

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

5 NOV 22 P1:23

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SENATE

S. No. 2170

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Introduced by Senator S. R. Osmeña III

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### EXPLANATORY NOTE

In 1957, Republic Act 1616 was enacted further amending Commonwealth Act 186, the old law on government employees' retirement benefits. In addition to the Old-Age Pension for Life retirement mode, RA 1616 introduced a new mode of paying retirement benefits -- Gratuity retirement mode, a one-time payment to be made by the last employer of the retiree.

The Gratuity retirement mode was intended to accommodate younger government employees who have not as yet reached the minimum number of years of service required for them to qualify for the Old-Age Pension for Life retirement mode. However, because of the ambiguous phraseology of RA 1616, instead of its application being restricted to younger employees as intended, government employees who were already legally qualified to retire under the Old-Age Pension for Life retirement mode were also covered by the said law. This ambiguity became prejudicial to the latter because they were granted gratuity when they were already qualified to receive old-age pension for life.

While the deleterious provision of RA 1616 was impliedly phased out under Presidential Decree 1146, there has been no law enacted categorically repealing the subject provision thus causing further inequity. Even with the passage of the new law on government retirement benefits, Republic Act 8291, the said provision still stands.


To remedy the above defect of the RA 1616, the passage of this bill is earnestly requested. Retirees who were prejudiced under RA 1616 shall be compensated by allowing them to convert their mode of retirement to the more beneficial Old-Age Pension for Life retirement with survivorship benefits. Funding for the implementation of the law is proposed to be generated from a portion of the GSIS Residual Actuarial Reserve, part of which accumulated from the payments (and the investment earnings thereon) that were saved by the GSIS for not having paid the retirees qualified to receive old-age pension for life who were instead paid a measly one-time lump sum gratuity by their employers.

  
SERGIO OSMEÑA III  
Senator

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**AN ACT**  
**GRANTING OLD-AGE PENSION FOR LIFE TO SENIOR CITIZENS WHO RETIRED**  
**UNDER REPUBLIC ACT 1616 AS WELL AS SURVIVORSHIP BENEFITS TO**  
**THEIR SURVIVORS**

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

1 Section 1. *Declaration of Policy.* It is the declared policy of the State to promote  
2 and provide a rising standard of living and an improved quality of life for all. In pursuit  
3 of such policy, the state recognizes the need and so undertakes to grant old-age  
4 pension for life to senior citizens who retired under Republic Act 1616 as well as  
5 survivorship benefits to their survivors who are otherwise deprived thereof, in order  
6 that such pension would be responsive to their increasing needs.

7 Section 2. *Coverage.* This Act shall cover senior citizens who retired under RA  
8 1616 effective June 1, 1977 and thereafter.

9 Section 3. *Change of Mode of Retirement.* An employee who retired not earlier  
10 than June 1, 1977 under Republic Act 1616 but who is otherwise qualified to retire  
11 under RA 660 or PD 1146, shall hereafter automatically have this gratuity retirement  
12 converted to a pension system of his choice under existing laws that is more beneficial  
13 to him, and thereafter shall receive the old-age pension for life as well as the  
14 survivors' benefits for this survivors provided under such laws. In addition, the retiree  
15 or his survivors' shall no longer be required to reimburse to the Government Service  
16 Insurance System (GSIS) the retirement gratuity previously received by him from his

1 last employer as well as the refunds from the GSIS of the personal and employer's  
2 premium as the case may be but shall be considered as partial payment by the GSIS  
3 to the retiree under the pension law of his choice.

4       Section 4. *Status of the Converted Senior Citizen-Retiree.* Upon approval of  
5 this Act, the status of the converted senior citizen – retiree shall, for all intents and  
6 purposes, be the same as though he had originally retired under the annuity Pension  
7 System, and henceforth be accorded all the present and future benefits and privileges  
8 accruing to a retiree under the annuity Pension System. However, if an RA 1616  
9 retiree prefers not to be converted under this Act, then he shall so state in writing to  
10 the GSIS.

11       Section 5. *Funding.* Such sum as may be necessary for the payment of the  
12 retirement/ survivorship benefits under Section 3 of this Act, shall be charged against  
13 the accumulated aggregate residual actuarial reserves as established pursuant to  
14 Sec. 24 (b) of Commonwealth Act 186, as amended, that the GSIS essentially saved  
15 from not being required to pay the old-age pension for life, as well as the survivorship  
16 benefits of thousand of RA 1616 retirees whose lump sum gratuity was each paid  
17 instead by his last employer effective from the time RA 1616 took effect on May 31,  
18 1875.

19       Section 6. *Implementing Guidelines.* The GSIS, in connection with the  
20 Department of Budget and Management, shall issue the necessary guidelines for the  
21 implementation of this Act not later than sixty (60) days after the approval hereof.

22       Section 7. *Separability Clause.* Should any provision of this Act or any part  
23 thereof be declared invalid, the other provisions, so far as they are separable from the  
24 invalid ones, shall remain in full force and effect.

25       Section 8. *Repealing Clause.* All laws, presidential decrees, letter of  
26 instructions, executive orders, rules and regulations, or parts thereof inconsistent with  
27 the provisions of this Act are hereby repealed or modified accordingly.

28       Section 9. *Approved.* This Act shall take effect upon its approval.

29       Approved,