

Republic of the Philippines
Quezon City
House of Representatives

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 3650



Introduced by: **REP. JOSEPH STEPHEN S. PADUANO**

AN ACT
AMENDING THE PERTINENT LAWS ON THE RETIREMENT BENEFITS AND
PENSION OF UNIFORMED PERSONNEL OF THE UNIFORMED SERVICES AND
PROVIDING FUNDS THEREFORE

EXPLANATORY NOTE

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

It is the responsibility of the State to ensure that the retirees continue to receive benefits commensurate to the services they have rendered and that they be allowed to live a comfortable life during their retirement.

With this, to be consistent with the government policy to help foster socio-economic security and general well-being of the uniformed personnel, in recognition of their bravery and loyalty to the Republic, the government through existing retirement laws, provides for the automatic adjustment of retirement pension based on the prevailing scale of base pay of similarly ranked active personnel.

It is therefore imperative that we introduce reforms in the pension system of uniformed personnel to make it more sustainable. The immediate passage of this bill is earnestly sought.


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Be it enacted by the Senate and the House of Representatives of the Philippines on 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 encounter in the performance of their duties.

It shall therefore, 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 in 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 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 the National Mapping and Resource Information Authority (NAMRIA).

SEC. 4 – Standardizing the Uniformed Services Monthly Retirement Pay – New entrants of the uniformed services, upon retirement, shall be entitled to receive a monthly retirement pay equivalent to two and one-half percent (2 ½%) 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, 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 the Interior and Local Government (DILG), Department of Justice (DOJ), Department of Transportation (DOTr), Department of Budget and Management (DBM), 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 13 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 of 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 a 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-two percent (22%) of the monthly compensation of the aforementioned uniformed personnel.
- b. Additional Source 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 immovable 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 Liquidations (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 continued; 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 Contribution to the AFP-RSBS – Upon the effectivity of this Act, the active AFP personnel shall immediately cease to pay to 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 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, section or part of this Act shall be declared unconstitutional or invalid, such judgement shall not affect, invalidate or impair any other provisions, sections or parts hereof.

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 its publication in the Official Gazette or in a newspaper of general circulations.

Approved.