

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5440



Introduced by: **REP. SALVADOR A. PLEYTO, SR.**

EXPLANATORY NOTE

The current system for the disbursement of government retirement pensions, while providing essential security for former public servants, subjects retirees to significant financial vulnerability due to the relentless effects of inflation.

Government service retirees, having dedicated their productive years to the nation, rely heavily on their fixed monthly pensions. However, the value and purchasing power of these fixed pensions inevitably erode over time. As the Cost of Living Index (COLI) rises, the pensioner's real income decreases, rendering long-term financial planning difficult and often forcing senior citizens into poverty or dependency. Existing, often sporadic, adjustments are insufficient to keep pace with economic realities.

This House Bill seeks to remedy this systemic issue by institutionalizing a dignified and predictable mechanism for pension value preservation. It is a necessary measure to honor the commitment of retired government workers and ensure their financial security, dignity, and access to basic necessities in their twilight years.

This Bill mandates that all compulsory retirement, survivorship, and disability pensions shall be subject to an automatic annual adjustment effective every first day of January.

The rate of annual adjustment shall be pegged to the annual percentage increase in the Consumer Price Index (CPI), as reported by the Philippine Statistics Authority (PSA) in the preceding year, or a comparable measure of inflation, to be determined by the GSIS Board of Trustees in consultation with the Department of Economy, Planning and Development (DepDEV).

While mandating the adjustment, the Bill also requires the GSIS to ensure that the implementation of the automatic increase does not impair the actuarial soundness of the GSIS fund. The GSIS shall conduct a mandatory annual actuarial study to certify that the fund's financial health is preserved. The adjustment shall apply universally to all current and future qualified GSIS pensioners, regardless of the date of their retirement, ensuring equity across all cohorts of retirees.

All adjusted pension amounts shall remain exempt from any form of taxation, fees, or levies. The enactment of this Bill is expected to formally acknowledge the national government's commitment to caring for its senior workforce by ensuring that their retirement benefits retain their intended value.

In view of the foregoing, the immediate consideration of this Bill is earnestly sought.



SALVADOR A. PLEYTO, SR.

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Introduced by: **REP. SALVADOR A. PLEYTO, SR.**

**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**

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

SECTION 1. *Short Title* – This Act shall be known as the “GSIS Pension Automatic Annual Adjustment Act of 2025”.

SEC. 2. *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 effectivity date of this Act. It shall also apply to all future retirees from the Government whose pensions are to be paid by the GSIS.

SEC. 3. *Annual Adjustment of Pension.* - The monthly pension of a retiree shall be automatically adjusted at every annual anniversary of his retirement date by using the following formulae:

$$\begin{aligned} \text{MPn} &= \text{MPo} \times K \\ K &= \text{CPI}_{\text{In}} / \text{CPI}_{\text{O}} \end{aligned}$$

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_{In} = Consumer Price Index (CPI) issued by the Philippine Statistics Authority (PSA) for the retirement anniversary month when the new monthly pension will take effect, and

CPIO =CPI issued by the PSA for the month of the year when the original monthly pension took effect.

SEC. 4. *Source of Funds and Payments.* - The amounts needed to pay to each concerned retiree, that is, the difference between the original and current monthly pensions, as a result of the application of the formulae in Section 2 of this Act, shall be provided from funds of the GSIS.

SEC. 5. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 6. *Repealing Clause.* - All laws, decrees, orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed or amended accordingly.

SEC. 7. *Effectivity.* - This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,