




11 MAY -4 P2:19

SENATE
S. No. **2797**

BY: 

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

Under the Government Service Insurance Act, the compulsory retirement age for government employees is sixty-five (65) years old.

Depending on the state of one's financial health, retirement from work may either be a time to look forward to or something one wish will not happen yet.¹ It has been shown that those with the most education tend to enjoy their work and are reluctant to be turfed out. And many people want to keep working for a variety of other reasons, including enjoyment of the office camaraderie or the sense of purpose that work brings. Sometimes it's a case of economic survival.²

In her recent article, Dr. Clarita Carlos of the University of the Philippines discussed that at 65, she still has the physical capability to do her job and have already accumulated so much knowledge and skills during the course of her career that it would be such a waste to require her to retire when she still has so much to give. She said that the 65-year-old mandatory age of retirement was determined way back during the rule of Otto von Bismark in Prussia (Germany) over 122 years ago when the life expectancy was still at 37 years old.

Due to the recent advances in medicine and health care, the productive age of employees have largely been extended to even beyond 70 years old, especially in fields that are not

¹ Palabrica, Raul J., "Retirement Blues," *Philippine Daily Inquirer*, 26 April 2011, at http://services.inquirer.net/mobile/11/04/26/html_output/xmlhtml/20110414-331160-xml.html

² "Mandatory Retirement Fades in Canada," 18 October 2010, at <http://www.cbc.ca/news/canada/story/2009/08/20/mandatory-retirement-explainer523.html>

physically demanding. In his paper,³ Dr. Ray Fair of Yale University said that healthy septuagenarians show negligible signs of slowing down compared to their 45-year-old counterparts. He concluded that societies may have been too pessimistic about losses from aging for individuals who stay healthy and fit. As a result, many employees feel that they are forced to retire prematurely at 65 years old.

Some government officials have been reported to request changes in their dates of birth, as recorded in official documents, when they are close to compulsory retirement. If the adjustment is allowed, the requesting party not only gains additional years in his or her life, but also the opportunity to continue receiving for an equivalent number of years the benefits that accrue to his or her position.⁴

For governments around the world, the retirement age is a major policy issue, both for the optional and compulsory. Optional retirement is a benefit available to employees who have rendered the minimum number of years of service. This would allow them to claim the retirement benefits at the earliest possible opportunity. The French, Greek, and Spanish governments increased the retirement age from 60 to 62 to allow their insurance sector to accumulate sufficient funds for the prospective retirees.⁵ On the other hand, compulsory requirement is the age pre-determined by the government when an employee is deemed already unfit to keep his or her employment. Around the world, governments are slowly removing the compulsory retirement age. The European Court of Justice recently ruled that for a compulsory retirement age to be valid in the United Kingdom, there should be a legitimate aim behind such policy.⁶ Otherwise, it would amount to age discrimination.

By increasing the compulsory retirement age to 70 years old, we will be able to benefit from the expertise of our public servants for a bit longer and allow more time for our insurance

³ Fair, Dr. Ray C., "How Fast Do Old Men Slow Down?" *The Review of Economics and Statistics*, February 1994, 103-118, at <http://fairmodel.econ.yale.edu/rayfair/pdf/1994A200.PDF>

⁴ Palabrica, Raul J., "Retirement Age.," *Philippine Daily Inquirer*, 13 March 2009, at <http://business.inquirer.net/money/columns/view/20090313-193867/Retirement-age>

⁵ Palabrica, "Retirement Blues," *ibid.*

⁶ Byers, David, "European judges order ministers to justify retirement age of 65," *The Times*, 5 March 2009, at <http://business.timesonline.co.uk/tol/business/law/article5850447.ece>

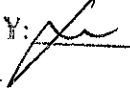
system to prepare for their retirement. On the employees' side, they will be able to benefit from continued employment and retire at the age when they are more ready to move on.

This bill seeks to increase the compulsory retirement age of government employees to 70 years old and remove the age discrimination suffered by our seasoned public servants who are still capable of doing their jobs at 65 years old.

acv *Miriam Defensor Santiago*
MIRIAM DEFENSOR SANTIAGO

'11 MAY -4 P2:19

SENATE
S. No. 2797

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

1 AN ACT
2 RAISING THE AGE OF COMPULSORY RETIREMENT FOR GOVERNMENT
3 EMPLOYEES FROM SIXTY-FIVE (65) TO SEVENTY (70) YEARS OLD, AMENDING FOR
4 THE PURPOSE SECTION 13 OF REPUBLIC ACT NO. 8291, OTHERWISE KNOWN AS
5 THE GOVERNMENT SERVICE INSURANCE SYSTEM ACT OF 1997

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

8 SECTION 1. Section 13 of Republic Act No. 8291, otherwise known as the Government
9 Service Insurance System Act of 1997, is hereby amended to read as follows:

10 "Section 13. Retirement Benefits. — (a) Retirement benefit shall be:

11 "(1) the lump sum payment as defined in this Act payable at the time of
12 retirement plus an old-age pension benefit equal to the basic monthly pension
13 payable monthly for life, starting upon expiration of the five-year (5) guaranteed
14 period covered by the lump sum; or

15 "(2) cash payment equivalent to eighteen (18) months of his basic
16 monthly pension plus monthly pension for life payable immediately with no five-
17 year (5) guarantee.

18 "(b) Unless the service is extended by appropriate authorities,
19 retirement shall be compulsory for an employee at SEVENTY (70) years of age
20 with at least fifteen (15) years of service: Provided, That if he has less than fifteen
21 (15) years of service, he may be allowed to continue in the service in accordance
22 with existing civil service rules and regulations."

1 SECTION 2. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts
2 thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified
3 accordingly.

4 SECTION 3. *Separability Clause.* – If, for any reason, any provision of this Act is
5 declared to be unconstitutional or invalid, the other sections or provisions hereof which are not
6 affected thereby shall continue to be in full force and effect.

7 SECTION 4. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days
8 following its publication in two (2) newspapers of general circulation.

Approved,

/apmj050311