

13<sup>th</sup> CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

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SENATE

RECEIVED BY: 

S. BILL NO. 1355

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INTRODUCED BY SENATOR RALPH G. RECTO

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**Explanatory Note**

This bill seeks to provide benefits for early retirement and voluntary separation from government service covering all appointed officials and employees of the national government including government owned and controlled corporations with original charters, as well as personnel of all local government units.

The proposed measure provides for additional benefits to early retirees such as stock options wherein they could invest part of their income to more productive and income generating ventures.

This bill aims to pave the way for the early exit of government personnel which would give qualified new comers in any government service the opportunity to develop and advance, thereby resulting to a more productive public service base. Streamlining the bureaucracy through an early retirement program is a matter that should be given serious consideration by the state.

The proposal is in line with the policy of the state to promote economy, efficiency and effectiveness in government operations, particularly in the delivery of essential public services and to streamline government functions and to maintain necessary positions through an appropriate and voluntary separation scheme.

Immediate approval of this measure is earnestly recommended.

  
RALPH G. RECTO

13<sup>th</sup> CONGRESS OF THE REPUBLIC )  
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S. BILL NO. 1355

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AN ACT  
PROVIDING BENEFITS FOR EARLY RETIREMENT AND VOLUNTARY  
SEPARATION FROM THE GOVERNMENT SERVICE, APPROPRIATING  
FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

1           **SECTION 1. Declaration of Policy -**           It is hereby declared the policy of the  
2 state to promote economy, efficiency and effectiveness in government operations,  
3 particularly in the delivery of essential public services and to streamline government  
4 functions and to maintain necessary positions through an appropriate and voluntary  
5 separation scheme.

6           **SEC.2 Coverage and Exemptions. -**           This Act shall cover all appointed  
7 officials and employees of the national government including government owned and  
8 controlled corporations with original charters as well as personnel of all local government  
9 units.

10           The benefits authorized under this Act shall apply to all regular and temporary  
11 employees appointed to permanent itemized positions, regardless of age, who have  
12 rendered at a total of five (5) cumulative years of government service: *Provided*, That the  
13 last two (2) years of service before retirement must be consecutive and continuous:  
14 *Provided, further*, That the benefits herein authorize shall apply only once to any official  
15 or employee.

16           Uniformed personnel of the Armed Forces of the Philippines and the National  
17 Police; casual, emergency and contractual personnel; regular teaching and related  
18 personnel in the public schools and in state universities and colleges; and professional

1 medical and related personnel in the Department of Health are excluded from the  
2 coverage of this Act.

3 ***SEC.3. Early Retirement and Voluntary Separation Benefits-*** All appointive  
4 government officials and employees included in the coverage thereof who voluntarily  
5 elect in writing to be retired or separated from the service and whose retirement has been  
6 approved under the provision of this Act shall be paid a gratuity based on the number of  
7 years of their government service on the basis of the highest salary which they receive in  
8 the course of their employment in the government as follows:

9 (a) 1.25 months basic salary for every year of the first ten (10) years of  
10 government service or the nearest equivalent fraction thereof  
11 favorable to them;

12 (b) 1.4 months basic salary for every year of service or the nearest  
13 equivalent fraction thereof favorable to them for those who have  
14 rendered ten (10) years up to fifteen (15) years of service;

15 (c) 1.6 months basic salary for every year of service or the nearest  
16 equivalent fraction thereof favorable to them for those who have  
17 rendered fifteen (15) years up to twenty (20) years of service;

18 (d) 1.8 months basic salary for every year of service or the nearest  
19 equivalent fraction thereof favorable to them for those who have  
20 rendered over twenty (20) years up to twenty-five (25) years of  
21 service;

22 (e) 2 months basic salary months basic salary for every year of service  
23 or the nearest equivalent fraction thereof favorable to them for  
24 those who have rendered over twenty-five (25) years of service;

25 *Provided*, That those who qualify and elect to retire with pension  
26 under RA No. 660 or PD No. 1146 shall be allowed to do so:

27 *Provided, further*, That the employees electing to avail RA No.  
28 660 or PD No. 1146 under this Act shall be paid by the  
29 government an additional amount equivalent to fifty percent (50%)

1 of the five (5) year lump sum benefits to him by the Government  
2 Service Insurance System (GSIS); *Provided, furthermore,* That the  
3 GSIS shall pay in full five (5) year lump sum under RA No. 660 or  
4 PD No. 1146 upon approval of his application for retirement, in  
5 accordance with existing GSIS policy, rules or regulations on the  
6 manner and/or procedure of payment of said lump sum: *Provided*  
7 *finally,* That only the gratuity shall be based on the highest or latest  
8 salary, as the case may be, and not the pension or lump sum  
9 benefits under RA No. 660 or PD No. 1146.

10 In no case shall the benefit to be paid to any official or  
11 employee be less than Ten Thousand Pesos (P10,000.00):  
12 *Provided,* that any appointive official or employee who has  
13 previously been found guilty in an administrative  
14 proceeding and whose rank or salary has been reduced shall  
15 be paid on the basis of his last salary in accordance with the  
16 imposed sanctions.

17 *SEC.4. Additional Benefits.* - In addition to the benefits herein authorized,  
18 covered appointive officials and employees who retire or voluntarily elect to be separated  
19 from the service under this Act shall be entitled to an additional stock option or equity in  
20 any of the privatized government-owned and controlled corporations equivalent to one-  
21 fourth (1/4) month basic salary for every year of their government service or the nearest  
22 equivalent fraction thereof favorable to them on the basis of the highest salary received in  
23 the course of their employment in the government. Further, they shall be entitled to the  
24 return of GSIS personal contributions pertaining to retirement only and the payment of  
25 the corresponding share of the government with interest earned in pursuant to existing  
26 rules and regulations of GSIS: They shall likewise be entitled to the commutation of  
27 unused vacation and sick leaves in accordance with the existing rules and regulations:  
28 *Provided, however,* That should the government agency concerned lack the necessary  
29 funds for this, the same shall come from the appropriation to fund this Act: *Provided,*

1 *further*, That those who retire after rendering government service for twenty (20) years or  
2 more and avail themselves of the incentives benefits provided under this Act shall be  
3 entitled to an additional fifty percent (50%) of the amount corresponding to what they  
4 will receive from the twenty-first year onward.

5 ***SEC.5. Exclusiveness of Benefits.*** - An appointive official or employee  
6 who retires or elects to be separated from the service under this Act shall no longer be  
7 eligible for retirement under any existing retirement law.

8 ***Sec. 6. Abolition of Positions.*** - The positions vacated through the  
9 early retirement or separation of this incumbent shall be deemed abolished unless  
10 otherwise declared by the reorganization process: *Provided, however*, That when the  
11 exigencies of the service require its retention, the head of the office or agency concerned  
12 must certify under oath the jurisdiction for its retention within the period of sixty (60)  
13 days from the time of approval or acceptance of the application for retirement or  
14 separation. *Provided, further*, That the said certification shall be submitted to and  
15 approved by the Civil Service Commission.

16 ***Sec.7. Discretion of the Agency Head In Acceptance of Application for Early***  
17 ***Retirement and Voluntary Separation.*** - No appointive official or employee shall be  
18 separated or retired under this Act unless his application for early retirement or voluntary  
19 separation shall have been accepted by the head of the government office or agency or by  
20 the chief executive officer of the government-owned and controlled corporation  
21 concerned as the case may be.

22 For purposes of this Act, the term "head of government office or agency" refers to  
23 the Secretary in the case of bureaus, divisions and other offices under a department;  
24 Governor or Mayor in the case of local government units; the Chief Justice in the case of  
25 employees of the Judiciary; the Senate President or the Speaker of the House of  
26 Representatives, as the case may be, in the case of employees of the Legislature; the  
27 Chairman in the case of the Constitutional Commissions, and in the case of other offices  
28 not within the authority of those previously mentioned, their overall supervisor.

1 The application for early retirement or voluntary separation shall be accepted  
2 unless the services of the applicant shall be deemed necessary. The application of those  
3 pending administrative cases punishable by dismissal or removal shall be accepted but  
4 the benefits to which they are entitled under this Act shall be held in abeyance until the  
5 final disposition of such cases.

6 The application of those with criminal cases to grave nature committed in relation  
7 to their office shall be accepted likewise but the benefits which they are entitled to  
8 receive under this Act shall be held in abeyance until final disposition of their cases.

9 ***SEC.8. Restriction on the Employment and Replacement of Retired or***  
10 ***Separated Personnel.*** - Appointive officials and employees who have retired or were  
11 separated under this Act shall not be eligible for appointment to, or employment in any  
12 branch, division, instrumentality or agency of the government, including government  
13 owned and controlled corporations with original charters, whether on a permanent,  
14 temporary, casual, contractual or emergency status within a period of five (5) years after  
15 separation. Those reemployed in the government after the five (5) year prohibition  
16 period shall be treated as new entrants insofar as GSIS coverage is concerned.

17 ***SEC. 9. Period of Applicability and Effectivity of the Incentive Benefits.*** -  
18 Applications for early retirement and voluntary separation benefits hereunder shall be  
19 entertained only if filed within a period of six (6) months from the issuance of the rules  
20 and regulations from the implementation of this Act pursuant to Sec. 13 hereof.

21 ***SEC.10. Options for Retirees.*** - To give the retirees a sense of  
22 fulfillment and source of livelihood after their voluntary separation from the government  
23 service, they can avail of the following opportunities, strictly for early retirees under this  
24 Act:

25 (a) Early retirees with special skills may register with the Secretariat  
26 which shall be created and administered by the Civil Service  
27 Commission to handle the pool of specialists which the  
28 government and the private sectors may tap for resource speakers,  
29 consultants and the like;

- 1 (b) They shall be given an option to join a cooperative whose  
2 membership and management shall be limited to early retirees.  
3 They shall be provided with necessary orientation and training on  
4 cooperatives upon request;
- 5 (c) They shall be given the option to file membership with the Social  
6 Security System (SSS), with special benefits being early retirees,  
7 e.g. shorter maturation period;
- 8 (d) Should they decide to put up a business venture, a designated  
9 government bank shall provide a lower interest rate for early  
10 retirees, subject to approval of the banks per requirement; and
- 11 (e) Early retirees under this Act may opt to convert their retirement or  
12 separation benefits hereof or a portion thereof into stocks of or  
13 equity in any of the privatized government-owned or controlled  
14 corporations.

15 **SEC.11. Funding.** - For national government employees, such sums as may be  
16 necessary for the payment of the early retirement and separation benefits  
17 authorized in this Act shall be provided in the Annual General Appropriation  
18 Law.

19 For employees of government-owned or controlled corporations, the  
20 benefits herein granted shall be paid from the internal funds of their respective  
21 corporations.

22 For employees of local government units, the benefits shall be paid from  
23 available funds of each local government unit.

24 The above provisions notwithstanding, all savings accruing from the  
25 abolition of the positions pursuant hereto shall be earmarked and used exclusively  
26 for the payment of the benefits under this Act.

27 **SEC. 12. Penalties.** - Any government official who compels an  
28 employee under guise whatsoever to retire or to be separated from the government  
29 service by virtue of this Act or otherwise violates any of the provisions hereof

1 shall, upon conviction, be punished by a fine not exceeding Ten Thousand Pesos  
2 (P10,000.00) or by imprisonment not exceeding six (5) months or both such fine  
3 and imprisonment at the discretion of the court.

4 **SEC. 13. Implementing Rules and Regulations.** - The

5 implementing rules and regulations shall be issued within thirty (30) days from  
6 the date of effectivity of this Act by the Department of Budget and Management,  
7 in consultation with the Civil Service Commission and the Government Service  
8 Insurance System: *Provided*, That any provision of law to the contrary  
9 notwithstanding the documents or supporting papers to be submitted by  
10 appointive officials and employees who wish to avail themselves of the benefits  
11 under this Act are the following:

- 12 (a) A duly approved application under oath for early retirement  
13 or voluntary separation in accordance with this Act,  
14 including a duly certified statement of the number of the  
15 years of service in the government and the rate of the  
16 highest salary received;
- 17 (b) Money and property clearance from the agency concerned;  
18 and
- 19 (c) Sworn statement of assets and liabilities, net worth and  
20 financial and business interest.

21 The processing and actual payment of benefits of the appointive  
22 officials and employees concerned shall be completed within forty-  
23 five (45) days from the date of submission of all foregoing  
24 documents.

25 **SEC.14. Compliance and Reporting.** - Six (6) months from the

26 effectivity of this Act, the Department of Budget and Management, and the Civil Service  
27 Commission shall, on the basis of the reports of the various head of government offices  
28 and agencies, render a report to Congress on the number of government employees



1 affected, the type or nature of positions involved, the total amount spent and an  
2 evaluation thereof.

3 **SEC. 15. Repealing Clause.** - All laws, rules and regulations, or parts  
4 thereof inconsistent with the provision of this Act, are hereby repealed or modified  
5 accordingly.

6 **SEC. 16. Separability Clause.**- If any part, section or provision of this Act  
7 shall be held invalid or unconstitutional, no other part, section or provision thereof shall  
8 be affected thereby.

9 **SEC. 17. Effectivity.** - This Act shall take effect upon publication in two (2)  
10 newspapers of general circulation.

11  
12 Approved,