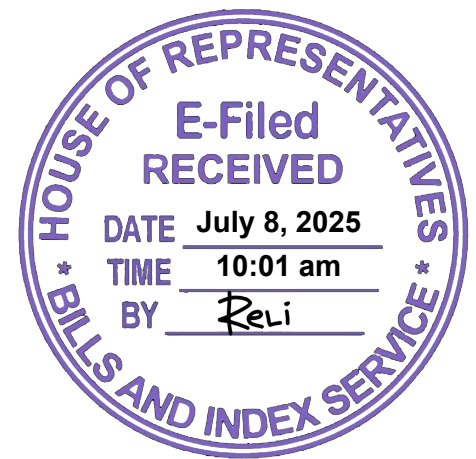


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 1550



Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE, HON. VINCENZO RENATO LUIGI R. VILLAFUERTE, HON. TSUYOSHI ANTHONY G. HORIBATA, AND HON. TERRY L. RIDON**

EXPLANATORY NOTE

Members of the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP), Philippine Coast Guard (PCG), Bureau of Corrections, and the commissioned officers of the Hydrography Branch of the National Mapping and Resource Information Authority, collectively referred as Military and Uniformed Personnel (MUP), serve as our frontliners in national defense, peace and order, public safety, and disaster response. In the course of the effective delivery of their duties, they are constantly exposed to precarious conditions that threaten their personal safety, security, and life. As they play an indispensable role in ensuring the safety of the Filipino people, in return, the State must maintain and strengthen its protection and welfare mechanisms for our MUP, especially years after their service to the nation.

Section 8, Article XVI of the 1987 Constitution provides that "The State shall, from time to time, review to upgrade the pensions and other benefits due to retirees of both the government and the private sectors." Following this mandate, the 19th Congress of the House of Representatives reviewed existing laws relating to pension systems and passed this proposed measure in third reading. However, due to a lack of material time for the Senate to discuss the bill, this must be re-filed for the consideration of the 20th Congress.

This proposed measure seeks to establish a sustainable and financially sound pension system for our MUP. Further, this bill aims to:

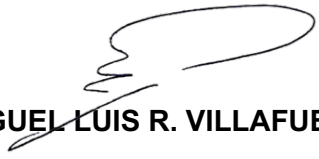
- Amend the compulsory retirement age from 56 to 57 years old.
- Guarantee a three percent (3%) annual salary increase in the base pay of active Military and Uniformed Personnel (MUP) for the first ten (10) years.
- Create two trust funds for members of the Armed Forces of the Philippines and other uniformed personnel services, which will serve as budgetary support for separation and retirement benefits including the payment of retirement pay, separation pay, and assistance to indigent pensioners. It also seeks to define the funding sources of the Trust Fund.
- Specify the computation for mandatory contributions and retirement benefits.
- Exempt the Trust Fund from payment of tax and lay down processes of its asset and revenue management and disposition.
- Establish the MUP Trust Fund Committee, which shall be responsible in ensuring the fiscal sustainability of the Trust Fund.
- Designate the Government Service Insurance System (GSIS) as the fund manager and benefits administrator.
- Allocate Php 50 million pesos as funding for the operations of the MUP Trust Fund

Secretariat.

In effect, this bill amends certain provisions of Republic Act No. 11709, specifically the provisions related to compulsory and optional retirement age.

This proposed measure is also part of the priority legislative agenda proposed by the Legislative-Executive Development Advisory Council.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



HON. MIGUEL LUIS R. VILLAFUERTE



HON. VINCENZO RENATO LUIGI R. VILLAFUERTE



HON. TSUYOSHI ANTHONY G. HORIBATA



HON. TERRY L. RIDON

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HON. TERRY L. RIDON

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

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

SECTION. 2. *Declaration of Policy.* – The State duly recognizes the vital role of the Military and Uniformed Personnel in providing internal and external security, promoting peace and order, and ensuring public safety.

The State also recognizes its obligation to secure the pension system for the Military and Uniformed Personnel, given the distinctive personal risks in their role in nation-building and national security.

Towards these ends, the State shall guarantee the sustainability of the pension and other benefits of the Military and Uniformed Personnel by establishing a fiscal framework that fully supports their funding requirements.

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

- (a) *Active Service* refers to active service rendered by the Military or Uniformed Services Personnel as a commissioned officer, non-commissioned officer, enlisted personnel, cadet, probationary officer, trainee or draftee in the Military or Uniformed Services: Provided, That service rendered as a cadet, probationary officer, trainee or draftee in the Military or Uniformed Services shall be credited for retirement purposes with a maximum of four (4) years, subject to applicable rules and regulations;
- (b) *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 commissioned officers of the Hydrography Branch of the National Mapping and Resource Information Authority who were transferred from the Bureau of Coast and Geodetic Survey;

- (c) *New Entrants* refer to Military and Uniformed Personnel who entered or re-entered the Military and Uniformed Services after the effectivity of this Act;
- (d) *Pension* refers to the sum of money representing the monthly retirement pay or the monthly life annuity of a Military and Uniformed Personnel;
- (e) Survivors refer to the following:
 - (1) Surviving spouse if married to the deceased prior to the latter's retirement or separation and not legally separated by judicial decree from the deceased issued on grounds not attributable to said spouse: Provided, that entitlement to benefits shall terminate until the said spouse remarries, cohabits, or engages in a common law relationship;
 - (2) Surviving children shall mean:
 - (i) Born of the marriage contracted prior to the retirement or separation from the service;
 - (ii) Adopted or acknowledged by the deceased while in active service; and
 - (iii) Children who are eighteen (18) years old and above but suffering from mental or physical incapacity, or any disability that renders them totally dependent on the deceased.

Provided, entitlement to benefits shall terminate when the surviving children attain eighteen (18) years of age or get married, except for surviving children who were duly certified by the appropriate medical certification process of the respective military or uniformed services, to be incapable of employment by reason of their mental or physical incapacity.

In default of those mentioned in paragraphs (1) and (2), above, or in their absence, the surviving parent or parents, or in default thereof, the surviving unmarried brothers and sisters who are below eighteen (18) years of age and without parental obligation; and

- (f) *Survivorship Pension* refers to the monthly benefit or the monthly life annuity of the beneficiaries of a deceased Military and Uniformed Personnel who is retired under the provisions of existing laws.

SECTION. 4. *Compulsory Retirement.* – The following shall be compulsorily retired:

- (a) **Military Personnel** – Military Personnel shall be compulsorily retired from service in accordance with Section 6 of Republic Act No. 11709, as amended by Section 2 of Republic Act No. 11939, under at least one of the following conditions:
 - (1) Upon reaching fifty-seven (57) years of age, or upon accumulation of thirty (30) years of satisfactory active service, whichever comes later; or
 - (2) For key officers upon completion of tour of duty, or upon relief by the President.
- (b) **Uniformed Personnel** – Uniformed Personnel shall be compulsorily retired from service upon reaching the age of fifty-seven (57) years old, or upon accumulation of thirty (30) years of satisfactory active service, whichever comes later.
Military or Uniformed Personnel killed-in-action or wounded-in-action resulting in total permanent disability as duly certified by the appropriate medical certification process of the respective services, shall be deemed compulsorily retired for purposes of

computing retirement benefits.

SECTION. 5. *Optional Retirement.* – A Military and Uniformed Personnel may voluntarily retire upon accumulation of at least twenty (20) years of satisfactory active service, subject to the approval of the appropriate authority.

SECTION. 6. *Harmonization of Total Permanent Disability Benefits.* – Military and Uniformed Personnel with total permanent disability as a result of injuries suffered or sickness contracted in the performance of duty as duly certified by the appropriate medical certification process of the respective services, that the extent of the disability or sickness renders such personnel unfit or unable to further perform the duties of his position, shall be compulsory retired.

TITLE II

Fiscal Sustainability of Pension Benefits

SECTION. 7. *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 12 of this Act, shall:

- (a) Formulate policies, consistent with law, to ensure the fiscal sustainability of the pension of Military and Uniformed Personnel;
- (b) Obtain information from any officer or office of local governments and agencies and instrumentalities of the National Government, as may be necessary;
- (c) Assess possible risks to the fiscal sustainability of the pension of Military and Uniformed Personnel and propose appropriate policy interventions;
- (d) Identify, manage, and control risks that the pension of the Military and Uniformed Personnel may pose to the National Government's fiscal position; and
- (e) Inform both Houses of Congress of such risks through the annual Fiscal Risk Statement and propose legislative reforms to address such risks.

SECTION. 8. *Retirement Pay.* – For those who entered the active service prior to the effectivity of this Act, the monthly retirement pay shall be fifty percent (50%) of the base pay and longevity pay of the grade next higher than the permanent grade last held by the personnel in case of twenty (20) years in active service, increasing by two and one-half percent (2.5%) for every year of active service rendered beyond twenty (20) years to a maximum of ninety percent (90%) for thirty-six (36) years of active service and over.

Upon retirement, a military or uniformed personnel shall choose between the following modes of payment of retirement benefits:

- (a) Lump Sum – Received in advance and in one lump sum, retirement benefits equivalent to thirty-six (36) months; and three (3) years thereafter, received monthly retirement benefits as they accrue; or
- (b) Direct Pension – Received monthly retirement benefits as they accrue.

The retirement pays of a Military and Uniformed Personnel who is killed-in-action or wounded-in-action resulting in total permanent disability, as duly certified by the appropriate medical certification process of the respective services, is computed at the rate of ninety percent (90%) of the monthly base and longevity pay of the retirement grade of the personnel regardless of years in active service.

For new entrants, monthly retirement pay shall be fifty percent (50%) of the base pay and longevity pay of the permanent grade last held by the personnel in case of twenty (20) years

in active service, increasing by two and one-half percent (2.5%) for every year of active service rendered beyond twenty (20) years to a maximum of ninety percent (90%) for thirty-six (36) years of active service and over.

Nothing in this section shall be construed as authorizing any downward adjustment of pay or payment of any differential in retirement pay to Military and Uniformed Personnel who are already retired prior to the approval of this Act.

SECTION. 9. *Separation Pay.* – Military and Uniformed Personnel who separates or resigns from the service without reaching twenty (20) years of satisfactory active service shall receive a separation pay equivalent to one month's base pay plus longevity pay of the permanent grade the Military and Uniformed Personnel holds at the time of separation for every year of active service.

SECTION. 10. *Adjustments in Active Personnel Pay and Pension Benefits.* – The pension of retired Military and Uniformed Personnel and survivorship pension of qualified survivors shall be subject to an automatic indexation at a rate not exceeding one hundred percent (100%) of the increase in the base pay of the Military and Uniformed Personnel in active service holding the same rank during the same year: *Provided*, That for the first ten (10) years from the effectivity of this Act, there shall be a guaranteed annual adjustment in the base pay of active Military and Uniformed Personnel of three percent (3%).

There shall be no automatic adjustment of the retirement and survivorship benefits to the prevailing scale of salary of the active Military and Uniformed Personnel of the same rank for new entrants. The Military and Uniformed Personnel Trust Fund Committee, created under Section 12 of this Act, may increase the retirement benefits herein provided by not more than one and a half percent (1.5%) of the retirement benefit within a given year, when the financial sustainability of such increase is supported by an actuarial study.

The President of the Philippines is hereby authorized, upon the recommendation of the Military and Uniformed Personnel Trust Fund Committee, and subject to consultation with the President of the Senate and the Speaker of the House of Representatives, to adjust the pension and survivorship pension at a rate lower than the adjustment prescribed herein due to adverse fiscal or economic conditions, as certified by the Development Budget Coordination Committee.

TITLE III

Military and Uniformed Personnel Trust Funds

SECTION. 11. *MUP Trust Funds.* – There shall be two (2) trust funds for the Military and Uniformed Personnel Services as follows:

- (a) **Armed Forces of the Philippines Trust Fund.** – The Armed Forces of the Philippines Trust Fund, hereinafter referred to as the AFP Trust Fund, is hereby created for the budgetary support of separation and retirement benefits of the Armed Forces of the Philippines, including the payment of the retirement pay, separation pay, and assistance to indigent pensioners under this Act, as well as the disability and survivorship pension under existing laws; and
- (b) **Uniformed Personnel Services Trust Fund.** – The Uniformed Personnel Services Trust Fund, hereinafter referred to as the UPS Trust Fund, is hereby created for the budgetary support of separation and retirement benefits of the uniformed personnel services, including the payment of the retirement pay, separation pay, and assistance to indigent pensioners under this Act, as well as the disability and survivorship pension under existing laws.

SECTION. 12. *Military and Uniformed Personnel Trust Fund Committee.* – To carry out the declared policy of this Act, the Military and Uniformed Personnel Trust Fund Committee, hereinafter referred to as the Committee, is hereby created. The Committee shall be organized within ninety (90) days from the effectivity of this Act. The Committee is composed of the following members:

- (a) Secretary of Finance as Chairperson;
- (b) Secretary of Budget and Management;
- (c) Secretary of National Defense;
- (d) Secretary of the Interior and Local Government;
- (e) Secretary of Justice;
- (f) Secretary of Transportation;
- (g) Executive Secretary of the Office of the President;
- (h) President and General Manager of the Government Service Insurance System;
- (i) Chief of Staff of the Armed Forces of the Philippines; and
- (j) Chief of the Philippine National Police.

Provided that the participation of representatives of the Military and Uniformed Services in deliberations and decision-making processes of the Committee shall be limited to the matters concerning their respective trust fund.

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 Funds: *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.

SECTION. 13. *Powers and Functions of the Committee.* – The Committee shall exercise the following powers and functions:

- (a) Act as Trustee of the MUP Trust Funds 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 Funds are managed;
- (b) Manage the MUP Trust Funds through the fund manager designated under Section 14 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 Funds;
- (d) Implement and execute functions related to the disposition of assets identified under this Act;
- (e) Create, manage, and utilize separate trust fund sub-accounts for the different Military and Uniformed Services;
- (f) 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;
- (g) 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 Funds, as applicable; and
- (h) Perform other necessary functions for the effective management of the MUP Trust Funds. *Provided*, that within one (1) year from the effectivity of this Act, the fund manager shall conduct the studies prescribed under this Section: *Provided, further*, That the findings and recommendations obtained from the studies shall be submitted to the Committee which shall promulgate the implementing rules and regulations with respect to the mandatory contribution scheme, and other features of the pension scheme as applicable.

SECTION. 14. *Manager of MUP Trust Funds.* – The Government Service Insurance System (GSIS) is designated as the fund manager and benefits administrator of the MUP Trust Funds, and shall:

- (a) Implement an investment management and benefits administration strategy as directed by the Committee;
- (b) Monitor market and economic trends and track securities to make informed investment decisions;
- (c) Recommend its portfolio strategy to the Committee;
- (d) Track financial results of companies in the portfolio and its various metrics, including price-to-earnings ratios, inflation-adjusted return, sales, earnings, and dividends; and
- (e) Perform other acts necessary to fulfill its mandate under this Act, or such acts that may be delegated by the Committee.

SECTION. 15. *Structure, Staffing Pattern, and Operating Budget.* – The organizational structure and staffing pattern for the management of the MUP Trust Funds within the Government Service Insurance System and for the creation of the MUP Trust Fund Secretariat within the Bureau of the Treasury shall be approved by the Committee within one hundred twenty (120) days from the effectivity of this Act: *Provided*, That appointees to various positions shall comply with the qualification standards approved by the Civil Service Commission: *Provided, further*, That the Government Service Insurance System shall be entitled to management fees, to be charged against the MUP Trust Funds.

SECTION. 16. *Joint Responsibility.* – For the purpose of ensuring that only qualified Military and Uniformed Personnel retirees and beneficiaries shall receive the retirement pension or separation benefits, the respective services or mother units shall assist and share, jointly or separately, the duty and obligation with the Committee in monitoring proof of life or life events that will affect the qualification of pensioners and beneficiaries to receive the pension or benefit. The initial computation of pension and benefits accruing to each retiree or beneficiary shall be jointly undertaken and agreed upon by the concerned mother unit and the Committee.

SECTION. 17. *Funding Sources.* – The MUP Trust Funds shall be funded through the following:

- (a) *Capitalization.* – Such sums as may be necessary to capitalize and sustain the fund as determined by the Committee shall be appropriated and released to the MUP Trust Funds;
- (b) *Mandatory Contributions.* – New entrants shall contribute nine percent (9%) of their monthly compensation as personal share, and the National Government shall provide twelve percent (12%) as its share.

Provided, that both the share of Military and Uniformed Personnel and the share of the National Government may be reduced by the Development Budget Coordination Committee due to adverse fiscal or economic conditions or the fiscal constraints of the National Government;

- (c) *Additional Sources of Funding.* – The MUP Trust Funds may be augmented from the unprogrammed appropriations and proceeds derived from the lease, joint development, auction of development rights, or disposition of government properties identified for the purpose, investment income from the MUP Trust Funds identified and administered by the fund manager subject to actuarial validation, and savings of the National Government: *Provided*, That the proceeds from the disposition of assets of the military or uniformed service shall inure exclusively to its personnel.

(d) *Sources of Funding for the AFP Trust Fund.* – The AFP Trust Fund may be funded from the proceeds of the following:

- (1) Residual assets and funds of the AFP retirement separation benefits system;
- (2) Sale of military reservations, as may be authorized by Congress, pursuant to the provisions of existing laws and regulations governing sales of government properties, including such immovable and other facilities as may be found therein, not otherwise covered by the Bases Conversion and Development Authority, as provided for in Republic Act No. 7227, as amended;
- (3) Lease or joint development of military reservations, as may be authorized by the President, pursuant to the provisions of existing laws and regulations governing lease or joint development of government properties, including such immovables and other facilities as may be found therein, not specifically enumerated under Republic Act No. 7227, as amended;
- (4) Income derived from public-private partnerships entered into by the Department of National Defense (DND) or the AFP, as may be authorized by the President, pursuant to the provisions of existing laws and regulations; and
- (5) Non-strategic real estate assets of the DND or the AFP as determined by the Secretary of National Defense.

SECTION. 18. Assistance to Indigent Pensioners. – The MUP Trust Fund Committee shall provide assistance to indigent pensioners to be financed out of the AFP Trust Fund and UPS Trust Fund. The Committee shall formulate the guidelines to govern the amount and manner of distribution to indigent pensioners: *Provided*, That beneficiaries shall be those who are (i) not gainfully employed; (ii) not having a means of livelihood; (iii) frail, sickly, or with disability; or, (iv) having an improved well-being but still at high-risk of subsequently falling back into survival level as they precariously live with little or no protection against economic shocks: *Provided, further*, That their aggregate income from all sources is deemed inadequate for daily sustenance: *Provided, finally*, That nothing in this Act shall be construed to reduce any existing benefits and allowances of any form under existing laws, decrees, issuances, executive orders, and other applicable laws.

SECTION. 19. Government Guarantee. – The government of the Republic of the Philippines hereby guarantees the fulfillment of the obligations of the MUP Trust Funds to its members when they fall due.

SECTION. 20. Disposition of Military and Uniformed Services Assets. – Within thirty (30) days from the effectivity of this Act, the concerned Military and Uniformed Services shall submit a complete list of their real assets in the manner prescribed by the Department of Finance to identify additional sources of funding for budgetary support of their services and augment the financing of the separation, retirement, and pension benefits of their Military and Uniformed Personnel under existing laws and this Act.

Thereafter, the Department of Finance shall conduct a complete accounting and inventory of the assets of Military and Uniformed Services that may be used to support the MUP Trust Funds, including the amount, value, description and nature of such funds, properties, assets, records, choses in action, and other rights, claims, or causes of action pertaining thereto, and submit a report to the Office of the President, both Houses of Congress and the Commission on Audit.

Within thirty (30) days from the receipt of the inventory by the Department of Finance, the Commission on Audit shall audit the accounting and inventory of the assets of the concerned Military and Uniformed Services to determine the completeness of the inventory and establish the reasonableness of the asset valuation.

Within one (1) year from the submission of the accounting and inventory of the assets of concerned Military and Uniformed Services, the Commission on Audit shall submit to the Committee the audit report, including the complete list of the assets of concerned Military and Uniformed Services and their valuation, and the empirical basis and the methodologies employed for the valuation.

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

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

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

To optimize revenues from the assets of the concerned Military and Uniformed Services, the Committee may seek the services of the Privatization Group of the Department of Finance, which shall recommend to the Committee the most financially advantageous manner of disposition of the assets.

Within one (1) year from the effectivity of this Act, the Military and Uniformed Services may add to the list such real assets required for identification and submission under this section and which belonged to the Military and Uniformed Services prior to the effectivity of this Act. Any real asset that is required by this Act to be included in the submitted lists and which is not included in actual submissions by the Military and Uniformed Services may be disposed of by the Committee in the manner it deems appropriate.

SECTION. 21. *Tax Treatment of the MUP Trust Funds.* – Notwithstanding any law to the contrary, the MUP Trust Funds, its assets, revenues, including all accruals thereto, and benefits paid, are exempt from all taxes, assessments, fees, charges, or duties of all kinds. These exemptions shall continue unless expressly and specifically revoked.

Subject to Section 24 of this Act, the MUP Trust Funds, the properties of the Military and Uniformed Services identified by the Committee to be disposed and sums or monies for the payment of the benefits provided under this Act are exempt from attachment, garnishment, execution, levy or other processes issued by the courts, quasi-judicial agencies or administrative bodies and from all financial obligations of the members, including pecuniary accountability arising from or caused or occasioned by the members' exercise or performance of official functions or duties, or incurred relative to or in connection with the members' position or work except when the monetary liability, contractual or otherwise, is in favor of the MUP Trust Funds.

All other applicable tax exemptions granted to the GSIS shall also apply to the MUP Trust Funds.

TITLE IV Transitory Provisions

SECTION. 22. *Transfer of Power and Functions.* – For purposes of administration of Military

and Uniformed Personnel pension and retirement benefits, the powers and functions of units or instrumentalities of agencies that employ Military and Uniformed Personnel and administer their pension system or parts thereof are hereby transferred to the Committee.

SECTION. 23. *Period of Transfer.* – There shall be a transition period of five (5) months from the effectivity of this Act to implement the transfer of powers and functions, rights, assets, and liabilities mentioned in this Title: *Provided*, That the same transition period shall be provided to allow the units or instrumentalities of agencies administering the Military and Uniformed Personnel Pension System to restructure: *Provided, further*, That all civilian personnel in the units or instrumentalities administering the Military and Uniformed Personnel Pension System affected by the transfer of powers and functions provided in this Title shall continue in office without need of reappointment: *Provided, finally*, That civilian employees in the units or instrumentalities of agencies administering the Military and Uniformed Personnel Pension System who opt to retire or resign as a result hereof, if qualified, shall be allowed and be entitled to retirement and separation benefits under existing laws to officials and employees affected by an approved reorganization program.

TITLE V

Final Provisions

SECTION. 24. *Non-encumbrance of Benefits.* – The benefits authorized under this Act, except as provided herein, are not subject to attachment, garnishment, levy, execution or any tax whatsoever, and may not be assigned, ceded, or conveyed to any third person: *Provided*, That if a retired or separated Military and Uniformed Personnel who is entitled to any benefit under this Act has unsettled money or property accountabilities incurred while in the active service, an amount not exceeding fifty percent (50%) of the pension gratuity or other payment due to the Military and Uniformed Personnel or their survivors under this Act may be withheld and be applied to settle such accountabilities.

SECTION. 25. *Appropriations.* – Upon the effectivity of this Act, there is hereby authorized to be appropriated the amount of Fifty million pesos (P50,000,000.00) as funding for the MUP Trust Fund Committee Secretariat. Thereafter, the amount needed for the operation and maintenance of the Secretariat shall be included in the annual General Appropriations Act.

SECTION. 26. *Financial Reporting Framework.* – The financial statements and reports of the Military and Uniformed Personnel Pension System shall be prepared in accordance with the relevant International Financial Reporting Standards and Principles.

SECTION. 27. *Submission of Report to Congress.* – In accordance with the pertinent provisions of this Act and its Implementing Rules and Regulations, and International Financial Reporting Standards and Principles, the Committee shall submit to both Houses of Congress every three (3) years after the effectivity of this Act, the financial statements and reports, and all information as may be required, to monitor and assess the distribution of retirement benefits and pension as well as the overall performance of Military and Uniformed Services which are funded in whole or in part by the National Government.

SECTION. 28. *Penal Clause.* – Any person who participates directly or indirectly in the commission of fraud, falsification, misrepresentation of facts, collusion or any similar anomaly in the issuance of any certificate or document for any purpose connected with this Act shall, upon conviction, be punished by a fine of not less than the amount defrauded but not more than threefold of such amount or imprisonment of not less than six (6) months and one (1) day to six (6) years and perpetual disqualification from holding public office and from practicing any profession licensed by the government.

SECTION. 29. *Implementing Rules and Regulations.* – Within sixty (60) days from the effectivity of this Act, the Secretary of Finance shall, in consultation with the Secretaries of National Defense, Interior and Local Government, Justice, Transportation, Environment and Natural Resources, Budget and Management, and the President and General Manager of the GSIS, promulgate the necessary rules and regulations for the effective implementation of this Act.

Supplemental rules and regulations governing the management and administration of the pension system of the Military and Uniformed Personnel may be issued within one (1) year from the effectivity of this Act.

SECTION. 30. *Separability Clause.* – If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SECTION. 31. *Repealing Clause.* – The pertinent provisions of these laws are hereby repealed, amended, or modified accordingly.

- (a) Section 11 of Republic Act No. 340, as amended, entitled “An Act to Establish a Uniform Retirement System for the Armed Forces of the Philippines, to Provide for Separation Therefrom, and for Other Purposes”;
- (b) Sections 2(b), 3, 5, 11, 12, 14, 16, 17, 18, 19, 20, and 22 of Republic Act No. 5976, otherwise known as the “Coast Survey Officers Retirement and Separation Act of 1969”;
- (c) Sections 5, 17, and 26 of Presidential Decree No. 1638, entitled “Establishing a New System of Retirement and Separation for Military Personnel of the Armed Forces of the Philippines and for Other Purposes,” as amended by Presidential Decree No. 1650;
- (d) Presidential Decree No. 361, entitled “Providing for an Armed Forces Retirement and Separation Benefits System,” as amended by Presidential Decree No. 1656 and Presidential Decree No. 1909;
- (e) Section 39 of Republic Act No. 6975, otherwise known as the “Department of the Interior and Local Government Act of 1990”;
- (f) Section 3 of Republic Act No. 8291, as amended, otherwise known as the “Government Service Insurance System Act of 1997”;
- (g) Sections 4 and 5 of Republic Act No. 9040, otherwise known as the “AFP Tax Exemption for Pay and Allowances Act of 2001”;
- (h) Sections 17 and 18 of Republic Act No. 9993, otherwise known as the “Philippine Coast Guard Law of 2009”;
- (i) Sections 2 and 24 of Republic Act No. 10575, otherwise known as the “The Bureau of Corrections Act of 2013”; and
- (j) Section 8 of Republic Act No. 11709, as amended, entitled “An Act Strengthening Professionalism and Promoting the Continuity of Policies and Modernization Initiatives in the Armed Forces of the Philippines, by Prescribing Fixed Terms for Key Officers Thereof, Increasing the Mandatory Retirement Age of Generals/Flag Officers, providing for a More Effective Attrition System, and Providing Funds Therefor.”

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

SECTION. 32. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,