

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEETH CONGRESS
First Regular Session

HOUSE BILL NO. 1886

HOUSE OF REPRESENTATIVES

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Introduced by Honorable Florida P. Robes

EXPLANATORY NOTE

A common dilemma of most employees and workers is what to do after retirement. When one is nearing retirement, separation anxiety kicks in. In most cases, retired employees would fall into depression especially when their retirement packages will not suffice to support their needs. As most retired employees are senior citizens, many of them are wasted. The talents, expertise and skills they have mastered for so many years are not put to beneficial use. They wither away as they await for their twilight years to end. Sad to say, most retired employees and workers are still able to perform their tasks and can contribute to nation-building. They are considered as pool of valuable experience.

Corollary to the mandate of the State to protect the rights and promote the welfare of the senior citizens, this proposed legislation seeks to provide a re-employment opportunity for retired employees and workers in both public and private sectors. Retirement should be seen as progression, rather than final exit from the labor force. Some retired employees are rediscovering their own routes to enjoy their "retired" status. Many others need to supplement whatever remains from their retirement benefits. Others would want to stay involved in some form of work environment. Unfortunately, opportunities are limited or unavailable especially when there is a law prohibiting them from being rehired within a five-year period after retirement for government employees.

Through a re-employment program, they will be given a second chance to feel that they are still needed in the community and the society as a whole. They will still become productive despite age and will prevent the rapid decline of their physical or mental capacities. To those retired employees and workers who would want to continue working for financial reasons, the program will respond to their needs without becoming recipients of dole out schemes. To those who are fortunate enough to have adequate retirement income, this will provide them the opportunity to become volunteers in educational, professional or charitable endeavors which call for their expertise and knowledge. Hence, this measure is pivotal in changing our perspectives on retirement. The passage or approval of which is earnestly sought.



FLORIDA P. ROBES

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**AN ACT INSTITUTING A REEMPLOYMENT PROGRAM FOR RETIRED
EMPLOYEES AND WORKERS IN THE CIVIL SERVICE AND PRIVATE
SECTOR AND FOR OTHER PURPOSES**

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

SECTION 1. Short Title. - This Act shall be known as the "Employment After Retirement Act".

SEC. 2. Declaration of Policy. - It is hereby a declared policy of the State to promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living and improved quality of life. As such, the State shall mandate all concerned agencies, institutions and labor organizations to design programs for their retired employees and workers in order to continue tapping the skills and expertise that they have honed for many years.

SEC. 3. Objectives. - This Act shall serve the following objectives:

- (a) To recognize the rights of employees and workers in the government and private sector by establishing mechanisms whereby their expertise and skills are maximized even after retirement;
- (b) To give full support to the desire of retired employees and workers to still participate in nation building by adopting measures whereby they are utilized by the community as a whole; and
- (c) To motivate and encourage retired employees and workers by establishing a program beneficial to them, their families and the rest of the community they serve;

SEC. 4. Coverage. - All national government employees including employees of government-owned or controlled corporations, educational institutions and local government units shall be covered under this Act.

The provisions of this Act shall apply to all workers of private corporations, non-government organizations and labor organizations shall be covered provided they do not have existing program of reemployment for their retired workers.

SEC. 5. Definition of Terms. - As used in this Act, the following terms shall mean:

- (a) "Retired employee or worker" refers to a person who may be retired from performing professional, managerial or administrative work upon reaching the retirement age established by civil service laws, employment contract, collective bargaining agreement, or company policy.
- (b) "Employer" refers to any person acting directly or indirectly in the interest of an employer in relation to an employee or worker and shall include the government and all its branches, subdivisions and instrumentalities, all government-owned or controlled corporations and institutions, as well as non-profit private institutions, or organizations.
- (c) "Worker" refers to a person who performs manual labor involving skilled or unskilled work, and is paid wages by the employer as compensation for services rendered.
- (d) "Retirement" refers to the act of withdrawing from one's occupation or position, especially upon reaching the mandatory retirement age prescribed under existing laws.
- (e) "Contract of Service" means any agreement, whether in writing or oral, express or implied, whereby one person agrees to employ another as an employee or other agrees to serve his employer as an employee.
- (f) "Consultant" is an individual who possesses special knowledge or skills and provides that expertise to a client for a fee.

SEC. 6. Re-employment Program. - A re-employment program shall hereby be instituted to promote and enhance the welfare of employees and workers who have retired from service upon reaching retirement age. The retired employee or worker can be rehired as volunteer, consultant or on a part time basis or under contract of service. This is in addition to the community services and re-employment services which the retired employees or workers can take part by virtue of Republic Act No. 9257 or otherwise known as the "Expanded Senior Citizens Act of 2003."

For those retired in the private sector, such re-employment program shall only be required if company rules restrict re-employment after retirement.

All government institutions, labor organizations and private corporations are mandated to plan, design and implement a program that will suit their needs as well as that of their respective retired employees and workers.

SEC. 7. Period of Reemployment. For those retired in government service, this shall be effective within the five-year restriction on reappointment or reemployment of retired officials and employees in the civil service to any branch, division, instrumentality or agency of the government, including government-owned or controlled corporations with original charters whether on a permanent, temporary, casual or emergency status. After which, reemployment and reappointment shall be upon the discretion of appointing authority and in accordance with existing laws.

For private employers, the program shall be for a period as deemed necessary and convenient to both workers and employers.

SEC. 8. Re-employment Eligibility Criteria. - A employee or worker shall be eligible to participate in the program if the employee or worker:

- (a) Retires from service upon reaching the age of mandatory retirement;
- (b) Has been assessed to have at least a satisfactory work performance for two years prior to retirement;
- (c) Has no pending criminal, civil or administrative case; and
- (d) Is medically fit to continue working.

SEC. 9. Incentives for Private Entities.- Private entities that will employ retired workers, upon the effectivity of this Act, shall be entitled to an additional deduction from their gross income, equivalent to fifteen percent (15%) of the total amount paid as salaries and wages to retired workers, subject to the provision of Section 34 of the NIRC, as amended: Provided, however, That such employment shall continue for a period of at least six (6) months: Provided, further, That the annual income of the retired worker does not exceed the latest poverty threshold as determined by the National Statistical Coordination Board (NSCB) of the National Economic and Development Authority (NEDA) for that year.

SEC. 10 . GSIS, SSS and Tax Coverage - The re-employed retired employees and workers shall be exempt from GSIS and SSS coverage within the duration of the re-employment program. Tax liabilities of said retired employees and workers shall not be suspended.

SEC.11. Appropriations. - The sum necessary for the effective implementation of this Act shall be charged against the appropriations for all government agencies, government-owned controlled corporations concerned under the General Appropriations Act or for local government units, from their Internal Revenue

Allotment. Private entities, on the other hand, shall devise a mechanism to finance their re-employment programs.

SEC. 12. Implementing Rules and Regulations. – The Department of Labor and Employment and the Civil Service Commission, in consultation with the Department of Budget and Management, Department of Interior and Local Government, Department of Social Welfare and Development and private stakeholders shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act: *Provided*, That the failure of the concerned agencies to promulgate the said rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 13. Repealing Clause. – All laws, ordinances, rules and regulations, and other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified.

SEC. 14. Separability Clause. – If for any reason any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions thereof, shall not be repealed or modified.

SEC. 15. Effectivity. – This Act shall take effect fifteen (15) days from its publication in the Official Gazette or in any two newspapers of general circulation.

Approved,