

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4706



Introduced by **HON. JOY MYRA S. TAMBUNTING**

EXPLANATORY NOTE

Uniformed personnel play a critical role in the maintenance of national security, peace and order, and public safety in the country. They encounter various risks in the performance of their duties and responsibilities, and oftentimes their lives are placed in jeopardy.

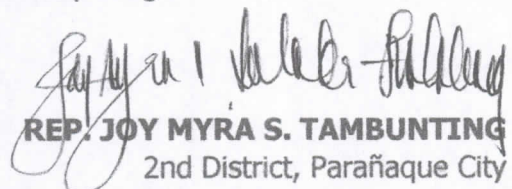
Article XVI, Section 7 of the 1987 Constitution mandates the State to "provide immediate and adequate care, benefits, and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans".

The current state of the benefit and pension system in the uniformed service, is anchored on existing retirement laws which means that the retirement pension is automatically adjusted based on the prevailing scale of similarly ranked active personnel. Development Budget and Coordination Committee has expressed its concern over the ballooning costs for the pension of retired soldiers. It is projected that at 2022, pension costs for retired personnel of the Armed Forces of the Philippines will exceed the compensation of those in the active service. As a result, the government will not be able to sustain the provision of pension benefits to retired uniformed personnel.

It is in this light that we introduce this proposed measure which seeks to reform the benefit and pension system in the uniformed service. This bill proposes to create a Uniformed Personnel Retirement Fund which shall be primarily financed through mandatory contributions from active members of uniformed service. It shall also provide for a rationalized adjustment of retirement benefits and pension and an automatic review of pension and benefits two years after the retirement and every two years thereafter.

This bill is based on House Bill No. 8476 filed by Representative Gary Alejano during the 17th Congress.

On behalf of the people of Parañaque City's Second District, and for the common good of the Filipino people, the approval of the said measure is earnestly sought.


REP. JOY MYRA S. TAMBUNTING
2nd District, Parañaque City

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HOUSE BILL NO. 4706

Introduced by **HON. JOY MYRA S. TAMBUNTING**

AN ACT ESTABLISHING A SUSTAINABLE RETIREMENT AND PENSION SYSTEM BY 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:

SECTION 1. Title. - This Act shall be known as the "Unified Uniformed Personnel Retirement Benefits and Pension Reform Act of 2019."

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

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

SEC. 3. Definition of Terms. - As used in this Act, the following terms shall have the corresponding meanings hereinafter set forth:

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

- e) New Entrants shall refer to uniformed personnel who enter the uniformed services upon the effectivity of this Act, excluding those who entered the uniformed services through lateral entry from another uniformed service;
- f) Uniformed Personnel shall refer to the officers and enlisted personnel of the uniformed services; and,
- g) Uniformed Services shall refer to the Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Philippine Coast Guard (PCG), Bureau of Fire Protection (BFP), Bureau of Jail Management and Penology (BJMP), Bureau of Corrections (BuCor), and National Mapping and Resource Information Authority (NAMRIA).

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

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

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

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

SEC. 8. Disability Pension. - All uniformed personnel who are disabled in the line of duty shall be eligible to receive a monthly pension, the rates of which shall be determined by the respective department concerned.

SEC. 9. Creation of a Uniformed Personnel Retirement Fund and Sources of Funding. - A Uniformed Personnel Retirement Fund (UPRF), to be managed by the GSIS, shall be established for the sustainability of the retirement benefits and pension of uniformed personnel.

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

The UPRF shall be financed through the following:

- a) **Mandatory Contributions.** Upon the effectivity of this Act, it shall be mandatory for new entrants to contribute a percentage of their monthly compensation as personal share and for the National Government to contribute a corresponding share sourced from the annual general appropriations for the maintenance of the UPRF, as provided hereunder:
 - i. New entrants shall contribute nine percent (9%) of their monthly compensation as personal share and for the National Government, a corresponding share of eighteen percent (18%); and,
 - ii. The National Government, representing the active uniformed personnel's contribution, shall contribute twenty-seven percent (27%) of the monthly base pay of the aforementioned uniformed personnel.
- b) **Additional Sources of Funding.** Additional funds for the maintenance of the UPRF shall be sourced from:
 - i. The proceeds derived from the sale or disposition of public lands, as may be authorized by the President for this purpose;
 - ii. The proceeds derived from the lease or joint development of public lands, as may be authorized by the President for this purpose, pursuant to the provisions of existing laws and regulations governing lease or joint development of public lands, including such immovables and other facilities as may be found therein; and,
 - iii. The proceeds derived from reclamation projects to be approved by the President for this purpose.

SEC. 10. Deactivation of the AFP-RSBS. - The AFP-RSBS shall be deactivated upon the effectivity of this Act.

For purposes of this Section, the AFP-RSBS Board, at the option of the Secretary of National Defense, shall constitute the Board of Liquidators (BOL), which is mandated to supervise collecting and realizing the assets of the AFP-RSBS, and effect the settlement of the obligations of the AFP-RSBS to third persons. The BOL is hereby authorized to perform such other functions as may be necessary for the purpose of winding-up the affairs of the AFP-RSBS, which may include, but are not limited to, the payment of obligations, set-offs, write-offs, condonations, collections, reappraisals, prosecution and defense of suits, disposal and conveyance of properties, and distribution of assets: Provided, That the BOL shall continue to perform its mandated duties and authorized functions until all the obligations of the AFP-RSBS have been settled, for a period not to exceed three (3) years from the time the BOL is constituted: Provided, further, That the remaining assets and obligations of the AFP-RSBS, if any, shall be transferred to the UPRF after the said three-year period.

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

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

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

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

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

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

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

Approved,