


FIFTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
*First Regular Session*

SENATE  
OFFICE OF THE SECRETARY

10 JUL -8 AM 11:37

**SENATE**

S. No. 982

RECEIVED BY: 

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Introduced by Senator Manuel "Lito" M. Lapid

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### **EXPLANATORY NOTE**

This bill provides for the automatic adjustment of the basic monthly pension of retired personnel covered by the Government Service Insurance System (GSIS) to keep up with the rate of price inflation.

Employees pay good money for premiums during their employment. By the time a retiree's basic monthly pension is determined at retirement, inflation will have eroded the purchasing power of his benefits. Although the law allows adjustments to be made on the basic monthly pension, experience shows that such adjustments are rarely made and if at all, they are highly unrealistic.

Most retirees depend on their pension as a major source of income during retirement. The effect of price inflation on the purchasing power of their fixed pension incomes significantly diminishes the value of that pension.

In view of the foregoing, early passage of this bill is earnestly requested.

  
**MANUEL "LITO" M. LAPID**  
Senator

10 JUL -8 11:37

**SENATE**

S. No. 982

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**AN ACT**  
**PROVIDING FOR AUTOMATIC ADJUSTMENT OF THE BASIC MONTHLY PENSION FOR RETIRED PERSONNEL COVERED BY THE GOVERNMENT SERVICE INSURANCE SYSTEM AND SOCIAL SECURITY SYSTEM TO THE PREVAILING COST OF LIVING INDEX AND APPROPRIATING FUNDS THEREFOR**

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

**SECTION 1.** The basic monthly pension and/or benefits of retired personnel covered by the Government Service Insurance System and the Social Security System shall be automatically adjusted to the prevailing cost of living index as determined by the National Economic and Development Authority (NEDA).

**SEC. 2** The Government Service Insurance System and the Social Security System, as the case may be, shall issue the necessary rules and regulations for the implementation of this Act.

**SEC. 3.** The benefits of this Act shall be extended to the pensioners still surviving at the time of its approval.

**SEC. 4. *Funding.*** - The amount necessary for the implementation of this Act shall be charged to the State Insurance Fund of the Government Service Insurance System and to the Reserve Fund of the Social Security System, respectively.

**SEC. 5. *Separability Clause.*** - In the event that any provisions of this Act is declared unconstitutional, the validity of the other provisions shall not be affected by such declaration.

**SEC. 6. *Repealing Clause.*** - All laws, decrees, executive orders, letters of instructions or proclamations inconsistent with this Act shall be deemed modified, amended or repealed accordingly.

**SEC. 7. *Effectivity.*** - This Act shall take effect after fifteen (15) days following its complete publication in two (2) newspapers of general circulation.

*Approved,*