



HOUSE OF REPRESENTATIVES

H. No. 8969

BY REPRESENTATIVES ROMUALDEZ (F.M.), ROMUALDEZ (Y.M.), ACIDRE, DALIPE, MARCOS, SALCEDA, MATUGAS, VILLAFUERTE (L.R.), VILLAFUERTE (M.L.), HORIBATA, ENCISO, RECTO, ROMERO, DUTERTE, YAP (ERIC), YAP (EDVIC), TULFO (J.), SORIANO, TAMBUNTING, BUSTOS, LUISTRO, VIOLAGO, TUPAS, CO (E.), FERNANDEZ, OLIVAREZ, GONZALES (A.), SUAREZ, TAN (S.J.), DAGOOC, AQUINO-MAGSAYSAY, PALMA, ROMUALDO, YAP (C.), TAN (K.M.), ONGCHUAN, TAN-TAMBUT, ZAMORA (M.C.), RIVERA, ADIONG, CARI, TANJUATCO, DAYANGHIRANG, ORTEGA, REVILLA (R.J.), MASTURA, LAZATIN, GOMEZ, ALBANO, CAGAS, TAN (S.), YU (D.G.), DY (F.), YU (J.V.), MATIBAG, BERNOS, ROBES, DEL MAR, BUHAIN, LACSON-NOEL, ACHARON, CRUZ (A.), SINGSON-MEEHAN, BAUTISTA-LIM, MARIANO-HERNANDEZ, GARCIA (P.J.), YAMSUAN, TULFO (R.W.), FLORES, GALEOS, DIONISIO AND PRIMICIAS-AGABAS

AN ACT
CREATING A SUSTAINABLE FISCAL FRAMEWORK FOR THE
PENSION SYSTEM OF THE MILITARY AND UNIFORMED PERSONNEL,
PROVIDING MECHANISMS FOR THE DISPOSITION OF GOVERNMENT
ASSETS FOR THE PURPOSE, AND APPROPRIATING FUNDS THEREFOR

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

TITLE I

General Provisions

SECTION 1. *Short Title.* – This Act shall be known as the “Military and Uniformed
Personnel Pension System Act.”

SEC. 2. *Declaration of Policy.* – The State duly recognizes the vital role of the
Military and Uniformed Personnel in providing internal and external security, promoting
peace and order, and ensuring public safety.

The State also recognizes its obligation to secure the pension system for the Military
and Uniformed Personnel given the distinctive personal risks in their role in nation-building
and national security.

1 Towards these ends, the State shall guarantee the sustainability of the pension and other
2 benefits of the Military and Uniformed Personnel by establishing a fiscal framework that fully
3 supports their funding requirements.

4 **SEC. 3. *Definition of Terms.*** – As used in this Act:

5 (a) *Active Service* refers to active service rendered by the Military or Uniformed
6 Services Personnel as a commissioned officer, non-commissioned officer, enlisted personnel,
7 cadet, probationary officer, trainee or draftee in the Military or Uniformed Services: *Provided,*
8 That service rendered as a cadet, probationary officer, trainee or draftee in the Military or
9 Uniformed Services shall be credited for retirement purposes with a maximum of four (4) years,
10 subject to applicable rules and regulations;

11 (b) *Military and Uniformed Personnel* refers to all employees of the government who
12 wear uniforms, with ranks, may be armed or unarmed, primarily involved in national defense,
13 enforcement of laws, and in the maintenance of peace, order, and security and who belong to
14 any of the following services: Armed Forces of the Philippines, Philippine National Police,
15 Philippine Coast Guard, Bureau of Fire Protection, Bureau of Jail Management and Penology,
16 Bureau of Corrections, and the commissioned officers of the Hydrography Branch of the
17 National Mapping and Resource Information Authority who were transferred from the Bureau
18 of Coast and Geodetic Survey;

19 (c) *New Entrants* refer to Military and Uniformed Personnel who entered or re-entered
20 the Military and Uniformed Services after the effectivity of this Act;

21 (d) *Pension* refers to the sum of money representing the monthly retirement pay or the
22 monthly life annuity of a Military and Uniformed Personnel;

23 (e) *Survivors* refer to the following:

24 (1) Surviving spouse if married to the deceased prior to the latter's retirement or
25 separation and not legally separated by judicial decree from the deceased issued on grounds
26 not attributable to said spouse: *Provided,* That entitlement to benefits shall terminate until the
27 said spouse remarries, cohabits, or engages in a common law relationship;

28 (2) Surviving children shall mean:

29 (i) Born of the marriage contracted prior to the retirement or separation from
30 the service;

31 (ii) Adopted or acknowledged by the deceased while in active service; and

32 (iii) Children who are eighteen (18) years old and above but suffering from mental or
33 physical incapacity, or any disability that renders them totally dependent on the deceased.

1 *Provided*, That entitlement to benefits shall terminate when the surviving children attain
2 eighteen (18) years of age or get married, except for surviving children who were duly certified
3 by the appropriate medical certification process of the respective military or uniformed
4 services, to be incapable of employment by reason of their mental or physical incapacity.

5 In default of those mentioned in paragraphs (1) and (2), above, or in their absence, the
6 surviving parent or parents, or in default thereof, the surviving unmarried brothers and sisters
7 who are below eighteen (18) years of age and without parental obligation; and

8 (f) *Survivorship Pension* refers to the monthly benefit or the monthly life annuity of
9 the beneficiaries of a deceased Military and Uniformed Personnel who is retired under the
10 provisions of existing laws.

11 **SEC. 4. *Compulsory Retirement.*** – The following shall be compulsorily retired:

12 (a) *Military Personnel* – Military Personnel shall be compulsorily retired from
13 service in accordance with Section 6 of Republic Act No. 11709, as amended by Section 2 of
14 Republic Act No. 11939, under at least one of the following conditions:

15 (1) Upon reaching fifty-seven (57) years of age, or upon accumulation of thirty (30)
16 years of satisfactory active service, whichever comes later; or

17 (2) For key officers upon completion of tour of duty, or upon relief by the President.

18 (b) *Uniformed Personnel* – Uniformed Personnel shall be compulsorily retired from
19 service upon reaching the age of fifty-seven (57) years old, or upon accumulation of thirty (30)
20 years of satisfactory active service, whichever comes later.

21 Military or Uniformed Personnel killed-in-action or wounded-in-action resulting in
22 total permanent disability as duly certified by the appropriate medical certification process of
23 the respective services, shall be deemed compulsorily retired for purposes of computing
24 retirement benefits.

25 **SEC. 5. *Optional Retirement.*** – A Military and Uniformed Personnel may voluntarily
26 retire upon accumulation of at least twenty (20) years of satisfactory active service, subject to
27 the approval of the appropriate authority.

28 **SEC. 6. *Harmonization of Total Permanent Disability Benefits.*** – Military and
29 Uniformed Personnel with total permanent disability as a result of injuries suffered or
30 sickness contracted in the performance of duty as duly certified by the appropriate medical
31 certification process of the respective services, that the extent of the disability or sickness
32 renders such personnel unfit or unable to further perform the duties of his position, shall be
33 compulsory retired.

1 TITLE II

2 **Fiscal Sustainability of Pension Benefits**

3 **SEC. 7. Fiscal Risk Management.** – To ensure that fiscal risks related to the Military
4 and Uniformed Personnel Pension System are managed and addressed, the Secretary of
5 Finance, as Chairperson of the Military and Uniformed Personnel Trust Fund Committee
6 created under Section 12 of this Act, shall:

7 (a) Formulate policies, consistent with law, to ensure the fiscal sustainability of the
8 pension of Military and Uniformed Personnel;

9 (b) Obtain information from any officer or office of local governments and agencies
10 and instrumentalities of the National Government, as may be necessary;

11 (c) Assess possible risks to the fiscal sustainability of the pension of Military and
12 Uniformed Personnel and propose appropriate policy interventions;

13 (d) Identify, manage, and control risks that the pension of the Military and Uniformed
14 Personnel may pose to the National Government's fiscal position; and

15 (e) Inform both Houses of Congress of such risks through the annual Fiscal Risk
16 Statement and propose legislative reforms to address such risks.

17 **SEC. 8. Retirement Pay.** – For those who entered the active service prior to the
18 effectivity of this Act, the monthly retirement pay shall be fifty percent (50%) of the base pay
19 and longevity pay of the grade next higher than the permanent grade last held by the personnel
20 in case of twenty (20) years in active service, increasing by two and one-half percent (2.5%)
21 for every year of active service rendered beyond twenty (20) years to a maximum of ninety
22 percent (90%) for thirty-six (36) years of active service and over.

23 Upon retirement, a military or uniformed personnel shall choose between the following
24 modes of payment of retirement benefits:

25 (a) Lump Sum – Received in advance and in one lump sum, retirement benefits
26 equivalent to thirty-six (36) months; and three (3) years thereafter, received monthly retirement
27 benefits as they accrue; or

28 (b) Direct Pension – Received monthly retirement benefits as they accrue.

29 The retirement pay of a Military and Uniformed Personnel who is killed-in-action or
30 wounded-in-action resulting in total permanent disability, as duly certified by the appropriate
31 medical certification process of the respective services, is computed at the rate of ninety
32 percent (90%) of the monthly base and longevity pay of the retirement grade of the personnel
33 regardless of years in active service.

1 For new entrants, monthly retirement pay shall be fifty percent (50%) of the base pay
2 and longevity pay of the permanent grade last held by the personnel in case of twenty (20)
3 years in active service, increasing by two and one-half percent (2.5%) for every year of active
4 service rendered beyond twenty (20) years to a maximum of ninety percent (90%) for
5 thirty-six (36) years of active service and over.

6 Nothing in this section shall be construed as authorizing any downward adjustment of
7 pay, or payment of any differential in retirement pay, to Military and Uniformed Personnel
8 who are already retired prior to the approval of this Act.

9 **SEC. 9. Separation Pay.** – Military and Uniformed Personnel who separates or
10 resigns from the service without reaching twenty (20) years of satisfactory active service shall
11 receive a separation pay equivalent to one-month base pay plus longevity pay of the permanent
12 grade the Military and Uniformed Personnel holds at the time of separation for every year of
13 active service.

14 **SEC. 10. Adjustments in Active Personnel Pay and Pension Benefits.** – The pension
15 of retired Military and Uniformed Personnel and survivorship pension of qualified survivors
16 shall be subject to an automatic indexation at a rate not exceeding one hundred percent (100%)
17 of the increase in the base pay of the Military and Uniformed Personnel in active service
18 holding the same rank during the same year: *Provided*, That for the first ten (10) years from
19 the effectivity of this Act, there shall be a guaranteed annual adjustment in the base pay of
20 active Military and Uniformed Personnel of three percent (3%).

21 There shall be no automatic adjustment of the retirement and survivorship benefits to
22 the prevailing scale of salary of the active Military and Uniformed Personnel of the same rank
23 for new entrants. The Military and Uniformed Personnel Trust Fund Committee, created under
24 Section 12 of this Act, may increase the retirement benefits herein provided by not more than
25 one and a half percent (1.5%) of the retirement benefit within a given year, when the financial
26 sustainability of such increase is supported by an actuarial study.

27 The President of the Philippines is hereby authorized, upon the recommendation of the
28 Military and Uniformed Personnel Trust Fund Committee, and subject to consultation with the
29 President of the Senate and the Speaker of the House of Representatives, to adjust the
30 pension and survivorship pension at a rate lower than the adjustment prescribed herein
31 due to adverse fiscal or economic conditions, as certified by the Development Budget
32 Coordination Committee.

1 **TITLE III**

2 **Military and Uniformed Personnel Trust Funds**

3 **SEC. 11. *MUP Trust Funds.*** -- There shall be two (2) trust funds for the Military and
4 Uniformed Personnel Services as follows:

5 (a) **Armed Forces of the Philippines Trust Fund.** -- The Armed Forces of the Philippines
6 Trust Fund, hereinafter referred to as the AFP Trust Fund, is hereby created for the budgetary
7 support of separation and retirement benefits of the Armed Forces of the Philippines, including
8 the payment of the retirement pay, separation pay, and assistance to indigent pensioners under
9 this Act, as well as the disability and survivorship pension under existing laws; and

10 (b) **Uniformed Personnel Services Trust Fund.** -- The Uniformed Personnel Services
11 Trust Fund, hereinafter referred to as the UPS Trust Fund, is hereby created for the budgetary
12 support of separation and retirement benefits of the uniformed personnel services, including
13 the payment of the retirement pay, separation pay, and assistance to indigent pensioners under
14 this Act, as well as the disability and survivorship pension under existing laws.

15 **SEC. 12. *Military and Uniformed Personnel Trust Fund Committee.*** -- To carry out
16 the declared policy of this Act, the Military and Uniformed Personnel Trust Fund Committee,
17 hereinafter referred to as the Committee, is hereby created. The Committee shall be organized
18 within ninety (90) days from the effectivity of this Act. The Committee is composed of the
19 following members:

- 20 (a) Secretary of Finance as Chairperson;
21 (b) Secretary of Budget and Management;
22 (c) Secretary of National Defense;
23 (d) Secretary of the Interior and Local Government;
24 (e) Secretary of Justice;
25 (f) Secretary of Transportation;
26 (g) Executive Secretary of the Office of the President;
27 (h) President and General Manager of the Government Service Insurance System;
28 (i) Chief of Staff of the Armed Forces of the Philippines; and
29 (j) Chief of the Philippine National Police.

30 *Provided,* That the participation of representatives of the Military and Uniformed
31 Services in deliberations and decision-making processes of the Committee shall be limited to
32 the matters concerning their respective trust fund.

33 The Bureau of the Treasury shall serve as the Secretariat of the Committee and maintain
34 the records and accounts of all investments, receipts, disbursements, and other transactions

1 relating to the management, administration, and utilization of the MUP Trust Funds: *Provided*,
2 That these records and accounts are maintained in accordance with the existing accounting and
3 auditing laws, rules and regulations, and audited by the Commission on Audit.

4 **SEC. 13. Powers and Functions of the Committee.** – The Committee shall exercise
5 the following powers and functions:

6 (a) Act as Trustee of the MUP Trust Funds and such other assets as may be assigned
7 to the pension system of the Military and Uniformed Personnel and direct how the assets of the
8 MUP Trust Funds are managed;

9 (b) Manage the MUP Trust Funds, through the fund manager designated under Section
10 14 herein, and ensure that the fund is actuarially and financially optimal and sustainable;

11 (c) Authorize the necessary expenses to manage and administer the MUP Trust Funds;

12 (d) Implement and execute functions related to the disposition of assets identified under
13 this Act;

14 (e) Create, manage, and utilize separate trust fund sub-accounts for the different
15 Military and Uniformed Services;

16 (f) Cause the undertaking of a survey or consultation to assess the preferences of
17 Military and Uniformed Personnel on the features of the pension system, including willingness
18 to pay for contributions and interest in various benefit and investment schemes;

19 (g) Commission an actuarial evaluation of the fiscal sustainability of the pension
20 scheme, including specific recommendations on the rates for contributions and investment
21 options for the MUP Trust Funds, as applicable; and

22 (h) Perform other necessary functions for the effective management of the MUP
23 Trust Funds.

24 *Provided*, That within one (1) year from the effectivity of this Act, the fund manager
25 shall conduct the studies prescribed under this Section: *Provided, further*, That the findings and
26 recommendations obtained from the studies shall be submitted to the Committee which shall
27 promulgate the implementing rules and regulations with respect to the mandatory contribution
28 scheme, and other features of the pension scheme as applicable.

29 **SEC. 14. Manager of MUP Trust Funds.** – The Government Service Insurance System
30 (GSIS) is designated as the fund manager and benefits administrator of the MUP Trust Funds,
31 and shall:

32 (a) Implement an investment management and benefits administration strategy as
33 directed by the Committee;

1 (b) Monitor market and economic trends and track securities to make informed
2 investment decisions;

3 (c) Recommend its portfolio strategy to the Committee;

4 (d) Track financial results of companies in the portfolio and its various metrics,
5 including price-to-earnings ratios, inflation-adjusted return, sales, earnings, and dividends; and

6 (e) Perform other acts necessary to fulfill its mandate under this Act, or such acts that
7 may be delegated by the Committee.

8 **SEC. 15. *Structure, Staffing Pattern, and Operating Budget.*** – The organizational
9 structure and staffing pattern for the management of the MUP Trust Funds within the
10 Government Service Insurance System and for the creation of the MUP Trust Fund Secretariat
11 within the Bureau of the Treasury shall be approved by the Committee within one hundred
12 twenty (120) days from the effectivity of this Act: *Provided*, That appointees to various
13 positions shall comply with the qualification standards approved by the Civil Service
14 Commission: *Provided, further*, That the Government Service Insurance System shall be
15 entitled to management fees, to be charged against the MUP Trust Funds.

16 **SEC. 16. *Joint Responsibility.*** – For the purpose of ensuring that only qualified
17 Military and Uniformed Personnel retirees and beneficiaries shall receive the retirement
18 pension or separation benefits, the respective services or mother units shall assist and share,
19 jointly or separately, the duty and obligation with the Committee in monitoring proof of life or
20 life events that will affect the qualification of pensioners and beneficiaries to receive the
21 pension or benefit. The initial computation of pension and benefits accruing to each retiree or
22 beneficiary shall be jointly undertaken and agreed upon by the concerned mother unit and
23 the Committee.

24 **SEC. 17. *Funding Sources.*** – The MUP Trust Funds shall be funded through the
25 following:

26 (a) *Capitalization.* – Such sums as may be necessary to capitalize and sustain the fund
27 as determined by the Committee shall be appropriated and released to the MUP Trust Funds;

28 (b) *Mandatory Contributions.* – New entrants shall contribute nine percent (9%) of
29 their monthly compensation as personal share and the National Government shall provide
30 twelve percent (12%) as its share.

31 *Provided*, That both the share of Military and Uniformed Personnel and the share of
32 the National Government may be reduced by the Development Budget Coordination
33 Committee due to adverse fiscal or economic conditions or the fiscal constraints of the
34 National Government;

1 (c) *Additional Sources of Funding.* – The MUP Trust Funds may be augmented from
2 the unprogrammed appropriations and proceeds derived from the lease, joint development,
3 auction of development rights, or disposition of government properties identified for the
4 purpose, investment income from the MUP Trust Funds identified and administered by the
5 fund manager subject to actuarial validation, and savings of the National Government:
6 *Provided*, That the proceeds from the disposition of assets of the military or uniformed service
7 shall inure exclusively to its personnel.

8 (d) *Sources of Funding for the AFP Trust Fund.* – The AFP Trust Fund may be
9 funded from the proceeds of the following:

10 (1) Residual assets and funds of the AFP retirement separation benefits system;

11 (2) Sale of military reservations, as may be authorized by Congress, pursuant to the
12 provisions of existing laws and regulations governing sales of government properties, including
13 such immovable and other facilities as may be found therein, not otherwise covered by the
14 Bases Conversion and Development Authority, as provided for in Republic Act No. 7227,
15 as amended;

16 (3) Lease or joint development of military reservations, as may be authorized by the
17 President, pursuant to the provisions of existing laws and regulations governing lease or joint
18 development of government properties, including such immovables and other facilities as may
19 be found therein, not specifically enumerated under Republic Act No. 7227, as amended;

20 (4) Income derived from public-private partnerships entered into by the Department
21 of National Defense (DND) or the AFP, as may be authorized by the President, pursuant to the
22 provisions of existing laws and regulations; and

23 (5) Non-strategic real estate assets of the DND or the AFP as determined by the
24 Secretary of National Defense.

25 **SEC. 18. Assistance to Indigent Pensioners.** – The MUP Trust Fund Committee shall
26 provide assistance to indigent pensioners to be financed out of the AFP Trust Fund and UPS
27 Trust Fund. The Committee shall formulate the guidelines to govern the amount and manner
28 of distribution to indigent pensioners: *Provided*, That beneficiaries shall be those who are (i)
29 not gainfully employed; (ii) not having a means of livelihood; (iii) frail, sickly, or with
30 disability; or, (iv) having an improved well-being but still at high-risk of subsequently falling
31 back into survival level as they precariously live with little or no protection against economic
32 shocks: *Provided, further*, That their aggregate income from all sources is deemed inadequate
33 for daily sustenance: *Provided, finally*, That nothing in this Act shall be construed to reduce

1 any existing benefits and allowances of any form under existing laws, decrees, issuances,
2 executive orders, and other applicable laws.

3 **SEC. 19. *Government Guarantee.*** – The government of the Republic of the Philippines
4 hereby guarantees the fulfillment of the obligations of the MUP Trust Funds to its members
5 when they fall due.

6 **SEC. 20. *Disposition of Military and Uniformed Services Assets.*** – Within thirty (30)
7 days from the effectivity of this Act, the concerned Military and Uniformed Services shall
8 submit a complete list of their real assets in the manner prescribed by the Department of
9 Finance to identify additional sources of funding for budgetary support of their services, and
10 augment the financing of the separation, retirement, and pension benefits of their Military and
11 Uniformed Personnel under existing laws and this Act.

12 Thereafter, the Department of Finance shall conduct a complete accounting and
13 inventory of the assets of Military and Uniformed Services that may be used to support
14 the MUP Trust Funds, including the amount, value, description and nature of such funds,
15 properties, assets, records, choses in action, and other rights, claims, or causes of action
16 pertaining thereto, and submit a report to the Office of the President, both Houses of Congress,
17 and the Commission on Audit.

18 Within thirty (30) days from the receipt of the inventory by the Department of Finance,
19 the Commission on Audit shall audit the accounting and inventory of the assets of concerned
20 Military and Uniformed Services to determine the completeness of the inventory and establish
21 the reasonableness of the asset valuation.

22 Within one (1) year from the submission of the accounting and inventory of the assets
23 of concerned Military and Uniformed Services, the Commission on Audit shall submit to the
24 Committee the audit report, including the complete list of the assets of concerned Military and
25 Uniformed Services and their valuation, and the empirical basis and the methodologies
26 employed for the valuation.

27 The Committee shall, within fifteen (15) days from the receipt of the audit report,
28 publish the audit report in at least two (2) newspapers of general circulation. Nothing herein
29 shall be construed as preventing the designated disposition entity from procuring a third-party
30 appraisal of any of the assets of concerned Military and Uniformed Services prior to or while
31 preparing the privatization or disposition plans of the assets.

32 The Committee shall coordinate with the Office of the President, Philippine
33 Reclamation Agency, and other disposition entities to be identified by the Committee in the
34 execution and delivery of this mandate.

1 The Committee shall prioritize the disposition modes that may generate income from
2 these assets without undertaking the sale thereof except when the Committee determines that
3 selling a specific asset is the most optimal financial option: *Provided*, That the Committee may
4 sell only portions thereof to meet the financial requirements.

5 To optimize revenues from the assets of the concerned Military and Uniformed
6 Services, the Committee may seek the services of the Privatization Group of the Department
7 of Finance which shall recommend to the Committee the most financially advantageous
8 manner of disposition of the assets.

9 Within one (1) year from the effectivity of this Act, the Military and Uniformed
10 Services may add to the list such real assets required for identification and submission under
11 this section and which belonged to the Military and Uniformed Services prior to the effectivity
12 of this Act. Any real asset that is required by this Act to be included in the submitted lists and
13 which are not included in actual submissions by the Military and Uniformed Services may be
14 disposed of by the Committee in the manner it deems appropriate.

15 **SEC. 21. Tax Treatment of the MUP Trust Funds.** – Notwithstanding any law to the
16 contrary, the MUP Trust Funds, its assets, revenues, including all accruals thereto, and benefits
17 paid, are exempt from all taxes, assessments, fees, charges, or duties of all kinds. These
18 exemptions shall continue unless expressly and specifically revoked.

19 Subject to Section 24 of this Act, the MUP Trust Funds, the properties of the Military
20 and Uniformed Services identified by the Committee to be disposed and sums or monies for
21 the payment of the benefits provided under this Act are exempt from attachment, garnishment,
22 execution, levy or other processes issued by the courts, quasi-judicial agencies or
23 administrative bodies and from all financial obligations of the members, including pecuniary
24 accountability arising from or caused or occasioned by the members' exercise or performance
25 of official functions or duties, or incurred relative to or in connection with the members'
26 position or work except when the monetary liability, contractual or otherwise, is in favor of the
27 MUP Trust Funds.

28 All other applicable tax exemptions granted to the GSIS shall also apply to the MUP
29 Trust Funds.

30 TITLE IV

31 Transitory Provisions

32 **SEC. 22. Transfer of Power and Functions.** – For purposes of administration of
33 Military and Uniformed Personnel pension and retirement benefits, the powers and functions

1 of units or instrumentalities of agencies that employ Military and Uniformed Personnel and
2 administer their pension system or parts thereof are hereby transferred to the Committee.

3 **SEC. 23. *Period of Transfer.*** – There shall be a transition period of five (5) months
4 from the effectivity of this Act to implement the transfer of powers and functions, rights, assets,
5 and liabilities mentioned in this Title: *Provided*, That the same transition period shall be
6 provided to allow the units or instrumentalities of agencies administering the Military and
7 Uniformed Personnel Pension System to restructure: *Provided, further*, That all civilian
8 personnel in the units or instrumentalities administering the Military and Uniformed Personnel
9 Pension System affected by the transfer of powers and functions provided in this Title shall
10 continue in office without need of reappointment: *Provided, finally*, That civilian employees
11 in the units or instrumentalities of agencies administering the Military and Uniformed
12 Personnel Pension System who opt to retire or resign as a result hereof, if qualified, shall be
13 allowed and be entitled to retirement and separation benefits under existing laws to officials
14 and employees affected by an approved reorganization program.

15 **TITLE V**

16 **Final Provisions**

17 **SEC. 24. *Non-encumbrance of Benefits.*** – The benefits authorized under this Act,
18 except as provided herein, are not subject to attachment, garnishment, levy, execution or any
19 tax whatsoever, and may not be assigned, ceded, or conveyed to any third person: *Provided*,
20 That if a retired or separated Military and Uniformed Personnel who is entitled to any benefit
21 under this Act has unsettled money or property accountabilities incurred while in the active
22 service, an amount not exceeding fifty percent (50%) of the pension gratuity or other payment
23 due to the Military and Uniformed Personnel or their survivors under this Act may be withheld
24 and be applied to settle such accountabilities.

25 **SEC. 25. *Appropriations.*** – Upon the effectivity of this Act, there is hereby authorized
26 to be appropriated the amount of Fifty million pesos (P50,000,000.00) as funding for the MUP
27 Trust Fund Committee Secretariat. Thereafter, the amount needed for the operation and
28 maintenance of the Secretariat shall be included in the annual General Appropriations Act.

29 **SEC. 26. *Financial Reporting Framework.*** – The financial statements and reports of
30 the Military and Uniformed Personnel Pension System shall be prepared, in accordance with
31 the relevant International Financial Reporting Standards and Principles.

32 **SEC. 27. *Submission of Report to Congress.*** – In accordance with the pertinent
33 provisions of this Act and its Implementing Rules and Regulations, and International Financial
34 Reporting Standards and Principles, the Committee shall submit to both Houses of Congress

1 every three (3) years after the effectivity of this Act, the financial statements and reports, and
2 all information as may be required, to monitor and assess the distribution of retirement benefits
3 and pension as well as the overall performance of Military and Uniformed Services which are
4 funded in whole or in part by the National Government.

5 **SEC. 28. Penal Clause.** – Any person who participates directly or indirectly in the
6 commission of fraud, falsification, misrepresentation of facts, collusion or any similar anomaly
7 in the issuance of any certificate or document for any purpose connected with this Act shall,
8 upon conviction, be punished by a fine of not less than the amount defrauded but not more than
9 threefold of such amount or imprisonment of not less than six (6) months and one (1) day to
10 six (6) years and perpetual disqualification from holding public office and from practicing any
11 profession licensed by the government.

12 **SEC. 29. Implementing Rules and Regulations.** – Within sixty (60) days from the
13 effectivity of this Act, the Secretary of Finance shall, in consultation with the Secretaries of
14 National Defense, Interior and Local Government, Justice, Transportation, Environment and
15 Natural Resources, Budget and Management, and the President and General Manager of the
16 GSIS, promulgate the necessary rules and regulations for the effective implementation of
17 this Act.

18 Supplemental rules and regulations governing the management and administration of
19 the pension system of the Military and Uniformed Personnel may be issued within one (1) year
20 from the effectivity of this Act.

21 **SEC. 30. Separability Clause.** – If any provision or part of this Act is declared invalid
22 or unconstitutional, the remaining parts or provisions not affected shall remain in full force
23 and effect.

24 **SEC. 31. Repealing Clause.** – The pertinent provisions of these laws are hereby
25 repealed, amended, or modified accordingly.

26 (a) Section 11 of Republic Act No. 340, as amended, entitled “An Act to Establish a
27 Uniform Retirement System for the Armed Forces of the Philippines, to Provide for Separation
28 Therefrom, and for Other Purposes”;

29 (b) Sections 2(b), 3, 5, 11, 12, 14, 16, 17, 18, 19, 20, and 22 of Republic Act No. 5976,
30 otherwise known as the “Coast Survey Officers Retirement and Separation Act of 1969”;

31 (c) Sections 5, 17, and 26 of Presidential Decree No. 1638, entitled “Establishing a
32 New System of Retirement and Separation for Military Personnel of the Armed Forces of the
33 Philippines and for Other Purposes,” as amended by Presidential Decree No. 1650;

1 (d) Presidential Decree No. 361, entitled “Providing for an Armed Forces Retirement
2 and Separation Benefits System,” as amended by Presidential Decree No. 1656 and Presidential
3 Decree No. 1909;

4 (e) Section 39 of Republic Act No. 6975, otherwise known as the “Department of the
5 Interior and Local Government Act of 1990”;

6 (f) Section 3 of Republic Act No. 8291, as amended, otherwise known as the
7 “Government Service Insurance System Act of 1997”;

8 (g) Sections 4 and 5 of Republic Act No. 9040, otherwise known as the “AFP Tax
9 Exemption for Pay and Allowances Act of 2001”;

10 (h) Sections 17 and 18 of Republic Act No. 9993, otherwise known as the “Philippine
11 Coast Guard Law of 2009”;

12 (i) Sections 2 and 24 of Republic Act No. 10575, otherwise known as the “The Bureau
13 of Corrections Act of 2013”; and

14 (j) Section 8 of Republic Act No. 11709, as amended, entitled “An Act Strengthening
15 Professionalism and Promoting the Continuity of Policies and Modernization Initiatives in the
16 Armed Forces of the Philippines, by Prescribing Fixed Terms for Key Officers Thereof,
17 Increasing the Mandatory Retirement Age of Generals/Flag Officers, Providing for a More
18 Effective Attrition System, and Providing Funds Therefor.”

19 All other laws, rules and regulations, and other issuances or parts thereof, which are
20 inconsistent with the provisions of this Act, are hereby repealed, amended, or modified
21 accordingly.

22 **SEC. 32. Effectivity.** – This Act shall take effect fifteen (15) days after its publication
23 in the *Official Gazette* or in a newspaper of general circulation.

Approved,