

Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 82



Introduced by REPRESENTATIVE ALFREDO A. GARBIN, Jr.

EXPLANATORY NOTE

Section 3, Article IX-B of the 1987 Philippine Constitution provides that *"the Civil Service Commission as the central personnel agency of the Government, shall establish a career service and adopt measures to promote morale, efficiency, integrity, responsiveness, progressiveness, and courtesy in the civil service. It shall strengthen the merit and rewards system, integrate all human resources development programs for all levels and ranks, and institutionalize a management climate conducive to public accountability. It shall submit to the President and the Congress an annual report on its personnel programs."*

Section 12 (17), Chapter 3, Title I (A), Book V of Executive Order No. 292 or the "Administrative Code of 1987" provides that among the powers and functions of the Civil Service Commission is to *"Administer the retirement program for government officials and employees, and accredit government services and evaluate qualifications for retirement."*

Section 16 (14), Chapter 3, Title I (A), Book V of Executive Order No. 292 likewise provides that among the offices in the Civil Service Commission is the Office of retirement Administration which shall be responsible for the enforcement of the constitutional and statutory provisions, relative to retirement and the regulation for the effective implementation of the retirement of government officials and employees.

The Government Service Insurance System (GSIS) was created by virtue of Commonwealth Act No. 186 and Republic Act No. 8291 (GSIS Act of 1997). GSIS is a social insurance institution that provides a defined benefit scheme under the law and insures its members against the occurrence of certain contingencies in exchange for their monthly premium contributions.

Retirement under Republic Act No. 660 (also known as "Magic 87") may be availed of by GSIS members who are fifty two (52) years old for as long as they have already been in government service for the past 35 years. Under the said law, the maximum monthly pension for those above fifty seven (57) years old shall be 80% of the Average Monthly Salary (AMS) received during the last 3 years immediately preceding retirement. The maximum pension for those aged fifty seven (57) and below shall be 75% of the Average Monthly Salary (AMS).

Retirement under RA 1616 (also known as "Take All Retirement Mode") may be availed by those who entered government service on or before May 31, 1977 and who rendered at least twenty (20) years of service regardless of age and employment status. Further, the last three (3) years of service prior to retirement must be continuous, except in cases of death, disability, abolition or phase out of position due to reorganization. The gratuity is payable by the last employer and the employee shall also be entitled to a Refund of Retirement Premiums paid, personal share with interest and government share without interest.

Retirement under RA 8291 may be availed by those who have rendered at least fifteen (15) years of service in government and must be at least sixty (60) years of age upon retirement. Also, they must not be permanent total disability pensioners. Under RA 8291, the last three (3) years of service need not be continuous. Under RA 8291, a retiree is given 2 options which are either 1. **5 Year Lump Sum and Old Age Pension** where retirees can get their five-year pension in advance. The lump sum is equivalent to sixty (60) months of the Basic Monthly Pension (BMP) payable at the time of retirement. After five (5) years, retirees will start receiving their monthly pension; or 2. **Cash payment and Basic Monthly** where retirees will receive a Cash Payment equivalent to 18 times the Basic Monthly Pension (BMP) payable upon retirement and then a monthly pension for life, payable immediately after retirement date.

Government service is one, if not the most stable, line of work in the country despite being the most demanding as it imposes high ethical standards from its officials and employees under the precept that "public office is public trust." In addition, a public servant is protected by security of tenure and enjoys decent retirement package after years of government service.

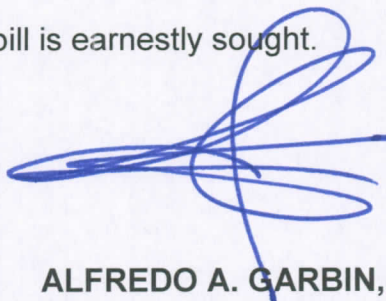
However, through the years, the value of public service retirement benefits has significantly eroded due to several economic factors such as inflation, increase in the prices of petroleum, oil products and other basic commodities vis-a-vis the decrease in the purchasing power of the Philippine peso, higher cost of living etc. and the failure of the government to quickly cope up with the changes by adjusting the retirement packages of public servants in order to make it more responsive to their needs. There has been no significant increase from the previous and current retirement packages as the basis for computation of the pension is pegged at the average monthly salary of the retiring employee and not his latest actual salary. Hence, the result would obviously be a much lower retirement pay. A more beneficial retirement package is one that is based on either the latest actual salary or the gross monthly compensation of the retiring employee and not based on averaging.

As of 2018, the total number of government workforce stands at 1.8 Million. Evidently, the total number of government workforce is increasing, and an improved retirement package will benefit a great number of devoted public officials and employees. Public officers and employees have spent the best years of their lives serving the government and the public and they deserve to be given dignity at work for services rendered during their productive years. It is high time that the government put more value to the premiums contributed by the government employees during their length of service in order that they may enjoy a good and decent life in their old age. As expressly provided under Sections 12(17) and 16 (14), Chapter 3, Title I (A), Book V of Executive Order No. 292, administration of the retirement program for government officials and employees should be with the Civil Service Commission through its Office

of Retirement Administration which shall be responsible for the enforcement of the constitutional and statutory provisions, relative to retirement and the regulation for the effective implementation of the retirement of government officials and employees.

Thus, it is in the best interest of the service that the existing retirement program of the GSIS be revised by amending RA 8291 with regard to the retirement packages for retirees, simplifying the computation of the same and by using the latest monthly salary of the retiring employee as basis for the computation of the pension and not the BMP derived from the AMC of the retiring employee and by including a representative from the Civil Service Commission in the membership of the Government Service Insurance Board pursuant to its mandate to administer the retirement program for government officials and employees.

Approval of this bill is earnestly sought.

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke, positioned above the printed name.

ALFREDO A. GARBIN, Jr.

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Introduced by REPRESENTATIVE ALFREDO A. GARBIN, Jr.

1 AN ACT AMENDING SECTIONS 9 AND 41 OF RA 8291, OTHERWISE KNOWN
2 AS THE "GOVERNMENT SERVICE INSURANCE ACT OF 1997" BY DEFINING
3 "BASIC MONTHLY PENSION" AND INCREASING THE MEMBERSHIP OF THE
4 BOARD OF TRUSTEES OF THE GSIS
5

6 Be it enacted in the Senate and the House of Representatives in Congress
7 assembled:
8

9 **Section 1.** Section 9 of Republic Act 8291 is hereby amended to read as follows:
10

11 "SEC. 9. *Computation of the Basic Monthly Pension.* - (a)
12 The basic monthly pension is equal to the latest gross
13 monthly compensation of the covered employee.
14

15 ~~"1) thirty-seven and one-half percent (37.5%) of the~~
16 ~~revalued average monthly compensation; plus~~

17 ~~"2) two and one-half percent (2.5%) of said revalued~~
18 ~~average monthly compensation for each year of service in~~
19 ~~excess of (15) years: *Provided, That* the basic monthly pension~~
20 ~~shall not exceed ninety percent (90%) of the average monthly~~
21 ~~compensation.~~

22 ~~"(b) The basic monthly pension may be adjusted upon~~
23 ~~the recommendation of the President and General Manager~~
24 ~~of the GSIS and approved by the President of the Philippines~~
25 ~~in accordance with the rules and regulations prescribed by~~
26 ~~the GSIS: *Provided, however,* that the basic monthly pension~~
27 ~~shall not be less than One thousand and three hundred pesos~~
28 ~~(P1,300.00): *Provided, further,* that the basic monthly pension~~
29 ~~for those who have rendered at least twenty (20) years of~~
30 ~~service after the effectivity of this Act shall not be less than~~
31 ~~Two thousand four hundred pesos (P2,400.00) a month.~~
32

33 **Section 2.** Section 42 of Republic Act 8291 is hereby amended to read as follows:

34 "SEC. 42. *The Board of Trustees; its Composition; Tenure*
35 *and Compensation.* - The corporate powers and functions of

functions of the GSIS shall be vested in and exercised by the Board of Trustees composed of the President and General Manager of the GSIS and ~~eight~~ nine (8 9) other members to be appointed by the President of the Philippines, one (1) of whom shall be either the President of the Philippine Public School Teachers Association (PPSTA) or the President of the Philippine Association of School Superintendents (PASS), another two (2) shall represent the leading organizations or associations of government employees/retirees, another four (4) from the banking, finance, investment, insurance sectors, ~~and~~ one (1) recognized member of the legal profession who at the time of appointment is also a member of the GSIS, and one (1) commissioner of the Civil Service Commission who shall hold office concurrently with his position at the Civil Service Commission. The Trustees shall elect from among themselves a Chairman while the President and General Manager of the GSIS shall automatically be the vice-chairman.

Xxx”

Section 3. The provisions in pertinent laws and implementing rules and regulations and other issuances inconsistent with this Act are hereby repealed or modified accordingly.

Section 4. This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,