

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUN 30 P5:07

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S E N A T E

S. No. 392

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

This bill provides for the automatic adjustment of the basic monthly pension of retired personnel covered by the Government Service Insurance System to keep up with the rate of price inflation.

Employees pay good money for premiums during their employment. By the time a retiree's basic monthly pension is determined at retirement, inflation will have eroded the purchasing power of his benefits. Although the law allows adjustments to be made on the basic monthly pension, experience shows that such adjustments are rarely made and if at all, they are highly unrealistic.

Most retirees depend on their pension as a major source of income during retirement. The effect of price inflation on the purchasing power of their fixed pension incomes significantly diminishes the value of that pension.

In view of the foregoing, early passage of this bill is earnestly requested.

S. Osmeña III
SERGIO OSMEÑA III
Senator

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Introduced by Senator S. R. Osmeña III

AN ACT
PROVIDING FOR AUTOMATIC ADJUSTMENT OF THE BASIC MONTHLY
PENSION FOR RETIRED PERSONNEL COVERED BY THE GOVERNMENT
SERVICE INSURANCE SYSTEM AND SOCIAL SECURITY SYSTEM TO THE
PREVAILING COST OF LIVING INDEX AND APPROPRIATING FUNDS
THEREFOR

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

1 SECTION 1. The basic monthly pension and/or benefits of retired
2 personnel covered by the Government Service Insurance System and the Social
3 Security System shall be automatically adjusted to the prevailing cost of living
4 index as determined by the National Economic and Development Authority.

5 SEC. 2 The Government Service Insurance System and the Social
6 Security System, as the case may be, shall issue the necessary rules and
7 regulations for the implementation of this Act.

8 SEC. 3. The benefits of this Act shall be extended to the pensioners still
9 surviving at the time of its approval.

10 SEC. 4. The amount necessary for the implementation of this Act shall
11 be charged to the State Insurance Fund of the Government Service Insurance
12 System and to the Reserve Fund of the Social Security System, respectively.

13 SEC. 5. Effectivity. This Act shall take effect upon its approval.

Approved,