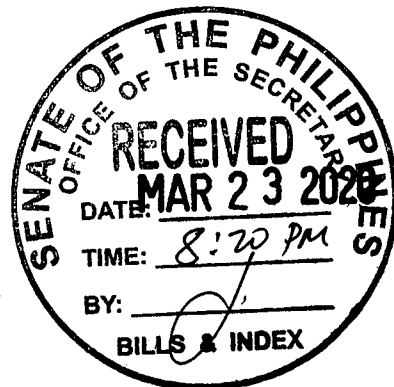


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
Senate Bill No. 1419

INTRODUCED BY SENATOR CHRISTOPHER LAWRENCE "BONG" T. GO

**AN ACT
PROVIDING FOR A UNIFIED SYSTEM FOR SEPARATION, RETIREMENT, AND
PENSION OF THE MILITARY AND UNIFORMED PERSONNEL (MUP) SERVICES
OF THE REPUBLIC OF THE PHILIPPINES, CREATING THE MILITARY AND
UNIFORM PERSONNEL RETIREMENT FUND AUTHORITY, PROVIDING FUNDS
THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The 1987 Constitution mandates the State to strengthen the patriotic spirit and nationalist consciousness of the military, as well as to ensure professionalism in the service and adequate remuneration and benefits of its members. Indeed, the Constitution recognizes the invaluable role of the military and uniformed personnel in protecting the nation and its citizens from threats, both within and without the country's borders.

However, in certain instances, reform in the system of benefits for the military and uniformed personnel is necessary to achieve a balance between governmental interest and the mandate to ensure the provision on adequate remuneration and benefits to them. After all, the Constitution also states that the State shall, from time to time, review to upgrade the pensions and other benefits due to retirees of both the government and the private sectors.

That time is now. In his 2017 budget message, President Rodrigo Duterte emphasized that reform should be pursued "in view of the ballooning budget burden where the total cost of the pensions of retired soldiers will exceed the compensation of those in active service."¹

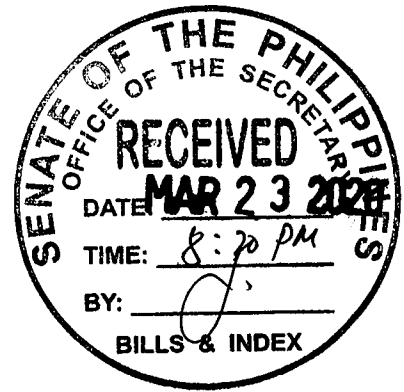
This proposed measure seeks to maintain financial flexibility on the part of the government while also ensuring that the State can and will continue to provide adequate benefits and remuneration to our men and women in uniform.

In view of the foregoing, the passage of the bill is urgently sought.


SENATOR CHRISTOPHER LAWRENCE "BONG" T. GO

¹ CNN Philippines Staff, "Duterte wants urgent reform of military pension system," CNN Philippines, available at <https://cnnphilippines.com/news/2019/02/07/duterte-military-pension-system-reform.html>, last accessed 02 March 2020.

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

1 Section 1. *Short Title.* This Act shall be known as the "Military and Uniformed
2 Personnel Services Separation, Retirement, and Pension Act of 2020."
3

4 Title I
5 Declaration of Policy
6

7 Sec. 2. *Declaration of Policy.* The State duly recognizes the vital role of military
8 and uniformed personnel in providing internal and external security, promoting peace
9 and order, ensuring public safety, and further strengthening local government
10 capability, aimed towards the effective delivery of basic services to the citizenry.
11

12 The State also recognizes the extraordinary hazards, risks, perils, and dangers
13 that military and uniformed personnel encounter in the performance of their duties.
14

1 It shall therefore be the prime concern of the State to provide all military and
2 uniformed personnel adequate remuneration and benefits, including retirement benefits
3 and pension. The State shall ensure that the retirement benefits and pension scheme of
4 the military and uniformed personnel is secure, reliable, and sustainable.

5
6 Title II

7 Definition of Terms

8
9 Sec. 3. *Definition of Terms.* – For the purposes of this Act:

- 10
- 11 a. "Military and Uniformed Services" shall refer to the Armed Forces of the
12 Philippines (AFP), Philippine National Police (PNP), Philippine Coast Guard (PCG),
13 Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology
14 (BJMP), Bureau of Corrections (BuCor), and employees of National Mapping and
15 Resource Information Agency (NAMRIA) who were Philippine Navy officers and
16 enlisted personnel and members of the defunct Philippine Navy Coast and
17 Geodetic Survey that became the nucleus of the NAMRIA;
- 18
- 19 b. "New Entrants" shall refer to military and uniformed personnel from the Military
20 and Uniformed Services who entered the Military and Uniformed Services after
21 the effectivity of this Act;
- 22
- 23 c. "Active Members" shall refer to military and uniformed personnel from the
24 Military and Uniformed Services in the Active Service, and those who shall enter
25 into the Military and Uniformed Services before the effectivity of this Act;
- 26
- 27 d. "Active Service" shall mean Active Service rendered by a Military or Uniformed
28 Services Personnel as a commissioned officer, non-commissioned officer, enlisted
29 personnel, cadet, probationary officer, trainee or draftee in the Military or
30 Uniformed Services and service rendered by him/her as a civilian official or

1 employee in the Philippine Government prior to the date of his/her separation or
2 retirement from the Military or Uniformed Services, for which armed and/or
3 civilian service he/she shall have received pay from the Philippine Government
4 and/or such others as may hereafter be prescribed by law as Active Service;
5 Provided, That for purposes of retirement, he/she shall have rendered at least
6 ten (10) years of Active Service as an officer or enlisted man in the Military or
7 Uniformed Services; Provided, further, That no period of such civilian
8 government service longer than his/her active armed service shall be credited for
9 purposes of retirement; Provided, finally, That service rendered as a cadet,
10 probationary officer, trainee or draftee in the Military or Uniformed Services shall
11 be credited for retirement purposes with a maximum of four (4) years, subject to
12 applicable rules and regulations;

13
14 e. "Total permanent physical disability" shall mean the anatomical loss or the
15 permanent loss of use of both hands, of both feet, of both eyes, of both ears or
16 any combination, or loss of mental faculties, as determined by the medical board
17 created for the purpose;

18
19 f. "Survivors" shall mean:

20
21 1. Surviving spouse of a deceased Military or Uniformed Services Personnel not
22 legally separated by judicial decree from the deceased issued on grounds not
23 attributable to said spouse, and such marriage was contracted during the
24 Active Service of the deceased; Provided, That entitlement of said spouse to
25 benefits under this Act shall terminate upon re-marriage or co-habitation with
26 another, or the commission of any of the acts amounting to "physical
27 violence", "sexual violence", "psychological violence", or "economic abuse"
28 against the biological or adopted children of the deceased as defined in
29 Republic Act No. 9262, as determined by a Board created for the purpose;
30 Provided, further, That the conviction of the surviving spouse of any crime

1 which carries a penalty of imprisonment of more than six (6) years and one
2 (1) day, the conception of a child after the death of the deceased, or loss of
3 Philippine Citizenship shall terminate the entitlement of such surviving spouse
4 to benefits under this Act;

5
6 2. Surviving legitimate, adopted and illegitimate children of a deceased Military
7 or Uniformed Services Personnel conceived, adopted or acknowledged prior
8 to separation or retirement of the parent from active service; Provided, That
9 entitlement of said children to benefits under this Act shall terminate when
10 such children attain twenty-one (21) years of age or upon marriage,
11 whichever is earlier; Provided, further, That children who suffer from total
12 permanent disability as defined in this Act, shall be entitled to benefits under
13 this Act for their lifetime; Provided, finally, That the conviction of the
14 surviving child of any crime which carries a penalty of imprisonment of more
15 than six (6) years and one (1) day, or loss of Philippine Citizenship shall
16 terminate the entitlement of such child to benefits under this Act;

17
18 3. In default of those mentioned in sub-paragraphs f (1) and (2) above,
19 surviving parents of a deceased Military or Uniformed Services Personnel who
20 are primarily dependent on the deceased for support, or in default thereof,
21 surviving siblings who are under twenty-one (21) years of age and
22 unmarried; Provided, That the conviction of the parent or sibling of the
23 deceased for any crime which carries a penalty of imprisonment of more than
24 six (6) years and one (1) day, or loss of Philippine Citizenship shall terminate
25 the entitlement of such parent or sibling to benefits under this Act;

26
27 g. "Death or physical disability in line of duty" shall refer to death, illness or injury
28 incurred while in the Active Service and not attended by misconduct, willful
29 failure, the use of drugs or alcoholic liquor or vicious or immoral habits.

30

1 Title III
2 Applicability

3
4 Sec. 4. *Applicability.* – This Act shall apply only to all new entrants of the Military
5 and Uniformed Services unless otherwise specified in the succeeding provisions of this
6 Act.

7
8 Title IV
9 Retirement

10
11 Sec. 5. *Compulsory Retirement.* – The following active Military or Uniformed
12 Services Personnel shall be compulsorily retired:

- 13
14 a. Those who attain the age of sixty five (65); *provided*, that he/she has
15 accumulated at least thirty (30) years of satisfactory Active Service;
16
17 b. Those who suffer death in line of duty; *provided*, that he/she has accumulated at
18 least thirty (30) years of satisfactory Active Service;
19
20 c. Those who incur total permanent physical disability in line of duty; *Provided*,
21 That he/she has accumulated at least thirty (30) years of satisfactory Active
22 Service;
23
24 d. Those who are killed in action;
25
26 e. Those who are wounded in action and incur total permanent physical disability as
27 a result thereof;
28
29 f. Those subject to attrition, as provided in Section 8 of this Act; *provided*, that
30 he/she has accumulated at least thirty (30) years of satisfactory Active Service;
31 or

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g. Those separated by the appropriate Disciplinary Board under Section 14 of this Act; *provided*, that he/she has accumulated at least thirty (30) years of satisfactory Active Service.

Sec. 6. *Voluntary Retirement.* – Upon accumulation of at least thirty (30) years of satisfactory Active Service, a Military or Uniformed Services Personnel may, at his/her own request, be retired from Active Service, subject to the approval of appropriate authority as provided in the Implementing Rules and Regulations of this Act.

Title V
Separation

Sec. 7. *Compulsory Separation.* – The following Military or Uniformed Services Personnel shall be compulsorily separated from the Active Service:

- a. Those who attain the age of sixty five (65) without having accumulated at least thirty (30) years of satisfactory Active Service;
- b. Those who suffer death in line of duty but without having accumulated at least thirty (30) years of satisfactory Active Service;
- c. Those who incur total permanent physical disability in line of duty but without having accumulated at least thirty (30) years of satisfactory Active Service;
- d. Those subject to attrition, as provided in Section 8 of this Act, without having accumulated at least thirty (30) years of satisfactory Active Service; or

1 e. Those separated by the appropriate Disciplinary Board under Section 14 of this
2 Act without having accumulated at least thirty (30) years of satisfactory Active
3 Service.

4
5 Sec. 8. *Attrition.* – The attrition systems of Military or Uniformed Services shall be
6 provided for in the Implementing Rules and Regulations of this Act.

7
8 Sec. 9. *Voluntary Separation.* – A Military or Uniformed Services Personnel, who
9 has not accumulated at least thirty (30) years of satisfactory Active Service, may, at
10 his/her own request, resign from Active Service, subject to the approval of appropriate
11 authority as provided in the Implementing Rules and Regulations of this Act.

12
13 Title VI

14 Retirement and Separation Benefits

15
16 Sec. 10. *Gratuity and Retirement Pay.* – When a Military or Uniformed Services
17 Personnel is retired under Title IV of this Act, he/she shall, at his/her option, receive:

18
19 a. Gratuity Pay – equivalent to one (1) month of base and longevity pay of the
20 permanent grade last held for every year of service payable in one (1) lump
21 sum; or

22
23 b. Retirement Pay – a monthly retirement pay equivalent to two and one-half
24 percent (2 1/2%) for each year of Active Service rendered, but not exceeding
25 ninety percent (90%) of the monthly base and longevity pay of the permanent
26 grade last held; *provided*, further, that when he/she retires, he/she shall be
27 entitled to receive a lump sum equal to eighteen (18) months of his monthly
28 retirement pay, and thereafter receive his/her annual retirement pay payable in
29 equal monthly installments upon reaching sixty (60) years of age; *provided*,
30 finally, that if he/she dies before his/her retirement pay begins to accrue, and is

1 survived by beneficiaries as defined in this Act, the latter shall receive only the
2 derivative benefits thereunder when they accrue.

3
4 Pension payments for those retired under Title IV shall commence immediately
5 after their retirement from the service, except for those retired due to Attrition under
6 Section 5 (f), Honorably Discharged under Section 5 (g), and those who avail of
7 Voluntary Retirement under Section 6 shall be eligible to receive monthly retirement pay
8 only upon reaching the age of sixty (60); *provided*, further, that the retirement pay of
9 those that are Killed in Action under Section 5 (d), and those that are Wounded in
10 Action resulting in Total Permanent Disability shall be computed at the rate of ninety
11 (90%) of their monthly base and longevity pay regardless of their years in Active
12 Service; *provided*, finally, that nothing in this Section shall be construed as authorizing
13 adjustment of pay, or payment of any differential in retirement pay to Military or
14 Uniformed Services Personnel who are already retired prior to the approval of this Act
15 as a result of increases in salary of those in the Active Service may have their
16 retirement pension adjusted based on the rank they hold and on the prevailing pay of
17 military personnel in the Active Service, at the time of the termination of their recall to
18 Active Service.

19
20 *Sec. 11. Separation Pay.* – Except for those provided for in Section 13 of this Act,
21 when a Military or Uniformed Services Personnel is separated from the service under
22 Section 7 and Section 9 of Title V of this Act, he/she, or his/her survivors as defined in
23 this Act, shall receive a separation pay equivalent to one-month base plus longevity pay
24 of the permanent grade he/she holds for every year of Active Service; *provided*, that
25 nothing in this Section shall be construed as authorizing adjustment of pay, or payment
26 of any differential in separation pay to Military or Uniformed Services Personnel who are
27 already retired or separated from the service prior to the approval of this Act as a result
28 of increases in salary granted to Military or Uniformed Services Personnel in Active
29 Service.

30

1 Sec. 12. *Survivorship Benefits.* – The qualified survivors, as defined in this Act, of
2 a deceased Military or Uniformed Services Personnel retired under Title IV, and Section
3 7 (b) and 7 (c) of Title V of this Act shall be entitled to a monthly annuity equivalent to
4 seventy-five percent (75%) of his/her monthly retirement pay which he/she was
5 receiving to be divided among them in equal shares and with the right of accretion;
6 *provided*, that the minimum monthly annuity to be received shall be equivalent to fifty
7 percent (50%) of the base and longevity pay of the permanent grade last held.

8

9 Sec. 13. *Benefits for Death and Total Permanent Disability in Line of Duty.* – A
10 Military or Uniformed Services Personnel separated under Section 7(b) and 7(c) of Title
11 V of this Act shall be entitled to a monthly life annuity the amount of which shall be fifty
12 per centum (50%) of the base and longevity pay computed on the basis of his/her
13 actual rank held at time of death or disability.

14

15 Sec. 14. *Separation by the Disciplinary Board.* – A Military or Uniformed Services
16 Personnel referred to and found by the appropriate Disciplinary Board not fit for
17 retention in the Active Service because of substandard performance, low potentiality,
18 doubtful integrity and/or acts inconsistent with the best interest of the service shall be
19 separated from the Active Service, subject to the approval of appropriate Disciplining
20 Authority as provided in the Implementing Rules and Regulations of this Act; *provided*,
21 that the Disciplining Authority, based on the facts and circumstances of the case, shall
22 determine whether the subject Military or Uniformed Services Personnel shall be
23 granted an Honorable Discharge and is entitled to receive benefits under Sections 10 or
24 11, as applicable, of Title VI of this Act, otherwise, all benefits under this act shall be
25 forfeited.

26

27 Sec. 15. *Disability Pension.* – A Military or Uniformed Services Personnel retired
28 for disability which is the proximate result of wounds or injuries received or sickness or
29 disease incurred in line of duty or as a battle casualty shall receive, in addition to the
30 other benefits under this Act, Disability Pension fixed as follows:

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- a. If and while the disability is rated twenty-five percent (25%), the monthly pension shall be PHP 2,500.00;
- b. If and while the disability is rated fifty percent (50%), the monthly pension shall be PHP 5,000.00;
- c. If and while the disability is rated sixty percent (60%), the monthly pension shall be PHP 6,000.00;
- d. If and while the disability is rated seventy percent (70%), the monthly pension shall be PHP 7,000.00;
- e. If and while the disability is rated eighty percent (80%), the monthly pension shall be PHP 8,000.00;
- f. If and while the disability is rated ninety percent (90%), the monthly pension shall be PHP 9,000.00; or
- g. If and while the disability is rated one hundred percent (100%), the monthly pension shall be PHP 10,000.00.

Sec. 16. *Manner of Increase of Pension Benefits.* – The automatic indexing of Gratuity and Retirement Pay, and Survivorship Benefits of pensioners with the salary increases of active Military and Uniformed Services Personnel is hereby terminated.

Pension benefits shall be reviewed annually and increases and/or adjustments in Gratuity and Retirement Pay, and Survivorship Benefits, will be based on the recommendation of the actuary of the Pension Fund and approved by the Board of

1 Directors of the Fund Manager of the Military and Uniformed Personnel Retirement Fund
2 (MUPRF).

3

4

Title VII

5

Military and Uniformed Personnel Retirement Fund

6

7 Sec. 17. *Creation of the Military and Uniformed Personnel Fund Authority.* – For
8 the purpose of carrying out and effecting the declared policy, as provided for in Section
9 2 hereof, there is hereby created a government instrumentality with corporate powers
10 as defined in Section 3 (n) of Republic Act No. 10149 or the GOCC Governance Act of
11 2011, to be known as the Military and Uniformed Personnel Fund Authority which shall
12 be organized within six (6) months from the approval of this Act. The Authority shall
13 execute its powers and functions through its Board of Directors, in such a manner, as
14 will, in its judgment, aid to the fullest possible extent in carrying out the aims and
15 purposes of this Act.

16

17 Sec. 18. *Board of Directors, Composition.* – The powers and functions of the
18 Authority shall be exercised by the Board of Directors composed by the Chairman and
19 President of the Authority, which shall be appointed by the President of the Philippines,
20 and ten (10) other members: four (4) of whom shall be *ex-officio* Members from the
21 Department of National Defense, Department of the Interior and Local Government,
22 Department of Justice, Department of Transportation, Department of Finance and
23 Department of Budget and Management as designated by the concerned Department
24 Secretary from the undersecretaries of the concerned Departments; another three (3)
25 shall be appointed by the President of the Philippines from the banking, finance,
26 investment, and insurance sector, and one (1) shall be appointed by the President of
27 the Philippines from the legal profession. The Board of Directors shall elect from
28 amongst themselves a Vice-Chairman.

29

1 The Members of the Board the Department Undersecretaries, shall hold office for
2 six (6) years without reappointment, or until their successors are duly appointed and
3 qualified. Vacancy, other than through the expiration of the term, shall be filled for the
4 unexpired term only; *provided*, that, the Chairman and President shall be initially
5 appointed to a six (6) year term, and one (1) member to a five (5) year term, one (1)
6 member to a four (4) year term, one (1) member to a three (3) year term, and the
7 representative from the legal profession to an initial term of two (2) years.

8

9 **Sec. 19. *Funding Sources.*** – Aside from the initial proposed capitalization, the
10 MUPRF shall be funded through the following:

11

12 a. ***Mandatory Contributions.*** – It shall be mandatory for New Entrants and Active
13 Members to contribute a percentage of their monthly compensation as their
14 personal share to the MUPRF, the National Government shall allocate its share in
15 the contribution sourced from the annual General Appropriations Act, allocated
16 as follows:

17

18 1. For the first three (3) years after the effectivity of this Act, New Entrants and
19 Active Members shall contribute five percent (5%) of their monthly base and
20 longevity pay as personal share, while the National Government shall provide
21 an equivalent of twenty-two (22%) as its share;

22

23 2. After such period, for the next three years, New Entrants and Active Members
24 shall contribute seven percent (7%), while the National Government shall
25 provide twenty percent (20%); and

26

27 3. For every year thereafter, New Entrants and Active Members shall contribute
28 nine percent (9%) and the National Government shall provide eighteen
29 percent (18%).

30

1 to Active Service in the permanent grade last held upon retirement. His/her refusal to
2 perform such duty shall be a ground for court-martial under Article 97 of the Articles of
3 War and subsequent termination of payments of benefits as determined by the court
4 martial.

5

6 (2) When recalled to Active Service, a retiree shall receive the pay and
7 allowances of the permanent grade last held and shall continue to be carried in the
8 retired list and shall be eligible for promotion in the retired list as long as he/she
9 remains in active status.

10

11 *Sec. 24. Non-Encumbrance of Benefits.* – The benefits authorized under this Act,
12 except as provided herein, shall not be subject to attachment, garnishment, levy,
13 execution or any tax whatsoever; neither shall they be assigned, ceded, or conveyed to
14 any third person; *provided*, that if a retired or separated Military or Uniformed Services
15 Personnel who is entitled to any benefit under this Act has unsettled money and/or
16 property accountabilities incurred while in the Active Service, not more than fifty
17 percent (50%) of the pension gratuity or other payment due such Military or Uniformed
18 Services Personnel or his/her survivors under this Act may be withheld and be applied
19 to settle such accountabilities.

20

21 *Sec. 25. Accrual of Benefits to Personnel Separated by Court Martial.* – The
22 benefits authorized under this Act shall accrue to AFP Personnel separated by court
23 martial action except when non-entitlement of such benefits is expressly adjudged by
24 the military court and approved by the approving authority.

25

26 *Sec. 26. Non-Diminution of Benefits.* – Nothing in this Act shall be construed in
27 any manner to reduce whatever retirement and separation pay or gratuity or other
28 monetary benefits which any person is heretofore receiving or is entitled to receive
29 under the provisions of existing law.

30

1 Title IX

2 Miscellaneous Provisions

3
4 Sec. 27. *Penal Clause.* – Any person found to have participated directly or
5 indirectly in the commission of fraud, falsification, misrepresentation of facts, collusion
6 or any similar anomaly in the issuance of any certificate or document for any purpose
7 connected with this Act shall upon conviction be punished by a fine of not less than the
8 amount defrauded but not more than threefold such amount and/or imprisonment of
9 not less than six (6) months and one (1) day to six (6) years and perpetual
10 disqualification from holding public office and from practicing any profession or calling
11 licensed by the government.

12
13 Sec. 28. *Rules and Regulations.* – Within sixty days (60) days upon the effectivity
14 of this Act, the Department of Finance, Department of National Defense, Department of
15 the Interior and Local Government, Department of Justice, Department of
16 Transportation, Department of Environment and Natural Resources, Government
17 Service Insurance System, and the Department of Budget and Management, in
18 coordination with the AFP, PNP, PCG, BJMP, BFP, BuCor and NAMRIA and other relevant
19 offices shall formulate and issue the Implementing Rules and Regulations necessary for
20 the effective implementation hereof.

21
22 Sec. 29. *Repealing and Modifying Clause.* – Presidential Decree No. 1656,
23 Presidential Decree No. 1638, Republic Act No. 340, Republic Act No. 5976, Republic
24 Act No. 6975, Republic Act No. 8551, Republic Act No. 9263, Republic Act No. 9993,
25 Republic Act No. 10575, and all laws, rules and regulations, and other issuances or
26 parts thereof, which are inconsistent with the provisions of this Act are hereby repealed
27 or modified accordingly.

28

1 Sec. 30. Separability Clause. – If any provision of this Act shall be declared
2 invalid or unconstitutional, the remaining parts or provisions not otherwise affected
3 shall remain in force and effect.

4

5 Sec. 30. *Effectivity Clause.* – This Act shall take effect fifteen (15) days following
6 its complete publication in the Official Gazette or in two (2) national newspapers of
7 general circulation.

Approved,