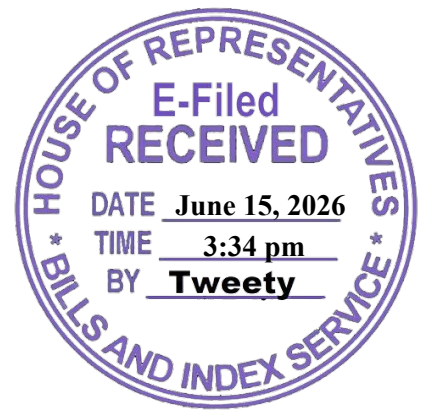


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

House Bill No. **9884**



Introduced by Representative Timothy Joseph Cayton

EXPLANATORY NOTE

Under the Government Service Insurance Act, entitlement to a lifetime retirement pension from the Government Service Insurance System (GSIS) requires at least fifteen years of service, and the duty to contribute ends upon separation from the service.¹ This requirement does not fit the structure of elective office. Local elective officials at the provincial, municipal, and barangay levels may serve only three consecutive terms, a total of nine years, before a mandatory interruption. These officials form the backbone of local governance, often serving their communities across multiple offices and multiple levels of government without ever accumulating the uninterrupted service that the current law rewards.

Completing the fifteen year requirement converts an official who would otherwise receive only a refund into the holder of a lifetime pension. To ensure that this imposes no cost on the public and no strain on the fund, the bill requires that the voluntary contribution be set at the amount actuarially determined by the GSIS to fully fund the additional benefit, borne entirely by the official, with no government share charged to any public appropriation. This measure gives them a fair and fully self funded opportunity to earn the security that the law already extends to those in continuous service.

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

ATTY. TIMOTHY JOSEPH E. CAYTON, PhD.

Representative

Lone District of Nueva Vizcaya

¹ Republic Act No. 8291, May 30, 1997, Otherwise known as the Government Service Insurance Act of 1997 which amended the 20-year old revised charter of the GSIS, known as Presidential Decree No. 1146.

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HOUSE BILL NO. 9884

Introduced by REPRESENTATIVE TIMOTHY JOSEPH E. CAYTON

**AN ACT PROVIDING FOR VOLUNTARY GSIS CONTRIBUTIONS BY
PROVINCIAL, MUNICIPAL, CITY, AND BARANGAY ELECTIVE OFFICIALS
TO COMPLETE THE MINIMUM SERVICE REQUIREMENT FOR
RETIREMENT, AMENDING REPUBLIC ACT NO. 8291, AND FOR OTHER
PURPOSES**

*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 ***Local
Elective Officials’ GSIS Voluntary Contribution Act.***

SECTION 2. Declaration of Policy. – It is the policy of the State to reward long and faithful service in local governance with a secure retirement and to ensure that the social insurance system responds to the realities of local elective office. The State recognizes that local elective office at the provincial, municipal, city, and barangay levels is exercised through fixed and term-limited terms under the Local Government Code which interrupt continuous service and prevent many local elective officials from completing the minimum service required for a pension. Toward this end, and on the strict conditions that the option be fully funded by the official and remain neutral to the public treasury and to the actuarial solvency of the Government Service Insurance System, the State shall allow qualified local elective officials who have rendered at least nine years of actual elective service to complete the minimum service requirement through voluntary contributions.

SECTION 3. Definition of Terms. – For purposes of this Act:

(a) *Local elective official* refers to a person who holds or has held a public office by virtue of election at the provincial, municipal, city, or barangay level under Republic Act No. 7160, the Local Government Code of 1991, and who, while in office, was a compulsory member of the GSIS receiving fixed monthly compensation. This includes governors, vice governors, and members of the Sangguniang Panlalawigan; mayors, vice mayors, and members of the Sangguniang Panlungsod or Sangguniang Bayan; and punong barangays and

members of the Sangguniang Barangay. This Act does not extend to members of the House of Representatives, Senators, or any other national elective official.

(b) *Qualifying elective service* refers to actual service rendered as a local elective official for which premium contributions were paid to and received by the GSIS, amounting to at least nine (9) years or three (3) full consecutive terms under Republic Act No. 7160, whether served in the same office or in different local elective offices at the provincial, municipal, city, or barangay level, and whether served consecutively or with interruptions, provided that each period is supported by a verified service record.

(c) *Full term* refers to a complete term of office as fixed by Republic Act No. 7160, actually served from assumption to expiration, and does not include any portion of a term served by succession or appointment.

(d) *Voluntary contribution* refers to the contribution paid under this Act by a local elective official who is no longer in active service, or who continues to serve beyond the mandatory retirement age under Section 13(b) of Republic Act No. 8291, as amended.

(e) *Periods with paid premiums* refers to the periods for which premium contributions were actually paid to and received by the GSIS, used in computing the amount of benefits.

(f) *Incremental benefit* refers to the additional benefit that becomes payable by reason of the completion of the fifteen (15)-year requirement through voluntary contributions, over and above the separation benefit the member would otherwise have received.

SECTION 4. Amendment of Section 13. – Section 13(b) of Republic Act No. 8291 is hereby amended to read as follows, with the new matter in capital letters:

“SEC. 13. Retirement Benefits. – x x x

“(b) Unless the service is extended by appropriate authorities, retirement shall be compulsory for an employee at sixty-five (65) years of age with at least fifteen (15) years of service: Provided, That if the employee has less than fifteen (15) years of service, the employee may be allowed to continue in the service in accordance with existing civil service rules and regulations:

“PROVIDED, FURTHER, THAT A LOCAL ELECTIVE OFFICIAL AT THE PROVINCIAL, MUNICIPAL, CITY, OR BARANGAY

LEVEL WHO HAS RENDERED AT LEAST NINE (9) YEARS OF QUALIFYING ELECTIVE SERVICE AS DEFINED UNDER REPUBLIC ACT NO. _____, THE LOCAL ELECTIVE OFFICIALS' GSIS VOLUNTARY CONTRIBUTION ACT, BUT WHO, UPON SEPARATION FROM THE SERVICE, HAS RENDERED LESS THAN FIFTEEN (15) YEARS OF SERVICE, SHALL HAVE THE OPTION TO CONTINUE MEMBERSHIP IN THE GSIS AND TO PAY VOLUNTARY CONTRIBUTIONS, AT ACTUARIALLY DETERMINED FULL COST AND AT NO COST TO PUBLIC FUNDS, FOR THE PURPOSE OF COMPLETING THE FIFTEEN (15)-YEAR REQUIREMENT FOR ENTITLEMENT TO THE BENEFITS UNDER THIS ACT: PROVIDED, FINALLY, THAT A LOCAL ELECTIVE OFFICIAL WHO REACHES THE MANDATORY RETIREMENT AGE OF SIXTY-FIVE (65) DURING A VALIDLY HELD TERM MAY LIKEWISE CONTINUE PAYING CONTRIBUTIONS UNTIL THE END OF THAT TERM, INCLUDING ANY CONTINUOUS PERIODS OF RE-ELECTION OR ELECTION TO ANOTHER LOCAL ELECTIVE OFFICE."

SECTION 5. Amendment of Section 13-A. – Section 13-A of Republic Act No. 8291 is hereby amended to read as follows, with the new matter in capital letters:

"SEC. 13-A. Conditions for Entitlement. – A member who retires from the service shall be entitled to the retirement benefits enumerated in paragraph (a) of Section 13 hereof: Provided, that:

(1) the member has rendered at least fifteen (15) years of service, OR, IN THE CASE OF A LOCAL ELECTIVE OFFICIAL COVERED UNDER REPUBLIC ACT NO. _____, HAS COMPLETED THE FIFTEEN (15)-YEAR REQUIREMENT THROUGH A COMBINATION OF ACTUAL SERVICE AND VOLUNTARY CONTRIBUTIONS PAID UNDER SECTION 13(b) OF THIS ACT, PROVIDED THAT THE OFFICIAL HAS RENDERED AT LEAST NINE (9) YEARS OF QUALIFYING ELECTIVE SERVICE;

(2) the member is at least sixty (60) years of age at the time of retirement; and

(3) the member is not receiving a monthly pension benefit from permanent total disability."

SECTION 6. Voluntary Contributions at Actuarially Determined Full Cost. – A local elective official who avails of the option under Section 13(b) of Republic Act No. 8291, as amended by this Act, shall pay a voluntary contribution in the amount actuarially determined by the GSIS to fully fund the incremental benefit. Such amount shall in no case be less

than the sum of the personal share and the government share prescribed under Republic Act No. 8291 and its implementing rules. No part of the voluntary contribution shall be charged against the appropriations of the national government, any province, municipality, city, or barangay, or any agency or instrumentality thereof, and the government share obligation shall not apply to any period of voluntary contribution. It is the intent of this Section that the option impose no cost on the public treasury and remain neutral to the fund.

SECTION 7. Prospective Application. – Voluntary contributions under this Act shall apply to current and future periods only. No period during which contributions were not actually paid may be bought back, reinstated, or retroactively credited, and this Act shall not be construed to authorize the purchase of past service credit.

SECTION 8. Computation of Benefits on Periods With Paid Premiums. – The benefits of a local elective official who completes the fifteen (15)-year requirement through voluntary contributions shall be computed strictly on the basis of the periods with paid premiums, including the periods voluntarily paid under this Act, and no benefit shall be granted for any period without paid premiums. The GSIS shall ensure, through the contribution level set under Section 6 of this Act, that the present value of the voluntary contributions is at least equal to the present value of the incremental benefit.

SECTION 9. Effect of Prior Receipt of a Separation Benefit. – A local elective official who has previously received a separation benefit for prior service may have that prior service credited toward the fifteen (15)-year requirement only upon refund to the GSIS of the separation benefit received, with interest at the rate prescribed by the GSIS. In the absence of such refund, only the periods with paid premiums that have not been settled by a separation benefit shall be credited.

SECTION 10. Periodic Review and Authority of the GSIS. – The Board of Trustees of the GSIS, upon the recommendation of its Actuary, shall prescribe the contribution base, ceilings, schedules, and conditions for the option under this Act, shall review the contribution level at least every three (3) years, and may adjust or suspend the option when necessary to preserve the actuarial solvency of the fund. The exercise of this authority shall not impair any contribution already paid or any benefit already accrued.

SECTION 11. Integrity of Service Records. – Any benefit obtained under this Act through misrepresentation or material non-disclosure of the service record shall be void, and the GSIS shall recover any amount paid, without prejudice to administrative, civil, or criminal liability under existing laws.

SECTION 12. Segregation of Records and Audit. – The GSIS shall record and report voluntary contributions under this Act separately from compulsory contributions, and shall maintain the controls necessary to ensure that no government share is charged to public funds for such periods. The records shall be subject to audit by the Commission on Audit.

SECTION 13. Coordination with the Civil Service Commission and the Department of the Interior and Local Government. – The GSIS shall coordinate with the Civil Service Commission and the Department of the Interior and Local Government to ensure that the periods of qualifying elective service credited under this Act are consistent with the documented record of local elective service, verified against official records of the Commission on Elections and the relevant provincial, municipal, city, or barangay government units.

SECTION 14. Non-Diminution of Benefits. – Nothing in this Act shall be construed to diminish the retirement and separation benefits already enjoyed under the laws existing at the time of retirement.

SECTION 15. Implementing Rules and Regulations. – Within ninety (90) days from the effectivity of this Act, the GSIS, in coordination with the Civil Service Commission, the Department of Budget and Management, and the Department of the Interior and Local Government, shall promulgate the rules and regulations necessary for the proper implementation of this Act, with particular attention to the verification of qualifying elective service records at the provincial, municipal, city, and barangay levels.

SECTION 16. Separability Clause. – If any provision or part of this Act is declared invalid or unconstitutional, the provisions not affected shall remain in full force and effect.

SECTION 17. Repealing Clause. – All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof that are inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SECTION 18. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,