

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

**HOUSE OF REPRESENTATIVES**

**H. B. No. 2556**



---

Introduced by Representative Ralph G. Recto

---

**AN ACT**  
**STRENGTHENING THE MILITARY AND UNIFORMED PERSONNEL PENSION**  
**SYSTEM, CREATING THE MILITARY AND UNIFORMED PERSONNEL**  
**INSURANCE FUND, AMENDING SECTIONS 3 AND 24 OF REPUBLIC ACT**  
**NUMBER 8291, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Uniformed services are vested with the Aegean tasks of upholding Philippine sovereignty and territorial integrity, protecting lives and properties, and maintaining peace, order, and safety. To perform their respective mandates, uniformed services engage in the active recruitment of their respective manpower complement. Such recruitment of military men, police officers, firefighters, jail custodians, and coastguardsmen, will invariably result not only in increased operational cost today, but also in higher pension payments in the future.

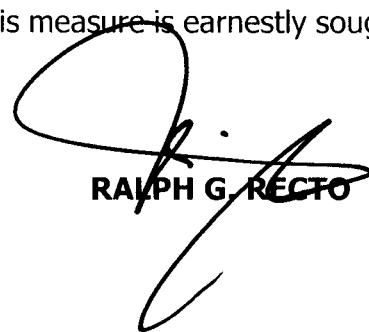
The current system of financing the pension requirements of military and uniformed personnel retirees, however, is unsustainable, if not fiscally irresponsible. The pension system is entirely dependent on the funds appropriated for pension requirements in the annual general appropriations. Apart from the resulting delays in the payment of pension claims, the government is also burdened by the need to appropriate funds for a ballooning pension requirement without a viable fund source. For 2022, the government has obligated P153.13 billion, or 3.05% of the National Expenditure Program, for military and uniformed personnel pension – an amount equivalent to 138.68% of the amount obligated for the same purpose just a decade ago. This figure is equivalent to about 89% of the amount obligated for military and

uniformed personnel base pay for the same year. Without ample intervention, funding requirements for pensioners shall eclipse the operational requirements of all active uniformed services in the country.

This bill seeks to arrest this impending fiscal disaster by establishing a government-guaranteed insurance fund to cover the insurance needs of new entrants to the uniformed services of the government. This fund shall be managed by the Government Service Insurance System (GSIS) and shall be supported by agency contributions equivalent to 21% of the total monthly base pay of their respective uniformed personnel. Proceeds from investing the fund shall then be used to pay for the separation or retirement benefits of qualified uniformed personnel member. This bill also ensures that existing pensioners and uniformed personnel in active service prior to its approval shall enjoy the prevailing retirement benefits at the time of their initial appointment, recruitment, or admission to the uniformed services.

Through the creation of the Military and Uniformed Personnel (MUP) Insurance Fund, it is hoped that a viable and sustainable funding source for pension requirements shall be secured, and a responsible management of scant government resources shall be realized.

In view of the foregoing, the swift passage of this measure is earnestly sought.



**RALPH G. RECTO**

/mdg

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

**HOUSE OF REPRESENTATIVES**

**H. B. No. 2556**

---

Introduced by Representative Ralph G. Recto

---

**AN ACT**  
**STRENGTHENING THE MILITARY AND UNIFORMED PERSONNEL PENSION**  
**SYSTEM, CREATING THE MILITARY AND UNIFORMED PERSONNEL**  
**INSURANCE FUND, AMENDING SECTIONS 3 AND 24 OF REPUBLIC ACT**  
**NUMBER 8291, AND FOR OTHER PURPOSES**

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

1       Section 1. *Short Title.* – *This Act shall be known as the "Military and Uniformed*  
2       *Personnel Insurance Fund Act."*

3       Sec. 2. *Declaration of Policy and Objectives.* – The State recognizes the  
4       invaluable contribution of the uniformed services in providing an environment  
5       conducive to nation-building and economic development. The State likewise  
6       recognizes the role of uniformed personnel who faithfully carry out their mandate to  
7       uphold Philippine sovereignty and territorial integrity; to protect lives and properties;  
8       and to maintain peace, order, and safety – often at great personal risk and peril. To  
9       recompense such dedicated performance of duty, it is hereby declared the policy of  
10      the State to provide immediate and adequate care, benefits, and other forms of  
11      assistance to veterans of the uniformed services, as well as to their surviving spouses  
12      and orphans. Towards this end, the State shall develop a sound, viable, and tax-  
13      exempt military and uniformed personnel insurance and pension fund that caters to  
14      the needs of the uniformed personnel of the National Government, and motivates  
15      them to faithfully abide by their commitments to the country and its people.

16      Sec. 3. *Definition of Terms.* – For the purposes of this Act:

1 (a) *Military and Uniformed Personnel (MUP) Insurance Fund* shall refer to the  
2 special insurance fund for the new entrants to the uniformed services of the National  
3 Government created under Section 4 of this Act;

4 (b) *Base Pay* shall refer to the primary cash compensation for work performed  
5 by uniformed personnel of the uniformed services, excluding any other pay,  
6 allowances, benefits or incentives;

7 (c) *Government Service Insurance System (GSIS)* shall refer to the  
8 Government Service Insurance System created by Commonwealth Act No. 186, as  
9 amended;

10 (d) *New Entrants* shall refer to newly-appointed, -recruited or -admitted  
11 uniformed personnel of the uniformed services after the effectivity of this Act;

12 (e) *Uniformed Personnel* shall refer to the commissioned officers and enlisted  
13 personnel of the uniformed services; and,

14 (f) *Uniformed Services* shall refer to the Armed Forces of the Philippines (AFP),  
15 Philippine National Police (PNP), Bureau of Fire Protection (BFP), Bureau of Jail  
16 Management and Penology (BJMP), Philippine Coast Guard (PCG) and commissioned  
17 corps of the National Mapping and Resource Information Authority (NAMRIA).

18 Sec. 4. *Military and Uniformed Personnel Insurance Fund.* – To carry out the  
19 purposes of this Act, the Military and Uniformed Personnel Insurance Fund is hereby  
20 created, herein referred to as the MUP Insurance Fund, as a special insurance fund  
21 for the new entrants to the uniformed services who received their initial appointments  
22 after the effectivity of this Act.

23 The GSIS shall be responsible for the administration of the MUP Insurance Fund  
24 and the implementation of the provisions of this Act: *Provided, That* the MUP  
25 Insurance Fund shall be administered and reported separately from the GSIS Social  
26 Insurance Fund provided under Section 34 of Republic Act No. 8291, otherwise known  
27 as "*The Government Service Insurance System Act of 1997.*"

28 The MUP Insurance Fund shall not be used for purposes other than those  
29 provided for under this Act. No portion of the MUP Insurance Fund or income thereof  
30 shall accrue to the General Fund of the national government and its political  
31 subdivisions, instrumentalities and other agencies including government-owned and  
32 -controlled corporations except as may be allowed under this Act.

1           Sec. 5. *Coverage.* – Upon recruitment, appointment or admission, coverage in  
2 the MUP Insurance Fund shall be mandatory for all new entrants to the uniformed  
3 services.

4           Sec. 6. Section 3 of Republic Act No. 8291, otherwise known as "The  
5 Government Service Insurance System Act of 1997," is hereby amended to read as  
6 follows:

7                     "Section 3. Compulsory Membership. — Membership in the GSIS  
8 shall be compulsory for all employees receiving compensation **AND FOR**  
9 **NEW ENTRANTS TO THE UNIFORMED SERVICES COVERED BY**  
10 **THE MUP INSURANCE FUND**, who have not reached the compulsory  
11 retirement age, irrespective of employment status, except [~~members of~~  
12 ~~the Armed Forces of the Philippines and the Philippine National Police,~~  
13 ~~subject to the condition that they must settle first their financial~~  
14 ~~obligation with the GSIS, and]~~ contractuels who have no employer and  
15 employee relationship with the agencies they serve."

16          SEC. 7. Section 24 of Republic Act No. 8291, otherwise known as "The  
17 Government Service Insurance System Act of 1997," is hereby amended to read as  
18 follows:

19                     "Section 24. Compulsory Life Insurance. — All employees [~~except~~  
20 ~~for Members of the Armed Forces of the Philippines (AFP) and the~~  
21 ~~Philippine National Police (PNP)] **AND NEW ENTRANTS TO THE**~~  
22 **UNIFORMED SERVICES COVERED BY THE MUP INSURANCE**  
23 **FUND** shall, under such terms and conditions as may be promulgated  
24 by the GSIS, be compulsorily covered with life insurance, which shall  
25 automatically take effect as follows:

26                     "x. x. x."

27          Sec. 8. *MUP Insurance Fund Generation.* – The government agency concerned  
28 shall contribute to the MUP Insurance Fund an amount equivalent to twenty-one  
29 percent (21%) of the monthly base pay of their uniformed personnel appointed after  
30 the effectivity of this Act.

31          The government agency concerned shall include in its annual appropriation  
32 such sums as may be necessary to cover the required contribution provided for in this

1 Act. The manner of collection and remittance of contributions to the MUP Insurance  
2 Fund shall be in accordance with the relevant provisions of Republic Act No. 8291,  
3 otherwise known as "*The Government Service Insurance System Act of 1997.*"

4 Sec. 9. *MUP Insurance Fund Investments.* – The portions of the MUP Insurance  
5 Fund which are not needed to meet any current obligation may be invested in  
6 accordance with Section 36 of Republic Act No. 8291, otherwise known as "*The*  
7 *Government Service Insurance System Act of 1997.*"

8 Sec. 10. *Retirement, Separation and Other Benefits.* – The provision of  
9 retirement, separation, and other benefits chargeable against the MUP Insurance  
10 Fund, including eligibility requirements, shall be governed by the relevant provisions  
11 of Republic Act No. 8291, otherwise known as "*The Government Service Insurance*  
12 *System Act of 1997.*"

13 Sec. 11. *Grant of Additional Retirement and Separation Benefits.* – GSIS may,  
14 upon determination of actuarial soundness, provide better pension benefits to qualified  
15 military and uniformed personnel retirees covered by the MUP Insurance Fund.

16 Sec. 12. *Exemptions from Tax, Legal Process and Lien.* – Any provision of the  
17 law to the contrary notwithstanding, all contributions for the MUP Insurance Fund and  
18 all accruals thereto and income or investment earnings therefrom shall be exempt  
19 from any tax, assessment, fee, charge, or customs or import duty in accordance with  
20 Section 39 of Republic Act No. 8291, otherwise known as "*The Government Service*  
21 *Insurance System Act of 1997.*"

22 Sec. 13. *Government Guarantee.* – The government of the Republic of the  
23 Philippines hereby guarantees the fulfillment of the obligations of the GSIS to military  
24 and uniformed personnel members covered by the MUP Insurance Fund as and when  
25 they fall due.

26 Sec. 14. *Cost of MUP Insurance Fund Administration.* – The MUP Insurance  
27 Fund shall bear the costs of its administration and development, in such amounts and  
28 for limits as the GSIS Board of Trustees may deem appropriate, but not exceeding ten  
29 percent (10%) of the annual revenues from all sources: *Provided, That* the President  
30 of the Philippines may, on the basis of actuarial and management studies, increase  
31 the allotment for the administrative and operational expenses for the MUP Insurance  
32 Fund.

1           Sec. 15. *Audit.* – The audit of the MUP Insurance Fund shall be conducted in  
2 accordance with Section 22 of Republic Act No. 8291, otherwise known as "*The*  
3 *Government Service Insurance System Act of 1997.*"

4           Sec. 16. *Pension Benefits for Pensioners and Active Uniformed Personnel Prior*  
5 *to the Effectivity of this Act.* – Existing pensioners and uniformed personnel in active  
6 duty prior to the effectivity of this Act shall enjoy the retirement benefits provided  
7 under Presidential Decree No. 1638 as amended, Republic Act No. 6975 as amended  
8 by Republic Act No. 8551, Republic Act No. 9993, and other applicable laws.

9           Sec. 17. *Appropriations.* – The amount necessary for the implementation of the  
10 provisions of this Act shall be included in the annual General Appropriations Act  
11 following its enactment into law.

12           Sec. 18. *Implementing Rules and Regulations.* – Within ninety (90) days from  
13 effectivity of this Act, the GSIS and the Department of Budget and Management (DBM)  
14 shall, in coordination with the Department of Environment and Natural Resources  
15 (DENR), the Department of the Interior and Local Government (DILG), the  
16 Department of National Defense (DND), and the Department of Transportation  
17 (DOTr), and after consultation with directly affected stakeholders, promulgate the  
18 rules and regulations to effectively implement the provisions of this Act.

19           Sec. 19. *Separability Clause.* – If any provision, section or part of this Act shall  
20 be declared unconstitutional or invalid, such judgment shall not affect, invalidate or  
21 impair any other provisions, sections or parts hereof.

22           Sec. 20. *Repealing Clause.* – All laws, decrees, orders, rules and regulations  
23 which are inconsistent with the provisions of this Act are hereby repealed, amended  
24 or modified accordingly.

25           Sec. 21. *Effectivity.* – This Act shall take effect fifteen (15) days following its  
26 publication in at least two (2) newspapers of general circulation or in the *Official*  
27 *Gazette.*

          Approved,