

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

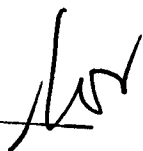


Senator
Office of the Secretary

16 AUG 15 P1:30

SENATE

S. No. 1020

RECEIVED BY: 

INTRODUCED BY SENATOR ANTONIO "SONNY" F. TRILLANES IV

AN ACT
AMENDING PERTINENT LAWS ON THE RETIREMENT BENEFITS AND
PENSION OF THE UNIFORMED PERSONNEL OF THE UNIFORMED SERVICES
AND PROVIDING FUNDS THEREFOR

EXPLANATORY NOTE

"The State shall provide immediate and adequate care, benefits, and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans." *
– Section 7 of Article XVI of the 1987 Philippine Constitution

It is the responsibility of the State to ensure that the retirees continue to receive benefits commensurate to the service they have rendered and that they be allowed to live a comfortable life during their retirement.

Hence, to be consistent with the government policy to help foster socio-economic security and general well-being of the country's veterans in recognition of their bravery and loyalty to the country, the government, through existing retirement laws, provides for the automatic adjustment of retirement pension based on the prevailing scale of base pay of similarly ranked active personnel. Said existing laws also have a non-contributory nature which means that no "seed fund" was established and the budget for pension comes from the annual General Appropriations Act.

Such policies led to the ballooning of pension costs. It is estimated that by year 2022, the total pension costs of the Armed Forces of the Philippines will eventually surpass the salaries paid to its active personnel. If this condition is allowed to persist, the government will eventually fail to provide adequate retirement pension to the uniformed personnel.

Thus, in order to allow the government to fulfill its duties to the retirees, this measure will implement reforms by overhauling the entire retirement benefits and pension system in the uniformed service. This piece of legislation will also provide a new fund-sourcing scheme for the uniformed retirees' pension and benefits that is sustainable in the long term.


In view of the foregoing, the immediate approval of this bill is urgently sought.


ANTONIO "SONNY" F. TRILLANES IV
Senator

16 AUG 15 4:10

SENATE

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AN ACT
AMENDING PERTINENT LAWS ON THE RETIREMENT BENEFITS AND
PENSION OF THE UNIFORMED PERSONNEL OF THE UNIFORMED SERVICES
AND PROVIDING FUNDS THEREFOR

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

1 **SECTION 1. Title.** – This Act shall be known as the “Unified Uniformed Personnel
2 Retirement Benefits and Pension Reform Act of 2016.”

3 **SECTION 2. Declaration of State Policy.** – The State duly recognizes the vital role of the
4 uniformed services in providing internal and external security, promoting peace and order,
5 ensuring public safety and further strengthening local government capability aimed towards
6 the effective delivery of basic services to the citizenry. The State also recognizes the
7 extraordinary hazards, risks, perils and dangers that the uniformed personnel of the uniformed
8 services encounter in the performance of their duties.

9 It shall therefore be the prime concern of the State to provide all uniformed personnel
10 adequate remuneration and benefits, including retirement benefits and pension. To this end,
11 the State shall ensure that the retirement benefits and pension scheme of the uniformed
12 personnel is secure, reliable, and sustainable.

13 **SECTION 3. Definition of Terms.** – As used in this Act, the following terms shall have the
14 corresponding meanings hereinafter set forth:

- 15 a) AFP-RSBS shall refer to the Armed Forces of the Philippines Retirement and
16 Separation Benefits System established by virtue of Presidential Decree (PD)
17 361, as amended by PD 1656;
- 18
- 19 b) Existing Retirees shall refer to retired uniformed personnel who are currently
20 receiving or entitled to receive retirement benefits and pension under existing
21 laws applicable to the uniformed services at the time of the effectivity of this
22 Act;
- 23
- 24 c) Future Retirees shall refer to uniformed personnel active at the time of the
25 effectivity of this Act, and to new entrants, all of whom, at the time of their
26 actual retirement from the uniformed services, are eligible to receive

1 retirement benefits and pension under existing laws applicable to the
2 uniformed services;

3 d) GSIS shall refer to the Government Service Insurance System;

4 e) New Entrants shall refer to uniformed personnel who enter the uniformed
5 services upon the effectivity of this Act, excluding those who entered the
6 uniformed services through lateral entry from another uniformed service;

7 e) Uniformed Personnel shall refer to the officers and enlisted personnel of the
8 uniformed services; and,

9 g) Uniformed Services shall refer to the Armed Forces of the Philippines (AFP),
10 Philippine National Police (PNP), Philippine Coast Guard (PCG), Bureau of
11 Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP),
12 Bureau of Corrections (BuCor), and National Mapping and Resource
13 Information Authority (NAMRIA).
14

15 **SECTION 4. *Standardizing the Uniformed Services Monthly Retirement Pay.*** – New
16 entrants and those in the active service of the uniformed services, upon their retirement, shall
17 be entitled to receive a monthly retirement pay equivalent to two and one-half percent (2
18 1/2%) for each year of active service rendered, but not exceeding ninety percent (90%) of the
19 monthly base and longevity pay of the grade next higher than the permanent grade last held.

20 **SECTION 5. *Rationalized Adjustment of Retirement Benefits and Pension.*** – The
21 retirement benefits and pension of all new entrants shall not be subject to automatic
22 adjustments based on the prevailing scale of base pay of active uniformed personnel.
23 *Provided, however,* That the existing and future retirees shall continue to receive retirement
24 benefits and pension and their corresponding automatic adjustments. *Provided, further,* That,
25 the existing and future retirees of the Philippine Coast Guard shall likewise be subject to
26 adjustments based on the prevailing scale of base pay of the PCG uniformed personnel in the
27 active service. The funding of which shall still be sourced from the annual General
28 Appropriations Act (GAA).

29 **SECTION 6. *Receipt of Retirement Benefits and Pension.*** – All new entrants who, at the
30 time of their actual retirement, are eligible to receive retirement benefits and pension under
31 existing laws applicable to the uniformed services, shall be entitled to receive their lump sum
32 benefit equivalent to three (3) years pay within one (1) month of their effective date of
33 retirement.
34

35 **SECTION 7. *Automatic Review.*** – The retirement benefits and pension of the new entrants
36 shall be reviewed commencing two (2) years after the year of retirement of the first new
37 entrant retirees and every two (2) years thereafter, by the Department of National Defense
38 (DND), Department of Interior and Local Government (DILG), Department of Justice (DOJ),
39 Department of Transportation and Communication (DOTC), Department of Budget and
40 Management (DBM), the Department of Finance (DOF), and the GSIS for the purpose of
41 recommending to the President, for his approval, appropriate adjustments thereto, in
42 accordance with rules and regulations to be jointly promulgated by the DOF and the DBM
43 under Section 12 of this Act.

1 **SECTION 8. Disability Pension.** – All uniformed personnel who are disabled in the line of
2 duty shall be eligible to receive a monthly pension, the rates of which shall be determined by
3 the respective department concerned.

4
5 **SECTION 9. Creation of a Uniformed Personnel Retirement Fund and Sources of**
6 **Funding.** – A Uniformed Personnel Retirement Fund (UPRF), to be managed by the GSIS,
7 shall be established for the sustainability of the retirement benefits and pension of uniformed
8 personnel.

9 The GSIS shall create a new department which shall exclusively administer the UPRF for the
10 payment of retirement benefits and pension to new entrants.

11 The UPRF shall be financed through the following:

12 (a) **Mandatory Contributions.** Upon the effectivity of this Act, it shall be mandatory
13 for new entrants to contribute a percentage of their monthly compensation as personal
14 share and for the National Government to contribute a corresponding share sourced
15 from the annual general appropriations for the maintenance of the UPRF, as provided
16 hereunder:

17
18 i) New entrants shall contribute nine percent (9%) of their monthly
19 compensation as personal share and for the National Government, a
20 corresponding share of eighteen percent (18%); and,

21 ii) The National Government, representing the active uniformed personnel's
22 contribution, shall contribute twenty-seven percent (27%) of the monthly base
23 pay of the aforementioned uniformed personnel.
24

25 (b) **Additional Sources of Funding.** Additional funds for the maintenance of the UPRF
26 shall be sourced from:

27 (i) The proceeds derived from the sale or disposition of public lands, as may
28 be authorized by the President for this purpose;

29 (ii) The proceeds derived from the lease or joint development of public lands,
30 as may be authorized by the President for this purpose, pursuant to the
31 provisions of existing laws and regulations governing lease or joint
32 development of public lands, including such immovables and other facilities
33 as may be found therein; and,

34 (iii) The proceeds derived from reclamation projects to be approved by the
35 President for this purpose.
36

37 **SECTION 10. Deactivation of the AFP-RSBS.** – The AFP-RSBS shall be deactivated upon
38 the effectivity of this Act.

39 For purposes of this Section, the AFP-RSBS Board, at the option of the Secretary of National
40 Defense, shall constitute the Board of Liquidators (BOL), which is mandated to supervise
41 collecting and realizing the assets of the AFP-RSBS, and effect the settlement of the
42 obligations of the AFP-RSBS to third persons. The BOL is hereby authorized to perform such
43 other functions as may be necessary for the purpose of winding-up the affairs of the AFP-
44 RSBS, which may include, but are not limited to, the payment of obligations, set-offs, write-

1 offs, condonations, collections, reappraisals, prosecution and defense of suits, disposal and
2 conveyance of properties, and distribution of assets: *Provided*, That the BOL shall continue
3 to perform its mandated duties and authorized functions until all the obligations of the AFP-
4 RSBS have been settled, for a period not to exceed three (3) years from the time the BOL is
5 constituted: *Provided, further*, That the remaining assets and obligations of the AFP-RSBS, if
6 any, shall be transferred to the UPRF after the said three-year period.

7 **SECTION 11. *Termination of Contributions to the AFP-RSBS.*** – Upon the effectivity of
8 this Act, the active AFP personnel shall immediately cease to pay to the AFP-RSBS the
9 contributions required under Section 4 of PD 361, as amended by PD 1656.

10 **SECTION 12. *Return of Contributions made to the AFP-RSBS.*** – All contributions
11 previously paid by the active uniformed personnel of the AFP shall be refunded within a
12 period not to exceed three (3) years from the effectivity of this Act.

13 **SECTION 13. *Implementing Rules and Regulations.*** – Within sixty (60) days from the
14 effectivity of this Act, the DBM and the DOF, in consultation with the GSIS, shall
15 promulgate the necessary rules and regulations for the effective implementation of this Act.

16 **SECTION 14. *Separability Clause.*** – If any provision of this Act is declared invalid by a
17 competent court, the other provisions not affected by such declaration of invalidity shall
18 continue to be in force and effect.

19 **SECTION 15. *Repealing Clause.*** – The pertinent portions of the following legal provisions,
20 insofar as they dispose of the net income of the Philippine Reclamation Authority, are hereby
21 repealed and/or modified accordingly: a) Section 112, RA 8435, as amended by RA 9281; b)
22 Section 42(a), RA 7279; and, c) Section 10(d), RA 7835.

23 RA 9993, RA 8551, PD 1638, PD 361, PD 1656 and all other laws, decrees, orders, rules and
24 regulations, or parts thereof, specifically inconsistent with any provision of this Act shall be
25 deemed repealed, amended or modified accordingly.

26 **SECTION 16. *Effectivity.*** – This act shall take effect fifteen (15) days after the date of its
27 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,