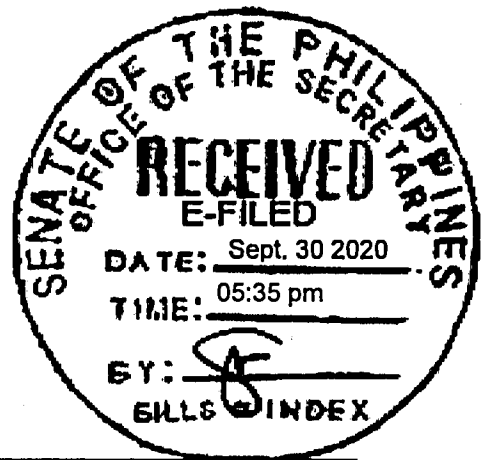


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE
Senate Bill No. 1864



INTRODUCED BY SENATOR RONALD "BATO" DELA ROSA

**AN ACT
PROVIDING FOR A UNIFIED SYSTEM FOR SEPARATION, RETIREMENT, AND
PENSION OF THE MILITARY AND UNIFORMED PERSONNEL (MUP)
SERVICES OF THE REPUBLIC OF THE PHILIPPINES, CREATING THE
MILITARY AND UNIFORMED PERSONNEL RETIREMENT FUND, PROVIDING
FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

In the past years, the Department of the National Defense (DND) has been one of the government agencies with the biggest budget allocations. However, a bulk of the proposed defense spending has been allocated for personnel payroll and pension of retirees.¹ Thus, during President Rodrigo Roa Duterte's penultimate State of the Nation Address last 27 July 2020, he stressed the need to adjust the pension system applicable to newly-hired uniformed personnel. Such adjustment takes into consideration the "ballooning effect" that might greatly affect the budget of the military and uniformed personnel in the years to come.²

No less than the Constitution acknowledges the critical role of the military and uniformed personnel in maintaining national security and peace and order in our country. The government has continuously ensured that those who have risked their lives in the service of the people are and will be adequately remunerated through

¹ <https://newsinfo.inquirer.net/1313261/ph-military-backs-duterte-call-for-revised-pension-system-for-uniformed-personnel>

² <https://mb.com.ph/2020/07/28/afp-lauds-dutertes-call-for-passage-of-military-pension-reform-measure/>

pension and retirement benefits. Meanwhile, there is likewise a need to ensure a more prudent and sustainable pension system. Such mechanism would be equally beneficial to the modernization of our country's national defense in order to continuously enhance its capability of protecting the State and the Filipino people.

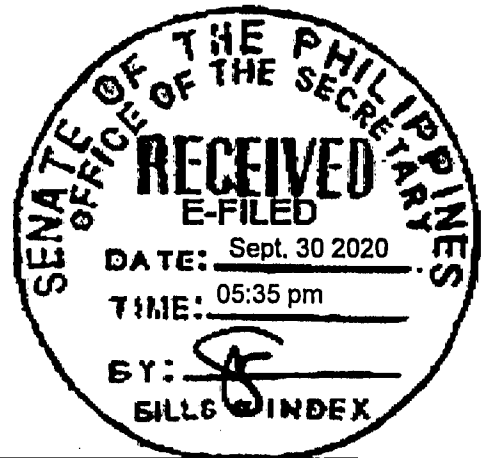
This proposed measure seeks to provide a unified system for the separation, retirement and pension system of the military and the unified personnel namely: the Armed Forces of the Philippines (AFP), the Philippine National Police (PNP), the Philippine Coast Guard (PCG), the Bureau of Fire Protection (BFP), the Bureau of Jail Management and Penology (BJMP) and the Bureau of Corrections (BuCor). The new unified system will ensure a sustainable and permanent solution to the "ballooning effect" budget of the current pension system without diminishing the benefits that the retirees and current active members of military and uniformed services are entitled to under existing laws.

In view of the foregoing, the passage of the bill is urgently sought.


RONALD "BATO" DELA ROSA

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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. *Short Title.* – This Act shall be known as the "Military and Uniformed
2 Personnel Services Separation, Retirement, and Pension Act."

3

4

Title I

5

Declaration of Policy

6

7

Sec. 2. Declaration of Policy. – The State duly recognizes the vital role of military
8 and uniformed personnel in providing internal and external security, promoting peace
9 and order, ensuring public safety, and further strengthening local government
10 capability, aimed towards the effective delivery of basic services to the citizenry.

11

12

The State also recognizes the extraordinary hazards, risks, perils, and dangers
13 that military and uniformed personnel encounter in the performance of their duties.

14

15

It shall therefore be the prime concern of the State to provide all military and
16 uniformed personnel adequate remuneration and benefits, including retirement

1 benefits and pension. The State shall ensure that the retirement benefits and pension
2 scheme of the military and uniformed personnel is secure, equitable, and sustainable.

3
4 Title II

5 Definition of Terms

6
7 Sec. 3. *Definition of Terms.* – For the purposes of this Act:

- 8
9 a. "Active Members" refer to military and uniformed personnel from the Military
10 and Uniformed Services in the Active Service prior to the effectivity of this Act;
11
12 b. "Active Service" refers to Active Service rendered by a Military or Uniformed
13 Services Personnel as a commissioned officer, non-commissioned officer,
14 enlisted personnel, cadet, probationary officer, trainee or draftee in the Military
15 or Uniformed Services; *Provided*, That service rendered as a cadet,
16 probationary officer, trainee or draftee in the Military or Uniformed Services
17 shall be credited for retirement purposes with a maximum of four (4) years,
18 subject to applicable rules and regulations;
19
20 c. "Combat Casualty" refers to death or total permanent physical disability
21 incurred, while in Active Service, during legitimate actual combat or armed
22 encounter, attack or operation;
23
24 d. "Death or Permanent Physical Disability in Line of Duty" refers to death, illness
25 or injury incurred while in the Active Service and not attended by misconduct,
26 willful failure, the use of drugs or alcoholic liquor or vicious or immoral habits;
27
28 e. "Military Services" refer to the Armed Forces of the Philippines (AFP);
29
30 f. "Uniformed Personnel Services" refer to Philippine National Police (PNP),
31 Philippine Coast Guard (PCG), Bureau of Fire Protection (BFP), Bureau of Jail
32 Management and Penology (BJMP) and Bureau of Corrections (BuCor);
33

1 g. "New Entrants" refer to military and uniformed personnel from the Military and
2 Uniformed Services who entered or re-entered the Military and Uniformed
3 Services after the effectivity of this Act;

4
5 h. "Survivors" refer to the following:

6 1. Surviving spouse of a deceased Military or Uniformed Services Personnel
7 not separated by judicial decree from the deceased: *Provided*, That their
8 marriage was contracted during the Active Service of the deceased:
9 *Provided, further*, That entitlement of said spouse to benefits under this Act
10 shall terminate upon re-marriage or co-habitation with another, or the
11 commission against the biological or adopted children of the deceased of
12 any of the acts of violence or abuse as defined under Republic Act No. 9262,
13 otherwise known as "Anti-Violence Against Women and Their Children Act
14 of 2004" and other related penal laws, and other acts inimical to the welfare
15 of the child of the deceased as determined by a Board created for the
16 purpose: *Provided, finally*, That the conviction of the surviving spouse of
17 any crime which carries a penalty of imprisonment of more than six (6)
18 years and one (1) day, the conception of a child after the death of the
19 deceased, or loss of Philippine Citizenship or acquisition of dual citizenship,
20 shall terminate the entitlement of such surviving spouse to benefits under
21 this Act;

22
23 2. Surviving legitimate, adopted and illegitimate children of a deceased Military
24 or Uniformed Services Personnel conceived, adopted or acknowledged prior
25 to separation or retirement of the deceased from active service; *Provided*,
26 That entitlement of said children to benefits under this Act shall terminate
27 when such children attain twenty-one (21) years of age or upon marriage,
28 whichever is earlier; *Provided, further*, That children who suffer from total
29 permanent disability as defined in this Act, shall be entitled to benefits under
30 this Act during their lifetime; *Provided, finally*, That the conviction of the
31 surviving child of any crime which carries a penalty of imprisonment of more
32 than six (6) years and one (1) day, or loss of Philippine Citizenship or

1 acquisition of dual citizenship, shall terminate the entitlement of such child
2 to benefits under this Act;

3
4 3. In default of those mentioned in sub-paragraphs h (1) and (2) above,
5 surviving parents of a deceased Military or Uniformed Services Personnel
6 who are primarily dependent on the deceased for support, or in default
7 thereof, surviving siblings who are under twenty-one (21) years of age and
8 unmarried; *Provided*, That the conviction of the parent or sibling of the
9 deceased for any crime which carries a penalty of imprisonment of more
10 than six (6) years and one (1) day, or loss of Philippine Citizenship or
11 acquisition of dual citizenship, shall terminate the entitlement of such parent
12 or sibling to benefits under this Act;

13
14 i. "Total Permanent Physical Disability" refers to the anatomical loss or the
15 permanent loss of use of both hands, of both feet, of both eyes, of both ears
16 or any combination, or loss of mental faculties, as determined by the medical
17 board created for the purpose.

18
19 Title III
20 Applicability

21
22 Sec. 4. *Applicability*. – This Act shall apply only to all New Entrants of the Military
23 and Uniformed Services.

24
25 Title IV
26 Retirement

27
28 Sec. 5. *Compulsory Retirement*. – The following active Military or Uniformed
29 Services Personnel shall be compulsorily retired:

30
31 a. Those who attain the age of fifty-six (56): *Provided*, That he/she has
32 accumulated at least thirty (30) years of satisfactory Active Service;

- 1
- 2 b. Those who suffer death in line of duty: *Provided*, That he/she has accumulated
- 3 at least thirty (30) years of satisfactory Active Service;
- 4
- 5 c. Those who incur total permanent physical disability in line of duty: *Provided*,
- 6 That he/she has accumulated at least thirty (30) years of satisfactory Active
- 7 Service;
- 8
- 9 d. Those who are combat casualties;
- 10
- 11 e. Those subject to attrition, as provided in Section 18 of this Act: *Provided*, That
- 12 he/she has accumulated at least thirty (30) years of satisfactory Active Service;
- 13 or
- 14
- 15 f. Those separated by their respective Disciplinary Board under Section 18 of this
- 16 Act: *Provided*, That he/she has accumulated at least thirty (30) years of
- 17 satisfactory Active Service.
- 18

19 **Sec. 6. *Voluntary Retirement.*** – Upon accumulation of at least thirty (30) years

20 of satisfactory Active Service, a Military or Uniformed Services Personnel may apply

21 for voluntary retirement from Active Service, subject to the approval of their

22 respective appropriate authority.

23

24 Title V

25 Separation

26

27 **Sec. 7. *Compulsory Separation.*** – The following Military or Uniformed Services

28 Personnel shall be compulsorily separated from the Active Service:

29

- 30 a. Those who attain the age of fifty-six (56) without having accumulated at least
- 31 thirty (30) years of satisfactory Active Service;
- 32

- 1 b. Those who suffer death in line of duty but without having accumulated at least
2 thirty (30) years of satisfactory Active Service;
- 3
4 c. Those who incur total permanent physical disability in line of duty but without
5 having accumulated at least thirty (30) years of satisfactory Active Service;
- 6
7 d. Those subject to attrition, as provided in Section 18 of this Act, without having
8 accumulated at least thirty (30) years of satisfactory Active Service; or
- 9
10 e. Those separated by their respective Disciplinary Board under Section 13 of this
11 Act without having accumulated at least thirty (30) years of satisfactory Active
12 Service.

13
14 **Sec. 8. *Voluntary Separation.*** – A Military or Uniformed Services Personnel, who
15 has not accumulated at least thirty (30) years of satisfactory Active Service, may apply
16 for separation from Active Service, subject to the approval of their respective
17 appropriate authority.

18
19 **Title VI**

20 **Retirement and Separation Benefits**

21
22 **Sec. 9. *Gratuity and Retirement Pay.*** – When a Military or Uniformed Services
23 Personnel is retired under Title IV of this Act, he/she shall, at his/her option, receive
24 Gratuity Pay or Retirement Pay described below:

- 25
26 a. Gratuity Pay – equivalent to one (1) month of base and longevity pay of the
27 permanent grade last held for every year of service payable in one (1) lump
28 sum;
- 29
30 b. Retirement Pay – a monthly retirement pay equivalent to two and one-half
31 percent (2 1/2%) for each year of Active Service rendered, but not exceeding
32 ninety percent (90%) of the monthly base and longevity pay of the permanent
33 grade last held: *Provided*, That when he/she retires, he/she shall be entitled to

1 receive a lump sum equal to eighteen (18) months of his monthly retirement
2 pay, and thereafter receive his/her annual retirement pay payable in equal
3 monthly installments: *Provided, further,* That if he/she dies before his/her
4 retirement pay begins to accrue, the Survivors of the latter shall be entitled
5 thereof but shall receive only the derivative benefits thereunder when they
6 accrue: *Provided, finally,* That the retirement pay of combat casualties, shall be
7 computed at the rate of ninety (90%) of their monthly base and longevity pay
8 regardless of their years in Active Service;

9
10 After their retirement from the service, those retired under Title IV shall
11 immediately receive their benefits under this Act: *Provided,* That, those retired due to
12 Attrition under Section 5 (e), Honorably Discharged under Section 5 (f), and those
13 who avail of Voluntary Retirement under Section 6 shall be eligible to receive monthly
14 retirement pay only upon reaching the age of fifty (50): *Provided, however,* that
15 survivors shall immediately receive their survivorship benefits in the event the retiree
16 dies before his fiftieth (50th) birthday for cause/s not attributable to the Survivor
17 entitled thereto; *Provided, further,* That nothing in this Section shall be construed as
18 authorizing adjustment of pay, or payment of any differential in retirement pay to
19 Military or Uniformed Services Personnel who are already retired prior to the approval
20 of this Act as a result of increases in salary of those in the Active Service may have
21 their retirement pension adjusted based on the rank they hold and on the prevailing
22 pay of military personnel in the Active Service, at the time of the termination of their
23 recall to Active Service.

24
25 **Sec. 10. Separation Pay.** – Except for those provided for in Section 12 of this
26 Act, when a Military or Uniformed Services Personnel is separated from the service
27 under Section 7 and Section 8 of Title V of this Act, he/she, or his/her survivors shall
28 receive a separation pay equivalent to one-month base plus longevity pay of the
29 permanent grade last held for every year of Active Service: *Provided,* That nothing in
30 this Section shall be construed as authorizing adjustment of pay, or payment of any
31 differential in separation pay to Military or Uniformed Services Personnel who are
32 already retired or separated from the service prior to the effectivity of this Act as a

1 result of increases in salary granted to Military or Uniformed Services Personnel in
2 Active Service.

3

4 **Sec. 11. *Survivorship Benefits.*** – The survivors of a deceased Military or
5 Uniformed Services Personnel retired under Title IV, and separated under Section 7
6 (b) of Title V of this Act shall be immediately entitled to a monthly annuity equivalent
7 to seventy-five percent (75%) of his/her monthly retirement pay which the deceased
8 was receiving or entitled to receive, to be divided among them in equal shares and
9 with the right of accretion: *Provided*, That the minimum monthly annuity to be
10 received shall be equivalent to fifty percent (50%) of the base and longevity pay of
11 the permanent grade last held: *Provided, Finally*, That if lump sum equal to eighteen
12 months (18) is availed and retiree dies within eighteen (18) months after retirement,
13 survivorship benefits shall only start on the first month immediately after the eighteen
14 (18) months reckoned from date of retirement.

15

16 **Sec. 12. *Benefits for Death and Total Permanent Disability in Line of Duty.*** – A
17 Military or Uniformed Services Personnel separated under Section 7(c) of Title V of
18 this Act or his Survivors shall be immediately entitled to a monthly life annuity the
19 amount of which shall be fifty per centum (50%) of the base and longevity pay
20 computed on the basis of his/her actual rank held at time of death or disability.

21

22 **Sec. 13. *Separation by the Disciplinary Board.*** – A Military or Uniformed Services
23 Personnel referred to and found by their respective Disciplinary Board not fit for
24 retention in the Active Service because of substandard performance, low potentiality,
25 doubtful integrity and/or acts inconsistent with the best interest of the service shall be
26 separated from the Active Service: *Provided*, That the Disciplinary Board, based on
27 the facts and circumstances of the case, shall determine whether the subject Military
28 or Uniformed Services Personnel shall be granted an Honorable Discharge and is
29 entitled to receive benefits under Sections 9 or 10 of Title VI of this Act, as applicable,
30 otherwise, all benefits under this act shall be forfeited.

31

1 of the Military and Uniformed Personnel Retirement Fund (MUPRF). Within six (6)
2 months from the effectivity of this Act, the GSIS shall determine the manner and
3 undertake the creation of a subsidiary that will assume the management and
4 maintenance of the MUPRF either through the passage of an original charter by the
5 Congress or through Republic Act No. 11232 otherwise known as the "Revised
6 Corporation Code of the Philippines."

7
8 **Sec. 16. Fund Administration.** – The Military and Uniformed Services shall create
9 or assign respective office, unit or entity that shall administer their respective
10 Retirement and Separation Fund (RSF) and discharge all necessary functions, except
11 for the management and maintenance of the fund, relevant to the retirement and
12 separation benefits of the New Entrants, in collaboration agreement with the GSIS
13 subsidiary managing the fund.

14
15 **Sec. 17. Funding Sources.** – The MUPRF shall be initially allocated a capital of
16 Five Billion Pesos (P5,000,000,000.00). Aside from the initial capitalization, the MUPRF
17 shall be funded through mandatory contributions of New Entrants of seven percent
18 (7%) of their Base Pay as their personal share to the MUPRF, and twenty percent
19 (20%) from the National Government sourced from the annual General Appropriations
20 Act.

21
22 **Title VIII**
23 **General Provisions**
24

25 **Sec. 18. Attrition.** – The attrition systems of Military and Uniformed Services
26 shall be formulated by their respective Organizations.

27
28 **Sec. 19. Retirement Grade.** – Military and Uniformed Services covered under
29 this Act shall be retired in the grade they hold at the time of their retirement: *Provided,*
30 That for those compulsorily retired due to age or combat casualty shall be retired at
31 one (1) grade higher than the permanent grade last held.

32

1 **Sec. 20. *Manner of Increase of Pension Benefits.*** – Upon effectivity of this Act,
2 there shall be no automatic indexing of Gratuity and Retirement Pay, Survivorship
3 Benefits and other benefits with the salary increases of active Military and Uniformed
4 Services Personnel.

5
6 The Pension benefits, including additional Disability Pension, shall be regularly
7 reviewed every three (3) years and may be adjusted as recommended by the actuary
8 of the Pension Fund and approved by the Board of Directors of the Fund Manager of
9 the MUPRF.

10
11 **Sec. 21. *Retirement List.*** – Military and Uniformed Service Personnel retired
12 under Title IV of this Act shall be carried in the retirement list of the applicable Military
13 and Uniformed Services. The name of a retiree who loses his/her Filipino citizenship
14 shall be removed from the Retirement List and his/her retirement benefits terminated
15 upon such loss regardless of acquisition of dual citizenship.

16
17 **Sec. 22. *Recall to Active Service.*** – (1) AFP Personnel carried in the Retirement
18 List shall be subject to the Articles of War and may be recalled at any time by the
19 President to Active Service in the permanent grade last held upon retirement. His/her
20 refusal to perform such duty shall be a ground for court-martial under Article 97 of
21 the Articles of War and subsequent termination of payments of benefits as determined
22 by the court martial.

23
24 (2) When recalled to Active Service, a retiree shall receive the pay and
25 allowances of the permanent grade last held and shall continue to be carried in the
26 Retirement List. He/she shall be eligible for promotion under the Regular Force while
27 in active status or in the Reserve Force when in inactive status.

28
29 **Sec. 23. *Non-Encumbrance of Benefits.*** – The benefits authorized under this
30 Act shall exclusively for the benefit of the retired or separated Military or Uniformed
31 Services Personnel and except as provided herein, shall not be subject to attachment,
32 garnishment, levy, execution or any tax whatsoever; neither shall they be assigned,

1 ceded, or conveyed to any third person; *Provided*, that if a retired or separated Military
2 or Uniformed Services Personnel who is entitled to any benefit under this Act has
3 unsettled money and/or property accountabilities incurred while in the Active Service,
4 not more than fifty percent (50%) of the pension gratuity or other payment due such
5 Military or Uniformed Services Personnel or his/her survivors under this Act may be
6 withheld and be applied to settle such accountabilities.

7
8 **Sec. 24. *Accrual of Benefits.*** – The benefits authorized under this Act shall
9 accrue to Military or Uniformed Services Personnel separated by board action or court
10 martial action except when non-entitlement of such benefits is expressly adjudged by
11 the board or by the military court and approved by the approving authority.

12
13 **Sec. 25. *Non-Diminution of Benefits.*** – Nothing in this Act shall be construed in
14 any manner to reduce whatever retirement and separation pay or gratuity or other
15 monetary benefits which any person is receiving or entitled to receive under the
16 provisions of existing laws.

17
18 **Title IX**

19 **Miscellaneous Provisions**

20
21 **Sec. 26. *Penal Clause.*** – Any person found to have participated directly or
22 indirectly in the commission of fraud, falsification, misrepresentation of facts, collusion
23 or any similar anomaly in the issuance of any certificate or document for any purpose
24 connected with this Act shall upon conviction be punished by a fine of not less than
25 the amount defrauded but not more than threefold such amount and/or imprisonment
26 of not less than six (6) months and one (1) day to six (6) years and perpetual
27 disqualification from holding public office and from practicing any profession or calling
28 licensed by the government; *Provided*, that the maximum penalty shall be imposed if
29 the offense was committed by any group who belongs to an organized/syndicated
30 crime group.

1 **Sec. 27. *Implementing Rules and Regulations.*** – Within sixty days (60) days
2 upon the effectivity of this Act, the DOF, DND, DND, DOJ, DOTR, Government Service
3 Insurance System (GSIS), and the Department of Budget and Management (DBM), in
4 coordination with the AFP, PNP, PCG, BJMP, BFP, BuCor and other relevant offices
5 shall formulate and issue the Implementing Rules and Regulations necessary for the
6 effective implementation hereof.

7
8 **Sec. 28. *Appropriations.*** – The amount necessary for the implementation of the
9 provisions of this Act shall be included in the annual General Appropriations Act
10 following its enactment into law.

11
12 **Sec. 29. *Repealing Clause.*** – The pertinent provisions of Republic Act No. 6975,
13 Republic Act No. 8551, Republic Act No. 9263, Republic Act No. 9993, and Republic
14 Act No. 10575 are hereby amended accordingly.

15
16 Presidential Decree No. 1656, Presidential Decree No. 1638, Republic Act No.
17 340, and Republic Act No. 5976 are hereby repealed. However, those considered
18 Active Members upon the enactment of this Act shall continue to receive the benefits
19 of the aforementioned laws. Nothing in this Act shall be construed to eliminate or in
20 any way diminish any benefits being enjoyed by Military and Uniform Personnel at the
21 time of promulgation of this Act.

22
23 All laws, rules and regulations, and other issuances or parts thereof, which are
24 inconsistent with the provisions of this Act are hereby repealed or modified
25 accordingly.

26
27 **Sec. 30. *Separability Clause.*** – If any provision of this Act shall be declared
28 invalid or unconstitutional, the remaining parts or provisions not otherwise affected
29 shall remain in force and effect.

1 **Sec. 31. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days following
2 its complete publication in the Official Gazette or in two (2) national newspapers of
3 general circulation.

4

5 *Approved,*