

FOURTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES  
First Regular Session

SENATE  
OFFICE OF THE SECRETARY

7 JUN. 30 P3:37

SENATE

S. No. 189

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Introduced by Senator Biazon

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#### EXPLANATORY NOTE

In 1979, then President Marcos issued PD. No. 1638 entitled "Establishing A New System Of Retirement And Separation For Military Personnel Of The Armed Forces Of The Philippines And For Other Purposes" which consolidated and improved the various laws then pertaining to the retirement of officers and members of the Armed Forces of the Philippines (AFP).

This law provided, among others, for an automatic adjustment of the retirement pay to the prevailing scale of base pay of military personnel in the active service. In other words, the rate of pension will be computed based not on the rate of his base pay when the soldier retired but on the current rate of base pay as received by those in the active service.

This adjustment however has caused tremendous pressure on the government's annual budget. Arrears in retirees' pensions have become common and the government is hard-pressed to look for a viable solution.

The proposed bill is one of the measures aimed to, so to speak, stop the bleeding by removing the automatic adjustment provision.

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

  
RODOLFO G. BIAZON  
Senator

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AN ACT

FURTHER AMENDING PRESIDENTIAL DECREE NO. 1638, AS AMENDED, OTHERWISE KNOWN AS "ESTABLISHING A NEW SYSTEM OF RETIREMENT AND SEPARATION FOR MILITARY PERSONNEL OF THE ARMED FORCES OF THE PHILIPPINES AND FOR OTHER PURPOSES."

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

SECTION ONE. Section 17 under Title V of Presidential Decree No. 1638 as amended is hereby further amended to read as follows:

"SECTION 17. When an officer or enlisted man is retired from the Armed Forces of the Philippines under the provisions of this Decree, he shall, at his option, receive a gratuity equivalent to one (1) month of base and longevity pay of the grade next higher than the permanent grade last held for every year of service payable in one (1) lump sum or a monthly retirement pay equivalent to two and one-half percent (2 ½%) for each year of active service rendered, but not exceeding eighty-five percent (85%) of the monthly base and longevity pay of the grade next higher than the permanent grade last held: Provided, That an officer retired under Section 11 or 12 shall be entitled to benefits computed on the basis of the base and longevity pay of the permanent grade last held; [Provided, further, That such retirement pay shall be subject to adjustment on the prevailing scale of base pay of military personnel in the active service;] Provided, furthermore, That when he retires, he shall be entitled, at his option, to receive in advance and in lump sum his annual retirement pay for the first three (3) years and thereafter receive his annual retirement pay payable in equal monthly installment as they accrue: Provided, finally, That if he dies within the three-year period following his retirement and is survived by beneficiaries as defined in his Decree, the latter shall only receive the derivative benefits thereunder starting the first month after the aforesaid three-year period.

Nothing in this Section shall be construed as authorizing adjustment of pay, or payment of any differential in retirement pay to officers and enlisted men who are already retired prior to the approval of this Decree as a result of increases in salary of those in the active duty may have their retirement pension adjusted based on the rank they hold and on the prevailing pay of military personnel in the active service, at the time of the termination of their recall to active duty."

SEC. 2. *Repealing Clause.* – All other laws, rules, regulations, orders, circulars and memoranda inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 3. *Effectivity.* – This Act shall take effect immediately upon approval.

Approved,