

FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

7 OCT 16 2011

SENATE
S. No. 1764

RECEIVED BY: _____

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

It is lamentable that at present the monthly pension being received by retired government personnel is inadequate for a decent life. Worse, the continuing devaluation of the peso helps trigger the never-ending increases in the prices of all commodities, including those of life-sustaining drugs and medicines for the senior citizens, illness-prone retirees, which have gone beyond their reach depriving the pensioners of a decent standard of living and financial security they deserve.

What is even worst is that there is a class of elderly retired government employees under the lump sum, take-all gratuity system pursuant to RA 1616 who do not receive at all even a meager monthly pension. This class of now elderly former public servants, still numbering in the thousands all over the country, are lamentably existing at predominantly near-pauper, if miserable, lives surviving only out of the generosity of equally hard-pressed kin, if any. Because their meager, hence, ephemeral take-all gratuity received many years back from their respective last employers, instead of from the GSIS, under a deviant retirement scheme (RA 1616) — that attempted to deviate from the ideally prescribed annuity system of retirement by way of monthly Old-Age Pension for Life plus Survivorship Benefits, administered by the GSIS pursuant to the circa 1936 CA 186, as amended by among others RA 660, PD 1146 and RA 8291 — with its tempting allure in the guise of its “lump sum” delusion, have long been exhausted in catching up with the ever-increasing expenses of surviving over all these inflation-ridden years.

As a hapless consequence of their being misled in their retirement option, the senior citizens-RA 1616 retirees unwittingly forego enjoyment of the monthly Old-Age Pension for Life as well as Survivorship Benefits for their survivors, the aggregate residual actuarial reserves of which, as established pursuant to Section 24 (b) of CA 186, as amended, have accumulated


into billions of pesos essentially saved by the GSIS. The gargantuan size of such GSIS savings of this aggregate residual actuarial reserves could be gleaned from the revelations published particularly in paragraphs 20 and 21 of the October 02, 2003 Manila newspaper column of Dr. Solita Collas-Monsod (entitled "The Wrong Scapegoat") wherein Dr. Monsod quoted Budget Secretary Emilia Boncodin revealing for the first time that just between 1999 and 2002, the government already paid out P10 billion in lump-sum retirement funds to RA 1616 retirees, which means that GSIS essentially saved that amount, even as RA 1616 took effect May 31, 1957 yet.

Even while RA 1616 was eventually phased out impliedly by the fourth whereas of PD 1146 (which took effect on June 01, 1977) the latter remonstrating that "x x x provisions of existing laws that have prejudiced rather than benefited government employee; restricted, rather than broadened his benefits; x x x must now yield to his paramount welfare," the senior citizens-RA 1616 retiree's move to convert his mode of retirement to the ideally-legislated Pension system (RA 660, PD 1146 or RA 8291) is still circumscribed by some anachronistic provisions of an archaic statute, the circa 1936 CA 186, as amended, the second paragraph of Section 12 (c) of which restricts the written request for conversion of mode of retirement from the Gratuity System to the Pension System to be made within one year only after retirement, and is prejudicial to his welfare because it still requires him to reimburse the retirement gratuity received by him many years ago and long spent, as well as to refund the personal and employer's premiums as the case may be.

In order to categorically correct now such restrictive and prejudicial retirement law that PD 1146 was already aware of and impliedly phase out 27 years ago as stated in the foregoing, and further, in the light of the provisions of Section 4 of PD 1146, as amended by Section 4 of RA 8291 (Effect of Separation from Service) to the effect that: "A member separated from the service shall continue to be a member, and shall entitled to whatever benefits he has qualified to in the event of any contingency compensable under this Act," and furthermore, in the light of Section 48 of PD 1146, as amended by Section 55 of RA 8291 (Exclusiveness of Benefits) to the effect that: "x x x However, if the benefits provided by law chosen are less than the benefits provided under this Act, the GSIS shall pay the difference" and finally, in consonance with the

mandate in Section 6 of RA 7432 (Senior Citizens Act) that: "Retirement benefits from x x x the government shall be upgraded at par with the current scale enjoyed by those in actual service."

Approval of this bill is earnestly sought if only to manifest the continuing concern of this Congress on the plight of our senior citizens-retirees who have spent the best years of their lives in the services of the country.*



MIRIAM DEFENSOR SANTIAGO
def

* This bill was originally filed during the Thirteenth Congress, First Regular Session.

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1 AN ACT
2 GRANTING OLD-AGE PENSION FOR LIFE TO SENIOR CITIZENS-RA 1616 RETIREES
3 AS WELL AS SURVIVORSHIP BENEFITS TO THEIR SUVIVORS, AMENDING FOR THE
4 PURPOSE PERTINENT PROVISIONS OF THE SECOND PARAGRAPH OF
5 SECTION 12(c) OF COMMONWEALTH ACT 186, AS AMENDED

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

8 SECTION 1. *Short Title.* – This Act shall be known as the “Government Service
9 Retirement Rationalization Act of 2007.”

10 SECTION 2. *Declaration of Policy.* – It is declared policy of the State to promote and
11 provide a rising standard of living and an improved quality of life for all. In pursuit of such
12 policy, this Act mandates to grant Old-Age Pension for Life to senior citizens-RA 1616 retirees
13 as well as Survivorship Benefits to their survivors who are otherwise deprived thereof, in order
14 that such pension would be responsive to their increasing needs, considering the eventual
15 phaseout impliedly of RA 1616 by the fourth whereas of PD 1146 mandating that “x x x
16 provisions of existing laws that have prejudiced, rather than benefited government employee;
17 restricted rather than broadened his benefits; x x x must now yield to his paramount welfare” as
18 exemplified specifically by the prejudicial and restricted provisions of the second paragraph of
19 Section 12(c) of CA 186, as amended.

20 SECTION 3. *Coverage.* – This Act shall affect senior citizens-RA 1616 retirees who
21 retired effective 1 June 1977 (effectivity date of PD 1146) and thereafter.

22 SECTION 4. *Change of Mode of Retirement.* . – Any provision of laws, presidential
23 decrees, letters of instructions, executive orders, rules and regulations to the contrary

1 notwithstanding, in conformity with the intent in Section 48 of PD 1146, as amended by Section
2 55 RA 8291, the pertinent provisions of the second paragraph of Section 12 (c) of CA 186, as
3 amended, is hereby further amended and modified as follows:

4 “Section 12 (c) x x x

5 An employee who RETIRED NOT EARLIER THAN JUNE 01, 1977
6 under this Subsection (c) BUT WHO IS OTHERWISE QUALIFIED TO
7 RETIRE UNDER RA 660 OR PD 1146, SHALL HEREAFTER
8 AUTOMATICALLY HAVE HIS GRATUITY RETIREMENT CONVERTED
9 TO PENSION SYSTEM UNDER RA 660, PD 1146 OR RA 8291,
10 WHICHEVER IS MORE BENEFICIAL TO HIM, AND THEREAFTER
11 SHALL RECEIVE THE OLD-AGE PENSION FOR LIFE AS WELL AS THE
12 SURVIVORS’ BENEFITS FOR HIS SURVIVORS PROVIDED UNDER
13 SUCH LAWS: PROVIDED, THAT THE RETIREE/SURVIVORS SHALL NO
14 LONGER BE REQUIRED TO REIMBURSE TO THE GSIS the retirement
15 gratuity previously received by HIM FROM HIS LAST EMPLOYER as well as
16 the refunds FROM THE GSIS OF the personal and employer’s premiums as the
17 case may be; PROVIDED FURTHER THAT IN ORDER FOR THE GSIS TO
18 COMPLY WITH THE LEGAL MANDATE IN THE SECOND SENTENCE
19 OF SECTION 48 OF PD 1146, AS AMENDED BY SECTION 55 OF RA
20 8291, DIRECTING THAT “ x x x IF THE BENEFITS PROVIDED UNDER
21 THIS ACT, THE GSIS SHALL PAY THE DIFFERENCE.” SUCH
22 PREVIOUSLY RECEIVED AGGREGATE SUM SHALL BE LIQUIDATED
23 IN THE FOLLOWING MANNER:

24 (1) THAT IT SHALL ALREADY BE CONSIDERED AS PARTIAL
25 PAYMENT BY THE GSIS TO THE RETIREE OF HIS FIVE-YEAR
26 GUARANTEED PERIOD OF LUMP SUM PAYMENT OF BASIC
27 MONTHLY PENSION PAYABLE MONTHLY FOR LIFE AS PRESCRIBED
28 PURSUANT TO SECTION 12 (a) OF PD 1146, AS AMENDED BY
29 SECTION 13 (a) (1) OF RA 8291, RECKONED NOT EARLIER THAN AGE

1 60 OR UPON EFFECTIVITY OF HIS LATER RETIREMENT BUT NOT
2 BEYOND AGE 65;

3 (2) THAT IF SUCH AGGREGATE SUM IS LESS THAN THE
4 TOTAL OF THE FIVE-YEAR GUARANTEED PERIOD OF LUMP SUM
5 PAYMENT OF BASIC MONTHLY PENSION, THE GSIS SHALL PAY IN
6 FULL TO THE RETIREES/SURVIVORS THE DIFFERENCE THEREFOR
7 UPON THE EFFECTIVITY OF THIS ACT, ON TOP OF THE BASIC
8 MONTHLY PENSION PAYABLE MONTHLY FOR LIFE/SURVIVORS'
9 BENEFITS ALREADY ACCRUED AFTER THE EXHAUSTION OF THE
10 FIVE-YEAR GUARANTEED PERIOD RECKONED NOT EARLIER THAN
11 AGE 60 OR UPON EFFECTIVITY OF HIS LATER RETIREMENT BUT
12 NOT BEYOND AGE 65;

13 (3) HOWEVER, IF SUCH AGGREGATE SUM IS IN EXCESS OF
14 THE TOTAL OF THE FIVE-YEAR GUARANTEED PERIOD OF LUMP
15 SUM OF HIS BASIC MONTHLY PENSION, THE EXCESS SHALL FIRST
16 BE APPLIED AS PAYMENT OF SUCCEEDING EQUIVALENT BASIC
17 MONTHLY PENSION AFTER THE EXHAUSTION OF THE FIVE-YEAR
18 GUARANTEED PERIOD RECKONED NOT EARLIER THAN AGE 60; OR
19 UPON EFFECTIVITY OF HIS LATER RETIREMENT BUT NOT BEYOND
20 AGE 65; AFTER WHICH THE GSIS SHALL PAY HIM THE BASIC
21 MONTHLY PENSION PAYABLE MONTHLY FOR LIFE/SURVIVORSHIP
22 BENEFITS IN THE CASE OF SURVIVORS.”

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

1 SECTION 6. *Funding.* – Such sum as may be necessary for the payment of the retirement
2 /survivorship benefits under Section 4 of this Act, shall be charged against the accumulated
3 aggregate residual actuarial reserves as established pursuant to Section 24 (b) of CA 186, as
4 amended, that the GSIS essentially saved from not being required to pay the Old-Age Pension
5 for Life as well as the Survivorship Benefits of thousands of RA 1616 retirees whose lump sum
6 gratuity was each paid instead by his last employer effective from the time RA 1616 took effect
7 on May 31, 1957.

8 SECTION 7. *Implementing Guidelines.* – The GSIS, in coordination with the Department
9 of Budget and Management, shall issue the necessary guidelines for the implementation of this
10 Act not later than sixty (60) days after the approval hereof.

11 SECTION 8. *Separability Clause.* – If any provision or part hereof is held invalid or
12 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
13 valid and subsisting.

14 SECTION 9. *Repealing Clause.* – Any law, presidential decree or issuance, executive
15 order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent
16 with, the provisions of this Act is hereby repealed, modified or amended accordingly.

17 SECTION 10. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
18 publication in at least two (2) newspapers of general circulation.

19 Approved,