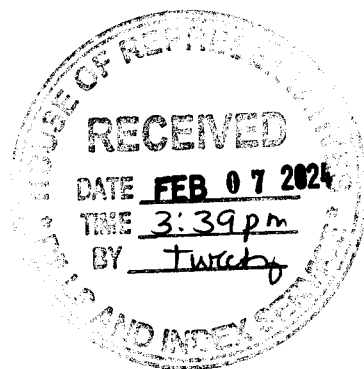


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

House Bill No. **9893**



Introduced by HON. RODOLFO "OMPONG" M. ORDANES

AN ACT PROVIDING FOR THE AUTOMATIC ANNUAL ADJUSTMENT OF THE PENSIONS OF RETIREES FROM THE GOVERNMENT WHO ARE MEMBERS OF THE GOVERNMENT SERVICE INSURANCE SYSTEM

EXPLANATORY NOTE

This bill aims to provide for the annual automatic adjustment of the pensions of retirees from the Philippine Government who are members of the Government Service Insurance System (GSIS) by linking their pensions to the annual inflation rate or movement of the Consumer Price Index (CPI) issued by the Philippines Statistics Authority (PSA).

The monthly retirement pensions of GSIS members are lifetime benefits computed as of their retirement date. As they receive their retirement pensions, the actual value of this amount diminishes as living costs rise, weakening their purchasing power for basic needs such as food and medicines.

Republic Act No. 9291, also known as the "The Government Service Insurance System Act of 1997," allows for periodic pension adjustments based on the GSIS' actuary recommendations and Board approval¹. However, previous adjustments, such as the increases of 1.5% per year in 2013, the minimum basic monthly pension of P5,000.00 in 2013, and the proposed increase to P6,000.00 in 2019, have not kept pace with inflation rates.

Although these adjustments provided relief for pensioners, they only occur irregularly and depend on the Board's recommendation and the President's approval. Even if they are endorsed, the rates of these modifications still fall substantially behind the actual inflation rates, which have averaged 4 percent annually over the past two decades.

¹ Section 14, Republic Act No. 9291

The adjusted pensions of retirees also remain significantly lower than those of active government employees in comparable positions. For example, a typical public school teacher who retired fifteen years ago receives a pension considerably less than the salary of current teachers.

The proposed pension system has been a long practice in other countries. In fact, the federal and state governments in the United States of America provide Cost of Living Adjustments (COLA) to their retired public employees, typically tied to the CPI or fixed percentages of monthly pensions. Other European countries, Israel, and Chile, have also established similar systems for automatically adjusting age-old pensions.

If passed into law, this bill hopes to significantly benefit 577,765 GSIS old-age and survivorship pensioners (as of March 2023)² and future retirees, including their families, and make their hard-earned pensions cope with the rising cost of living for the remaining years of their lives.

The needed amount for implementing this system will be sourced from the GSIS, given its robust financial standing, as reflected by its reported net income of P80 billion pesos in 2023.

Given the foregoing, the passage of this bill is earnestly sought.



RODOLFO “OMPONG” M. ORDANES

² <https://icrs.gcg.gov.ph/profiles/gsis/#:~:text=As%20of%20March%202023%2C%20GSIS,old%2Dage%20and%20survivorship%20pensioners.>

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

SECTION 1. COVERAGE. – This Act shall apply to all living retirees from the government whose pensions are paid by the Government Service Insurance System (GSIS) as of the effective date of this Act. It shall also apply to all future retirees from the Government whose pensions are to be paid by the GSIS.

SECTION 2. ANNUAL ADJUSTMENT OF PENSION. – The monthly pension of a retiree shall be automatically adjusted at every anniversary of his retirement date by using the following formulae:

$$\begin{aligned} \text{MPn} &= \text{MPo} \times K \\ K &= \text{CPI}_n / \text{CPI}_o \end{aligned}$$

where:

MPn = new monthly pension of the retiree;
MPo = original monthly pension of the retiree at the time of his retirement;
K = adjustment factor to be applied to the original monthly pension;
CPI_n = Consumer Price Index (CPI) issued by the Philippines Statistics Authority (PSA) for the retirement anniversary month when the new monthly pension will take effect, and;
CPI_o = CPI issued by the PSA for the month of the year when the original monthly pension took effect.

SECTION 3. SOURCE OF FUNDS AND PAYMENT. – The amounts needed to pay to each concerned retiree, that is, the difference between the original and current monthly

pensions, as a result of applying the formulae in Section 2 of this Act, shall be provided from funds of the GSIS.

SECTION 4. SEPARABILITY CLAUSE. – If any provision of this Act is declared unconstitutional or invalid, other parts of provisions hereof not affected thereby shall continue to be in full force and effect.

SECTION 5. REPEALING CLAUSE. – All laws, decrees, orders, rules, and regulations or parts thereof inconsistent with the Act are hereby repealed or amended accordingly.

SECTION 6. EFFECTIVITY. – This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,