

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

House Bill No. **3220**



Introduced by

Senior Citizens Party-List Representative RODOLFO "OMPONG" M. ORDANES

EXPLANATORY NOTE

The dream of every Filipino has always been to comfortably retire once they become senior citizens. Time and again, all of us have imagined ourselves in the Filipino dream of retiring on our own abode with a sizeable nest egg that will take care of us for the rest of our golden years. However, the rising cost of goods and healthcare coupled with the slow increase in income has made this dream of our senior citizens remain just a dream.

Today, senior citizens are unable to fully enjoy retirement because they are unable to save enough money to compete with the rising costs of being senior citizens. According to the Philippine Statistics Authority's (PSA) Philippine National Health Accounts, senior citizens spent PhP 171.55 billion pesos for their health alone in 2018. Studies show that a comfortable retirement in the Philippines would require around PhP 40,000 to PhP 60,000 per month. However, compared to the high costs of retirement, PSA data shows that a significant majority or seventy-five percent (75%) of senior citizens are not covered by social security or retirement plan. Of those receiving a monthly pension, sixty percent (60%) receive below PhP 5,000 per month while only four percent (4%) receive a monthly pension of PhP 30,000 and above. Thus, a significant majority of senior citizens are constrained to heavily rely on their savings upon retirement.¹

Unfortunately, Filipino retirees were found to have limited savings for their retirement. According to the Bangko Sentral ng Pilipinas, Filipinos have only 3.6 months' worth of income for

¹ Mina, C. and Cacnio, F. (2019), "Are Filipino Senior Citizens Financially Protected?: Evidence from Consumer Finance Survey," 14th National Convention on Statistics, Retrieved from: <https://psa.gov.ph/sites/default/files/7.4.2%20Are%20Filipino%20Retirees%20and%20Would-be%20Retirees%20Sufficiently%20Protected%20Evidence%20from%20a%20Household-based%20Survey.pdf>

retirement. Meanwhile, the average savings of a Filipino family is only around PhP 52,000 per year.² Thus it is almost impossible for our senior citizens to comfortably retire today.

This situation constrains senior citizens to seek employment. Unfortunately, due to our laws on compulsory retirement and existing prejudice on the capability of senior citizens to perform any job well or the possibility of senior citizen employment to take jobs from the youth, senior citizens are relegated into situation where they have to become part of the unsafe informal economy or rely on handouts by their relatives just to survive.

However, these misconceptions are false. According to the Harvard Business Review, the knowledge and expertise of senior citizen employees, the main predictors of job performance, kept increasing even beyond the age of 80. In a 2021 World Bank Research, it found that senior citizen employment has a positive correlation with youth employment as the former simulates economic activity that accelerates job creation. Moreover, it was found that senior citizen employment combats depression that almost 50% of unemployed senior citizens suffer from.

The current predicament of our senior citizens runs contrary to the 1987 Philippine Constitution which mandates that the State has a duty to care for its elderly members through programs of social security³ and the State's policy under existing laws which emphasizes its mandate to re-affirm the valued Filipino tradition of caring for the senior citizens and foster their capacity to attain more meaningful and productive aging.⁴

This measure seeks to partially increase the savings of our senior citizens and augment their income for their daily subsistence. Through this, we, as a nation, can finally fulfill our Constitutional mandate to promote social justice by protecting and uphold the welfare of the vulnerable sectors of our society while helping them achieve the Filipino dream of a comfortable retirement.

In view of this, the passage of the bill is sought.


RODOLFO "OMPONG" M. ORDANES

² PSA, 2015 Family Income and Expenditure Survey.

³ Phil. Const. Art. XV Section 4.

⁴ Expanded Senior Citizens Act of 2010.

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AN ACT
REPEALING COMPULSORY RETIREMENT UNDER ARTICLE 287, TITLE II, BOOK VI OF THE
LABOR CODE OF THE PHILIPPINES

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

Section 1. Article 287, Title II, Book VI of the Labor Code of the Philippines is hereby amended, to read as follows:

" **Art. 287. Retirement.** Any employee may be retired upon reaching the retirement age established in the collective bargaining agreement or other applicable employment contract.

In case of retirement, the employee shall be entitled to receive such retirement benefits as he may have earned under existing laws and any collective bargaining agreement and other agreements: Provided, however, That an employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided therein.

In the absence of a retirement plan or agreement providing for retirement benefits of employees in the establishment, an employee upon reaching the age of sixty (60) years or more, ~~but not beyond sixty-five (65) years which is hereby declared the compulsory retirement age~~, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

AN EMPLOYEE WHO REACHED THE AGE OF SIXTY-FIVE (65) YEARS CAN CHOOSE TO CONTINUE THEIR EMPLOYMENT PROVIDED THAT HE QUALIFIES UNDER THE BONA FIDE OCCUPATIONAL QUALIFICATIONS OF HIS JOB. THE BURDEN TO PROVE OTHERWISE IS WITH THE EMPLOYER.

X x x."

Section 2. *Repealing Clause.* - All law, executive orders, rules, and regulations or any part thereof inconsistent herewith are deemed repealed or modified accordingly.

Section 3. *Separability Clause.* - If any part or provision of this Act shall be declared unconstitutional and invalid, such declaration shall not invalidate other parts thereof which shall remain in full force and effect.

Section 4. *Effectivity.* - This Act shall take effect fifteen (15) days its complete publication n the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved,