

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



15 FEB 16 10:23

SENATE

Senate Bill No. 2651

RECEIVED BY. 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

AN ACT
AMENDING ARTICLE 287 OF PRESIDENTIAL DECREE NO. 442, AS
AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE
PHILIPPINES, BY PROVIDING FINANCIAL ASSISTANCE TO EMPLOYEES
WHO REACHED THE AGE OF SIXTY-FIVE BUT ARE NOT ENTITLED TO
ANY RETIREMENT PAY

EXPLANATORY NOTE

In the absence of a retirement plan or agreement providing for retirement benefits of employees in an establishment, the Labor Code provides that an employee upon reaching the age of sixty (60) years or more, but not beyond sixty-five (65) years, which is declared as the compulsory retirement age, who has served at least five (5) years in the said establishment, may retire and shall be entitled to retirement pay equivalent to at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one whole year.

However, an employee who is unable to serve for at least five years is entitled to nothing upon his retirement. This is the same situation for retiring employees of retail, service and agricultural establishments or operations employing not more than ten (10) employees or workers since their employers are exempted from the coverage of the retirement provision under the Labor Code.

This bill seeks to address this inequity in the law without however unduly burdening the employers.

Hence, the immediate passage of this bill is therefore earnestly solicited.



JINGGOY EJERCITO ESTRADA
Senator



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

1 **SECTION 1.** Article 287 of Presidential Decree No. 442, as amended,
2 otherwise known as the Labor Code of the Philippines, is hereby amended to
3 read as follows:

4
5 "ART. 287. Retirement. - Any employee may be retired upon
6 reaching the retirement age established in the collective bargaining
7 agreement or other applicable employment contract.

8
9 "In case of retirement, the employee shall be entitled to
10 receive such retirement benefits as he may have earned under
11 existing laws and any collective bargaining agreement and other
12 agreements: *Provided, however,* That an employee's retirement
13 benefits under any collective bargaining and other agreements shall
14 not be less than those provided herein.

15
16 "In the absence of a retirement plan or agreement providing
17 for retirement benefits of employees in the establishment, an
18 employee upon reaching the age of sixty (60) years or more, but
19 not beyond sixty-five (65) years which is hereby declared the
20 compulsory retirement age, who has served at least five (5) years
21 in the said establishment, may retire and shall be entitled to
22 retirement pay equivalent to at least one-half (1/2) month salary for
23 every year of service, a fraction of at least six (6) months being
24 considered as one whole year. **PROVIDED THAT AN EMPLOYEE**
25 **WHO IS NOT ABLE TO SERVE SUCH ESTABLISHMENT FOR AT**
26 **LEAST FIVE (5) YEARS SHALL BE ENTITLED TO A**
27 **REASONABLE FINANCIAL ASSISTANCE.**

28
29 "Unless the parties provide for broader inclusions, the term
30 one-half (1/2) month salary shall mean fifteen (15) days plus one-
31 twelfth (1/12) of the 13th month pay and the cash equivalent of not
32 more than five (5) days of service incentive leaves.

1 "An underground mining employee upon reaching the age of
2 fifty (50) years or more, but not beyond sixty (60) years which is
3 hereby declared the compulsory retirement age for underground
4 mine workers, who has served at least five (5) years as
5 underground mine worker, may retire and shall be entitled to all the
6 retirement benefits provided for in this Article. "Retail, service and
7 agricultural establishments or operations employing not more than
8 ten (10) employees or workers are exempted from the coverage of
9 this provision. PROVIDED THAT AN EMPLOYEE OF SUCH
10 ESTABLISHMENT WHO HAS REACHED THE AGE OF SIXTY-
11 FIVE (65) YEARS, MAY BE RETIRED; PROVIDED FURTHER,
12 THAT SUCH EMPLOYEE WHO RETIRES SHALL BE ENTITLED
13 TO A REASONABLE FINANCIAL ASSISTANCE
14 COMMENSURATE TO THEIR LENGTH OF SERVICE.
15

16 "Violation of this provision is hereby declared unlawful and
17 subject to the penal provisions provided under Article 288 of this
18 Code." Nothing in this Article shall deprive any employee of benefits
19 to which he may be entitled under existing laws or company
20 policies or practices."
21

22
23 **SEC. 2.** This Act shall take effect fifteen (15) days after its complete
24 publication in the Official Gazette or in at least two (2) national papers of general
25 circulation, whichever comes earlier.
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31 *Approved,*