

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



Senate
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SENATE

S. No. 3031

RECEIVED BY: *[Signature]*

INTRODUCED BY SENATOR ANTONIO "SONNY" F. TRILLANES IV

AN ACT
AMENDING PERTINENT LAWS ON THE RETIREMENT BENEFITS AND PENSION
OF THE UNIFORMED PERSONNEL OF THE UNIFORMED SERVICES AND
PROVIDING FUNDS THEREFOR

EXPLANATORY NOTE

"The State shall provide immediate and adequate care, benefits, and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans."
— Section 7 of Article XVI of the 1987 Philippine Constitution

It is the responsibility of the State to ensure that the retirees continue to receive benefits commensurate to the service they have rendered and that they be allowed to live a comfortable life during their retirement.


Hence, to be consistent with the government policy to help foster socio-economic security and general well-being of the country's veterans in recognition of their bravery and loyalty to the country, the government, through existing retirement laws, provides for the automatic adjustment of retirement pension based on the prevailing scale of base pay of similarly ranked active personnel. Said existing laws also have a non-contributory nature which means that no "seed fund" was established and the budget for pension comes from the annual general appropriations act.

Such policies led to the ballooning of pension costs. It is estimated that by year 2022, the total pension costs of the Armed Forces of the Philippines will eventually surpass the salaries paid to its active personnel. If this condition is allowed to persist, the government will eventually fail to provide adequate retirement pension to the uniformed personnel.

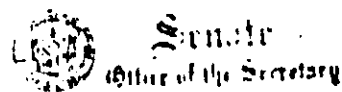
Thus, to allow the government to fulfill its duties to the retirees, this measure aims to implement reforms in the country's pension system. Specifically, this bill aims to formulate a mandatory contributory scheme and designate a minimum pensionable age of fifty-six (56), among others.

These reforms will pave the way for the establishment of a "seed fund" for the retirees making the pension system in the country more sustainable and economically viable.

In view of the foregoing, the immediate approval of this bill is urgently sought.


ANTONIO "SONNY" F. TRILLANES IV
Senator

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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15 DEC -9 AM 127

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**AN ACT
AMENDING PERTINENT LAWS ON THE RETIREMENT BENEFITS AND PENSION
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PROVIDING FUNDS THEREFOR**

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

1 **SECTION 1. The Title.** This Act shall be known as the "Unified Uniformed Personnel
2 Retirement Benefits and Pension Reform Act of 2015."

3 **SECTION 2. Declaration of State Policy.** The State duly recognizes the vital role of the
4 uniformed services in providing internal and external security, promoting peace and order,
5 ensuring public safety and further strengthening local government capability aimed towards the
6 effective delivery of basic services to the citizenry. The State also recognizes the extraordinary
7 hazards, risks, perils and dangers that the uniformed personnel of the uniformed services
8 encounter in the performance of their duties.

9 It shall therefore be the prime concern of the State to provide all uniformed personnel adequate
10 remuneration and benefits, including retirement benefits and pension. To this end, the State shall
11 ensure that the retirement benefits and pension scheme of the uniformed personnel is secure,
12 reliable, and sustainable.

13 **SECTION 3. Definition of Terms.** As used in this Act, the following terms shall have the
14 corresponding meanings hereinafter set forth:

15 a) AFP-RSBS shall refer to the Armed Forces of the Philippines Retirement and
16 Separation Benefits System established by virtue of Presidential Decree (PD) 361,
17 as amended by PD 1656;

18 b) Existing Retirees shall refer to retired uniformed personnel who are currently
19 receiving or entitled to receive retirement benefits and pension under existing
20 laws applicable to the uniformed services at the time of the effectivity of this Act;

- 1 c) Future Retirees shall refer to uniformed personnel active at the time of the
2 effectivity of this Act, and to new entrants, all of whom, at the time of their actual
3 retirement from the uniformed services, are eligible to receive retirement benefits
4 and pension under existing laws applicable to the uniformed services;
- 5 d) GSIS shall refer to the Government Service Insurance System;
- 6 e) New Entrants shall refer to uniformed personnel who enter the uniformed services
7 upon the effectivity of this Act;
- 8 e) Uniformed Personnel shall refer to the officers and enlisted personnel of the
9 uniformed services; and,
- 10 g) Uniformed Services shall refer to the Armed Forces of the Philippines (AFP),
11 Philippine National Police (PNP), Philippine Coast Guard (PCG), Bureau of Fire
12 Protection (BFP), Bureau of Jail Management and Penology (BJMP), Bureau of
13 Corrections (BuCor), and National Mapping and Resource Information Authority
14 (NAMRIA).

15 **SECTION 4. Standardizing the AFP Monthly Retirement Pay.** Existing retirees and future
16 retirees of the AFP shall be entitled to receive a monthly retirement pay equivalent to two and
17 one-half percent (2 1/2%) for each year of active service rendered, but not exceeding ninety
18 percent (90%) of the monthly base and longevity pay of the grade next higher than the permanent
19 grade last held, amending Section 17 of PD 1638.

20 **SECTION 5. Rationalized Adjustment of Retirement Benefits and Pension.** The pertinent
21 portions of a) Section 17, PD 1638, b) Section 3, Republic Act (RA) 5976, c) Section 75, RA
22 6795, as amended by Section 34, RA 8551, d) Section 12, RA 9263, e) Section 14, RA 9993, and
23 f) Section 20, RA 10575, inasmuch as they relate to adjustments in retirement benefits and
24 pension based on the prevailing scale of base pay of active uniformed personnel, are hereby
25 repealed. The retirement benefits and pension of all existing retirees and future retirees shall
26 immediately cease to be subject to automatic adjustments based on the prevailing scale of base
27 pay of active uniformed personnel.

28 The retirement benefits and pension of uniformed personnel shall be periodically reviewed by
29 the Department of National Defense (DND), Department of Budget and Management (DBM),
30 the Department of Finance (DOF), and the GSIS for the purpose of recommending to the
31 President, for his approval, appropriate adjustments thereto, in accordance with rules and
32 regulations to be jointly promulgated by the DOF and the DBM under Section 12 of this Act.

33 **SECTION 6. Creation of a Uniformed Personnel Retirement Fund and Sources of**
34 **Funding.** A Uniformed Personnel Retirement Fund (UPRF), to be managed by the GSIS, shall
35 be established for the sustainability of the retirement benefits and pension of uniformed
36 personnel.

1 The GSIS shall create a new department which shall exclusively administer the UPRF for the
2 payment of retirement benefits and pension to existing retirees and future retirees.

3 The UPRF shall be financed through the following:

4 (a) **Mandatory Contributions.** It shall be mandatory for new entrants to contribute a
5 percentage of their monthly compensation as personal share and for the National
6 Government to contribute a corresponding share sourced from the annual general
7 appropriations for the maintenance of the UPRF, as provided hereunder:

8 (i) For the first three years after the effectivity of this Act, new entrants shall
9 contribute five percent (5%) of their monthly compensation as personal share and
10 the National Government a corresponding share of twenty-two percent (22%);

11 (ii) For the next three years, new entrants shall contribute seven percent (7%) of
12 their monthly compensation as personal share and the National Government a
13 corresponding share of twenty percent (20%); and,

14 (iii) For every year thereafter, new entrants shall contribute nine percent (9%) of
15 their monthly compensation as personal share and the National Government a
16 corresponding share of eighteen percent (18%).

17 (b) **Additional Sources of Funding.** Additional funds for the maintenance of the UPRF
18 shall be sourced from:

19 (i) The proceeds derived from the sale or disposition of public lands, as may be
20 authorized by the President for this purpose;

21 (ii) The proceeds derived from the lease or joint development of public lands, as
22 may be authorized by the President for this purpose, pursuant to the provisions of
23 existing laws and regulations governing lease or joint development of public
24 lands, including such immovables and other facilities as may be found therein;
25 and,

26 (iii) The proceeds derived from reclamation projects to be approved by the
27 President for this purpose.

28 Funds from the foregoing sources, except the mandatory contributions under paragraph (a) of
29 this Section, shall be directly deposited to a Trust Fund that is hereby created under the Bureau
30 of the Treasury (BTR). The Trust Fund shall be used solely for the maintenance of the UPRF.
31 The implementing guidelines for deposits to and withdrawals from the Trust Fund and releases to
32 the GSIS for the UPRF shall be issued by an Inter-Agency Committee composed of the DOF,
33 DBM, BTR, and the GSIS. The Inter-Agency Committee shall undertake regular monitoring of
34 the Trust Fund.

35 **SECTION 7. Receipt of Retirement Benefits and Pension.** All new entrants who, at the time
36 of their actual retirement, are eligible to receive retirement benefits and pension under existing
37 laws applicable to the uniformed services, shall be entitled to receive their lump sum benefit
38 equivalent to Three (3) years pay within one (1) month of their effective date of retirement.

39 **SECTION 8. Deactivation of the AFP-RSBS.** The AFP-RSBS shall be deactivated upon the
40 effectivity of this Act.

1 For purposes of this Section, the AFP-RSBS Board, at the option of the Secretary of National
2 Defense, shall constitute the Board of Liquidators (BOL), which is mandated to supervise
3 collecting and realizing the assets of the AFP-RSBS, and effect the settlement of the obligations
4 of the AFP-RSBS to third persons. The BOL is hereby authorized to perform such other
5 functions as may be necessary for the purpose of winding-up the affairs of the AFP-RSBS, which
6 may include, but are not limited to, the payment of obligations, set-offs, write-offs,
7 condonations, collections, reappraisals, prosecution and defense of suits, disposal and
8 conveyance of properties, and distribution of assets: Provided, the BOL shall continue to perform
9 its mandated duties and authorized functions until all the obligations of the AFP-RSBS have
10 been settled, for a period not to exceed three (3) years from the time the BOL is constituted:
11 Provided further, the remaining assets and obligations of the AFP-RSBS, if any, shall be
12 transferred to the UPRF after the said three-year period.

13 **SECTION 9. Termination of Contributions to the AFP-RSBS.** Upon the effectivity of this
14 Act, the active uniformed personnel shall immediately cease to pay to the AFP-RSBS the
15 contributions required under Section 4 of PD 361, as amended by PD 1656. New entrants of the
16 AFP shall not be required to pay any contributions to the AFP-RSBS.

17 **SECTION 10. Return of Contributions made to the AFP-RSBS.** All contributions previously
18 paid by the active uniformed personnel of the AFP shall be refunded within a period not to
19 exceed three (3) years from the effectivity of this Act.

20 **SECTION 11. Implementing Rules and Regulations.** Within sixty (60) days from the
21 effectivity of this Act, the DBM and the DOF, in consultation with the GSIS, shall promulgate
22 the necessary rules and regulations for the effective implementation of this Act.

23 **SECTION 12. Separability Clause.** If any provision of this Act is declared invalid by a
24 competent court, the other provisions not affected by such declaration of invalidity shall continue
25 to be in force and effect.

26 **SECTION 13. Repealing Clause.** The pertinent portions of the following legal provisions,
27 insofar as they dispose of the net income of the Philippine Reclamation Authority, are hereby
28 repealed and/or modified accordingly: a) Section 112, RA 8435, as amended by RA 9281; b)
29 Section 42(a), RA 7279; and, c) Section 10(d), RA 7835.

30 All other laws, decrees, orders, rules and regulations, or parts thereof, specifically inconsistent
31 with any provision of this Act shall be deemed repealed, amended or modified accordingly.

32 **SECTION 14. Effectivity.** This act shall take effect fifteen (15) days after the date of its
33 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,