – As used in this Act:

(a) *Military and Uniformed Personnel* refers to all employees of the government who wear uniforms, with ranks, may be armed or unarmed, primarily involved in national defense, enforcement of laws, and in the maintenance of peace, order, and security and who belong to any of the following services: Armed Forces of the Philippines, Philippine National Police, Philippine Coast Guard, Bureau of Fire Protection, Bureau of Jail Management and Penology, Bureau of Corrections, and the employees of the Hydrography Branch of the National Mapping and Resource Information Authority who were transferred from the Bureau of Coast and Geodetic Survey;

(b) *Pension* refers to the sum of money representing the monthly retirement pay or the monthly life annuity of a military and uniformed personnel;

(c) *Survivorship Pension* refers to the monthly benefit or the monthly life annuity of the beneficiaries of a military and uniformed personnel who is retired or separated under the provisions of existing laws.

TITLE II

Fiscal Sustainability of Pension Benefits

SEC. 4. *Fiscal Risk Management.* – To ensure that fiscal risks related to the military and uniformed personnel pension system are managed and addressed, the Secretary of Finance, as Chairperson of the Military and Uniformed Personnel Trust Fund Committee created under Section 9 of this Act, shall:

(a) Formulate policies, consistent with law, to ensure the fiscal sustainability of the pension of military and uniformed personnel;

(b) Assess possible risks to the fiscal sustainability of the pension of military and uniformed personnel and propose appropriate policy interventions;

(c) Identify, manage, and control risks that the pension of military and uniformed personnel may pose to the national government's fiscal position;

(d) Inform Congress of such risks through the annual Fiscal Risk Statement and propose legislative reforms to address such risks; and

(e) Obtain information from any officer or office of local governments and agencies and instrumentalities of the national government, as may be necessary.

SEC. 5. *Maturity Benefit from the Insurance Plan.* —A military and uniformed personnel who is retired or separated under the provisions of existing laws, or the qualified survivors in the case of death before retirement or separation, shall receive the maturity benefit from the life insurance plan funded by mandatory contributions paid by the military and uniformed personnel under Section 14 of this Act. The Military and Uniformed Personnel Trust Fund Committee as created under Section 9 of this Act, shall provide mechanisms to allow the enjoyment of this benefit either as a lump sum or in annuitized payments.

SEC. 6. *Disability Pension.* – In lieu of disability benefits provided under existing laws, a military and uniformed personnel who is retired by reasons of disability, which is the proximate result of wounds or injuries sustained or sickness or disease acquired in the line of duty shall

1 receive a monthly disability pension corresponding to the disability incurred at the time of
2 separation:

3 (a) If and while the disability is rated twenty-five percent (25%) –Five thousand pesos
4 (P5,000.00);

5 (b) If and while the disability is rated fifty percent (50%) - Ten thousand pesos
6 (P10,000.00);

7 (c) If and while the disability is rated seventy five percent (75%) - Fifteen thousand pesos
8 (P15,000.00); and

9 (d) If and while the disability is rated one hundred percent (100%) - Twenty thousand
10 pesos (P20,000.00).

11
12 **SEC. 7. *Capped Automatic Indexation to Adjustments in Active Personnel Pay.*** –

13 The adjustment in pension of retired or separated military and uniformed personnel and
14 survivorship pension of qualified survivors shall be automatically indexed to adjustments in the
15 salary of military and uniformed personnel in active service holding the same rank: *Provided, That*
16 within ten (10) years from the effectivity of this Act, the adjustment in the salary of active
17 military and uniformed personnel shall not exceed five percent (5%) at any given year and the
18 adjustment in the pension and survivorship pension shall not exceed five percent (5%) during
19 the same year.

20 The President of the Philippines is hereby authorized, upon the recommendation of the
21 Military and Uniformed Personnel Trust Fund Committee as created under Section 9 of this Act,
22 and subject to consultation with the President of the Senate and the Speaker of the House of
23 Representatives, to increase the pension and survivorship pension at a rate lower than the
24 adjustment in the salary of active military and uniformed personnel of the same rank if the
25 national government incurs an unmanageable public sector deficit.

26
27 **TITLE III**

28 **Military and Uniformed Personnel Trust Fund**

29
30 **SEC. 8. *Military and Uniformed Personnel Trust Fund.*** – The Military and
31 Uniformed Personnel Trust Fund, hereinafter referred to as the *MUP Trust Fund*, is hereby
32 created for the budgetary support of the military and uniformed services, including the payment
33 of pension and survivorship pension under existing laws and the disability pension and other
34 benefits under this Act.

35
36 **SEC. 9. *Military and Uniformed Personnel Trust Fund Committee.*** – To carry out
37 the declared policy of this Act, the Military and Uniformed Personnel Trust Fund Committee,
38 hereinafter referred to as the Committee, is hereby created. The Committee shall be organized
39 within ninety (90) days from the effectivity of this Act. The Committee is composed of the
40 following members:

41 (a) Secretary of Finance, as Chairperson;

42 (b) Secretary of Budget and Management;

43 (c) Secretary of National Defense;

44 (d) Secretary of the Interior and Local Government;

45 (e) Secretary of Justice;

- (f) Executive Secretary of the Office of the President; and
- (g) President and General Manager of the Government Service Insurance System.

The Bureau of the Treasury shall serve as the Secretariat of the Committee and maintain the records and accounts of all investments, receipts, disbursements, and other transactions relating to the management, administration, and utilization of the MUP Trust Fund: *Provided*, That these records and accounts are maintained in accordance with the existing accounting and auditing laws, rules, and regulations and audited by the Commission on Audit.

SEC. 10. Powers and Functions of the Committee. – The Committee shall exercise the following powers and functions:

(a) Act as Trustee of the MUP Trust Fund and such other assets as may be assigned to the pension system of the military and uniformed personnel and direct how the assets of the MUP Trust Fund are managed;

(b) Manage the MUP Trust Fund, through the fund manager designated under Section 11 herein, and ensure that the fund is actuarially and financially optimal and sustainable;

(c) Authorize the necessary expenses to manage and administer the MUP Trust Fund;

(d) Authorize and direct the creation of a life insurance system for military and uniformed personnel which shall cover death and disability benefits in addition to those provided under this Act, to account for the significant risks involved in military and uniformed service and indemnify personnel who suffer such risks, and set reasonable mandatory insurance premiums therefor;

Provided, That the insurance system shall be administered by the Government Service Insurance System and supervised by the Insurance Commission: *Provided, further*, That the insurance system shall be managed separately from the pension system: *Provided, finally*, That, subject to the authorization of the Committee, the insurance system may undertake investments in debt and equity securities and in the money market, real estate investments, and other viable investments;

(e) Authorize and direct the creation of a provident fund or a mutual fund;

(f) Implement and execute functions related to the disposition of assets identified under this Act;

(g) Create, manage, and utilize separate trust fund accounts for the budgetary support of the military and uniformed services, retirement and survivorship benefits of military and uniformed personnel, provident or mutual fund and insurance provisions; and

(h) Cause the undertaking of a survey or consultation to assess the preferences of military and uniformed personnel on the features of the pension system, including willingness to pay for contributions and interest in various benefit and investment schemes;

(i) Commission an actuarial evaluation of the fiscal sustainability of the pension scheme, including specific recommendations on the rates for contributions and investment options for the MUP Trust Fund, as applicable; and

(j) Perform other necessary functions for the effective management of the MUP Trust Fund.

Provided, That within one (1) year from the effectivity of this Act, the fund manager shall conduct the studies stated in Subsections (h) and (i) herein: *Provided, further*, That the findings and recommendations obtained from the studies shall be submitted to the Committee which shall

1 promulgate implementing rules and regulations with respect to the mandatory contribution
2 scheme, and other features of the pension scheme as applicable: *Provided, furthermore*, That an
3 amount not exceeding Thirty million pesos (P30,000,000.00) is hereby appropriated for the
4 conduct of the studies: *Provided, finally*, That the fund manager may engage the private sector, as
5 needed, to ensure quality and timeliness in the implementation of the survey, consultation, and
6 actuarial evaluation.

7
8 **SEC. 11. *MUP Trust Fund Manager.*** – The Government Service Insurance System is
9 designated as the fund manager and benefits administrator of the MUP Trust Fund, and shall:

10 (a) Implement an investment management and benefits administration strategy as
11 directed by the Committee;

12 (b) Monitor market and economic trends and track securities to make informed
13 investment decisions;

14 (c) Recommend its portfolio strategy to the Committee;

15 (d) Track financial results of companies in the portfolio and its various metrics, including
16 price-to-earnings ratios, inflation-adjusted return, sales, earnings, and dividends; and

17 (e) Perform other acts necessary to fulfill its mandate under this Act, or such Acts that
18 may be delegated by the Committee.

19
20 **SEC. 12. *Structure, Staffing Pattern, and Operating Budget.*** – The organizational
21 structure and staffing pattern for the management of the MUP Trust Fund within the
22 Government Service Insurance System and for the creation of the MUP Trust Fund Secretariat
23 within the Bureau of the Treasury shall be approved by the Committee within ninety (90) days
24 from the enactment of this Act: *Provided*, That appointees to various positions shall comply with
25 the qualification standards approved by the Civil Service Commission: *Provided, further*, That the
26 Government Service Insurance System shall be entitled to a management fee, to be charged
27 against the MUP Trust Fund and its derivative incomes, including budgetary requirement
28 commensurate to the expertise and services rendered for the salaries and benefits of officials and
29 employees assigned to the Committee.

30
31 **SEC. 13. *Joint Responsibility.*** – For the purpose of ensuring that only qualified
32 military and uniformed personnel retirees and beneficiaries shall receive the retirement pension
33 or separation benefits, the respective services or mother units shall assist and share, jointly or
34 separately, the duty and obligation with the Committee in monitoring proof of life or life events
35 that will affect the qualification of pensioners and beneficiaries to receive the pension or benefit.
36 The initial computation of pension and benefits accruing to each retiree or beneficiary shall be
37 jointly undertaken and agreed upon by the concerned mother unit and the Committee.

38
39 **SEC. 14. *Funding Sources.*** – The MUP Trust Fund shall be funded through the
40 following:

41 (a) *Capitalization.* – The amount of One hundred thirty billion pesos
42 (P130,000,000,000.00) shall be appropriated to the MUP Trust Fund to cover the pension
43 requirement of the Fiscal Year for which the fund was appropriated. Such sums as may be
44 necessary for the sustainability of the fund as determined by the Committee shall be
45 automatically appropriated and be automatically released to the MUP Trust Fund.

1 (b) *Mandatory Contributions.* – It shall be mandatory for military and uniformed personnel
2 to contribute a percentage of their monthly compensation as their personal share to the MUP
3 Trust Fund. There shall also be a National Government share which shall be automatically
4 appropriated and used exclusively to fund pension benefits of the military and uniformed
5 personnel. The mandatory contributions shall be allocated as follows:

6 i. For the first three (3) years after the effectivity of this Act, military and
7 uniformed personnel shall contribute five percent (5%) of their monthly compensation
8 as personal share, while the National Government shall provide an equivalent of sixteen
9 percent (16%) as its share;

10 ii. Thereafter, for the next three (3) years, military and uniformed personnel
11 shall contribute seven percent (7%), while the National Government shall provide
12 fourteen percent (14%); and

13 iii. For every year thereafter, military and uniformed personnel shall contribute
14 nine percent (9%) and the National Government shall provide twelve percent (12%).
15

16 *Provided,* That contribution rates may be adjusted by the fund manager, subject to
17 actuarial validation: *Provided, further,* That forty-five percent (45%) of mandatory contributions of
18 the military and uniformed personnel shall be used for the establishment of a life insurance plan
19 as authorized under this Act, with death, accident, and disability benefits in addition to those
20 mandated under this Act; forty-five percent (45%) shall be used to establish the Provident Fund;
21 and ten percent (10%) shall be used for the payment of disability pension granted under this Act:
22 *Provided, furthermore,* That such allocations may be periodically adjusted by the Committee based
23 on actual need and actuarial soundness: *Provided, finally,* That the life insurance plan shall include a
24 cash benefit that shall be due and collectible at the plan's maturity date, which shall be the date
25 of separation from service.

26 (c) *Additional Sources of Funding.* – The MUP Trust Fund may be augmented from the
27 unprogrammed appropriations and proceeds derived from the lease, joint development, auction
28 of development rights, or disposition of government properties identified for the purpose,
29 investment income from the MUP Trust Fund identified and overseen by the fund manager
30 subject to actuarial validation, and savings of the National Government.
31

32 **SEC 15. *Government Guarantee.*** — The government of the Republic of the
33 Philippines hereby guarantees the fulfillment of the obligations of the MUP Trust Fund to its
34 members when they fall due.
35

36 **SEC. 16. *Disposition of Military and Uniformed Services Assets.*** – Within thirty
37 (30) days from the effectivity of this Act, the concerned military and uniformed services shall
38 submit a complete list of their real assets in the manner prescribed by the Committee to identify
39 additional sources of funding for budgetary support of their services, and augment the financing
40 of the separation, retirement, and pension benefits of their military and uniformed personnel
41 under existing laws and this Act.

42 Thereafter, the Committee shall conduct a complete accounting and inventory of the
43 assets of military and uniformed services that may be used to support the MUP Trust Fund,
44 including the amount, value, description and nature of such funds, properties, assets, records,

1 choses in action, and other rights, claims, or causes of action pertaining thereto, and submit a
2 report to the Office of the President, Congress, and the Commission on Audit.

3 Within thirty (30) days from the receipt of the inventory by the Committee, the
4 Commission on Audit shall audit the accounting and inventory of the assets of concerned
5 military and uniformed services to determine the completeness of the inventory and establish the
6 reasonableness of the asset valuation.

7 Within one (1) year from the submission of the accounting and inventory of the assets of
8 concerned military and uniformed services, the Commission on Audit shall submit to the
9 Committee the audit report, including the complete list of the assets of concerned military and
10 uniformed services and their valuation, and the empirical basis and the methodologies employed
11 for the valuation.

12 The Committee shall, within fifteen (15) days from the receipt of audit report, publish
13 the audit report in at least two (2) newspapers of general circulation. Nothing herein shall be
14 construed as preventing the designated disposition entity from procuring a third-party appraisal
15 of any of the assets of concerned military and uniformed services prior to or while preparing the
16 privatization or disposition plans of the assets.

17 The Committee shall coordinate with the Office of the President, Philippine Reclamation
18 Agency, and other disposition entities to be identified by the Committee in the execution and
19 delivery of this mandate.

20 The Committee shall prioritize the disposition modes that may generate income from
21 these assets without undertaking the sale thereof except when the Committee determines that
22 selling a specific asset is the most optimal financial option: *Provided*, That the Committee may sell
23 only portions thereof to meet the financial requirements.

24 To optimize revenues from the assets of the concerned military and uniformed personnel
25 services, the Committee may seek the services of the Privatization Group of the Department of
26 Finance which shall recommend to the Committee the most financially advantageous manner of
27 disposition of the assets.

28 Unless otherwise directed by the President of the Philippines as the Commander-in-
29 Chief and upon the recommendation of the Secretary of Finance, the proceeds from the
30 disposition of assets of the concerned military and uniformed services shall be earmarked for the
31 budgetary support of the military and uniformed services for capital outlay and maintenance and
32 other operating expenditures. The Committee shall allocate the proceeds from the disposition of
33 assets based on the funding requirements of the specific purposes. The proceeds from the
34 disposition of asset of the military and uniformed services shall inure to the benefit of, or as
35 budget support to, the service to which the asset belongs if used towards budgetary support for
36 capital outlays, pension fund, and maintenance and other operating expenses.

37 Within one (1) year from the effectivity of this Act, the military and uniformed services
38 may add to the list such real assets required for identification and submission under this Section
39 and which belonged to the military and uniformed services prior to the effectivity of this Act.
40 Any real asset that is required by this Act to be included in the submitted lists and which are not
41 included in actual submissions by the military and uniformed services may be disposed by the
42 MUP Trust Fund Committee in the manner it deems appropriate.

43
44 **SEC. 17. *Tax Treatment of the MUP Trust Fund.*** – Notwithstanding any law to the
45 contrary, the MUP Trust Fund, its assets, revenues, including all accruals thereto, and benefits

1 paid, are exempt from all taxes, assessments, fees, charges, or duties of all kinds. These
2 exemptions shall continue unless expressly and specifically revoked.

3 Subject to Section 20 of this Act, the MUP Trust Fund, the properties of the military and
4 uniformed services identified by the Committee to be disposed and sums or monies for the
5 payment of the benefits under this Act are exempt from attachment, garnishment, execution,
6 levy or other processes issued by the courts, quasi-judicial agencies or administrative bodies and
7 from all financial obligations of the members, including pecuniary accountability arising from or
8 caused or occasioned by the members' exercise or performance of official functions or duties, or
9 incurred relative to or in connection with the members' position or work except when the
10 monetary liability, contractual or otherwise, is in favor of the MUP Trust Fund.

11 All other applicable tax exemptions granted to the Government Service Insurance
12 System shall also apply to the MUP Trust Fund.

13 14 TITLE IV 15 Transitory Provisions

16
17 **SEC. 18. *Transfer of Power and Functions.*** - For purposes of administration of
18 military and uniformed personnel pension and retirement benefits, the powers and functions of
19 units or instrumentalities of agencies that employ military and uniformed personnel and
20 administer their pension system or parts thereof are hereby transferred to the MUP Trust Fund
21 Committee.

22
23 **SEC. 19. *Period of Transfer.*** - There shall be a transition period of five (5) months
24 from the effectivity of this Act to implement the transfer of powers and functions, rights, assets,
25 and liabilities mentioned in this Title: *Provided*, That the same transition period shall be provided
26 to allow the units or instrumentalities of agencies administering the military and uniformed
27 personnel pension system to restructure: *Provided, further*, That all civilian personnel in the units or
28 instrumentalities administering the military and uniformed personnel pension system affected by
29 the transfer of powers and functions provided in this Title shall continue in office without need
30 of reappointment: *Provided, finally*, That civilian employees in the units or instrumentalities of
31 agencies administering the military and uniformed personnel pension system who opt to retire or
32 resign as a result hereof, if qualified, shall be allowed and be entitled to retirement and separation
33 benefits under existing laws to officials and employees affected by an approved reorganization
34 program.

35 36 TITLE VI 37 Final Provisions

38
39 **SEC. 20. *Non-encumbrance of Benefits.*** - The benefits authorized under this Act,
40 except as provided herein, are not subject to attachment, garnishment, levy, execution or any tax
41 whatsoever, and may not be assigned, ceded, or conveyed to any third person: *Provided*, That if a
42 retired or separated military and uniformed personnel who is entitled to any benefit under this
43 Act has unsettled money or property accountabilities incurred while in the active service, an
44 amount not exceeding fifty percent (50%) of the pension gratuity or other payment due to the

1 military and uniformed personnel or their survivors under this Act may be withheld and be
2 applied to settle such accountabilities.

3
4 **SEC. 21. *Financial Literacy and Career Transition Training.*** – The *Bangko Sentral ng*
5 *Pilipinas*, in coordination with the military and uniformed services, shall provide mandatory,
6 periodic financial literacy training for active personnel. The military and uniformed services shall
7 formulate skills workshops for active personnel who plan to transition to other careers outside of
8 the uniformed service.

9
10 **SEC. 22. *Penal Clause.*** – Any person who participates directly or indirectly in the
11 commission of fraud, falsification, misrepresentation of facts, collusion or any similar anomaly in
12 the issuance of any certificate or document for any purpose connected with this Act shall upon
13 conviction be punished by a fine of not less than the amount defrauded but not more than
14 threefold of such amount or imprisonment of not less than six (6) months and one (1) day to six
15 (6) years and perpetual disqualification from holding public office and from practicing any
16 profession licensed by the government.

17
18 **SEC. 23. *Implementing Rules and Regulations.*** – Within sixty (60) days from the
19 effectivity of this Act, the Secretary of Finance shall, in consultation with the Secretaries of
20 National Defense, Interior and Local Government, Justice, Transportation, Environment and
21 Natural Resources, Budget and Management, and the Head of the Government Service and
22 Insurance System, promulgate the necessary rules and regulations for the effective
23 implementation of this Act.

24 Supplemental rules and regulations governing the management and administration of the
25 pension system of the military and uniformed personnel may be issued within one (1) year from
26 the effectivity of this Act.

27
28 **SEC. 24. *Repealing Clause.*** – The pertinent provisions of these laws are hereby
29 repealed:

30 (a) Presidential Decree No. 361, entitled “*Providing for an Armed Forces Retirement and*
31 *Separation Benefits System*,” as amended by Presidential Decree No. 1656 and Presidential Decree
32 No. 1909;

33 (b) Sections 23, 24, 26, and 31 of Presidential Decree No. 1638, entitled “*Establishing a*
34 *New System of Retirement and Separation for Military Personnel of the Armed Forces of the Philippines and for*
35 *Other Purposes*,” as amended by Presidential Decree No. 1650;

36 (c) Section 11 of Republic Act No. 340, as amended, entitled “*An Act to Establish a*
37 *Uniform Retirement System for the Armed Forces of the Philippines, to Provide for Separation Therefrom, and*
38 *for Other Purposes*”, as amended;

39 (d) Sections 16, 17, 18, 19, 20 and 22 of Republic Act No. 5976, otherwise known as the
40 “*Coast Survey Officers Retirement and Separation Act of 1969*”;

41 (e) Section 77 of Republic Act No. 6975, otherwise known as the “*Department of Interior*
42 *and Local Government Act of 1990*”, as amended; and

43 (f) Sections 4 and 5 of Republic Act No. 9040, otherwise known as the “*AFP Tax*
44 *Exemption for Pay and Allowances Act of 2001*.”

1 All other laws, rules and regulations, and other issuances or parts thereof, which are
2 inconsistent with the provisions of this Act, are hereby repealed, amended, or modified
3 accordingly.

4
5 **SEC. 25. *Separability Clause.*** – If any provision or part of this Act is declared invalid
6 or unconstitutional, the remaining parts or provisions not affected shall remain in full force and
7 effect.

8 **SEC. 26. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in
9 the *Official Gazette* or in a newspaper of general circulation.

Approved,