

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 1137



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

“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.”
– Section 7 of Article XVI of the 1987 Philippine Constitution

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

Hence, to be consistent with the government policy to help foster socio-economic security and general well-being of the country’s veterans in recognition of their bravery and loyalty to the country, 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. Said existing laws also have a non-contributory nature which means that no “seed fund” was established and the budget for pension comes from the annual general appropriations act.

Such policies led to the ballooning of pension costs. It is estimated that by year 2022, the total pension costs of the Armed Forces of the Philippines will eventually surpass the salaries paid to its active personnel. If this condition is allowed to persist, the government will eventually fail to provide adequate retirement pension to the uniformed personnel.

Thus, in order to allow the government to fulfill its duties to the retirees, this measure will implement reforms by way of overhauling the entire retirement benefits and pension system in the uniformed service. This piece of legislation will also provide a new fund-sourcing scheme for the uniformed retirees’ pension and benefits that is sustainable in the long term.

In view of the foregoing, the immediate approval of this bill is urgently sought.


HON. GARY C. ALEJANO

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 1137

Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

AN ACT
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:

1 **SECTION 1. Short Title.** - This Act shall be known as the “*Unified Uniformed*
2 *Personnel Retirement Benefits and Pension Reform Act of 2016.*”

3
4 **SEC. 2. Declaration of State Policy.** - The State duly recognizes the vital role of the
5 uniformed services in providing internal and external security, promoting peace and order,
6 ensuring public safety and further strengthening local government capability aimed towards the
7 effective delivery of basic services to the citizenry. The State also recognizes the extraordinary
8 hazards, risks, perils and dangers that the uniformed personnel of the uniformed services
9 encounter in the performance of their duties.

10
11 It shall therefore be the prime concern of the State to provide all uniformed personnel
12 adequate remuneration and benefits, including retirement benefits and pension. To this end, the
13 State shall ensure that the retirement benefits and pension scheme of the uniformed personnel is
14 secure, reliable, and sustainable.

15
16 **SEC. 3. Definition of Terms.** - As used in this Act, the following terms shall have the
17 corresponding meanings hereinafter set forth:

18
19 a) AFP-RSBS shall refer to the Armed Forces of the Philippines Retirement and
20 Separation Benefits System established by virtue of Presidential Decree (PD) 361,
21 as amended by PD 1656;

- 1 b) Existing Retirees shall refer to retired uniformed personnel who are currently
2 receiving or entitled to receive retirement benefits and pension under existing
3 laws applicable to the uniformed services at the time of the effectivity of this Act;
4
- 5 c) Future Retirees shall refer to uniformed personnel active at the time of the
6 effectivity of this Act, and to new entrants, all of whom, at the time of their actual
7 retirement from the uniformed services, are eligible to receive retirement benefits
8 and pension under existing laws applicable to the uniformed services;
9
- 10 d) GSIS shall refer to the Government Service Insurance System;
11
- 12 e) New Entrants shall refer to uniformed personnel who enter the uniformed services
13 upon the effectivity of this Act;
14
- 15 f) Uniformed Personnel shall refer to the officers and enlisted personnel of the
16 uniformed services; and,
17
- 18 g) Uniformed Services shall refer to the Armed Forces of the Philippines (AFP),
19 Philippine National Police (PNP), Philippine Coast Guard (PCG), Bureau of Fire
20 Protection (BFP), Bureau of Jail Management and Penology (BJMP), Bureau of
21 Corrections (BuCor), and National Mapping and Resource Information Authority
22 (NAMRIA).
23

24 **SEC. 4. Standardizing the AFP Monthly Retirement Pay.** - Existing retirees and
25 future retirees of the AFP shall be entitled to receive a monthly retirement pay equivalent to two
26 and one-half percent (2 1/2%) for each year of active service rendered, but not exceeding ninety
27 percent (90%) of the monthly base and longevity pay of the grade next higher than the permanent
28 grade last held, amending Section 17 of PD 1638.
29

30 **SEC. 5. Rationalized Adjustment of Retirement Benefits and Pension.** - The pertinent
31 portions of a) Section 17, PD 1638, b) Section 3, Republic Act (RA) 5976, c) Section 75, RA
32 6795, as amended by Section 34, RA 8551, d) Section 12, RA 9263, e) Section 14, RA 9993, and
33 f) Section 20, RA 10575, inasmuch as they relate to adjustments in retirement benefits and
34 pension based on the prevailing scale of base pay of active uniformed personnel, are hereby
35 repealed. The retirement benefits and pension of all existing retirees and future retirees shall
36 immediately cease to be subject to automatic adjustments based on the prevailing scale of base
37 pay of active uniformed personnel.

1 The retirement benefits and pension of uniformed personnel shall be periodically
2 reviewed by the Department of National Defense (DND), Department of Budget and
3 Management (DBM), the Department of Finance (DOF), and the GSIS for the purpose of
4 recommending to the President, for his approval, appropriate adjustments thereto, in accordance
5 with rules and regulations to be jointly promulgated by the DOF and the DBM under Section 12
6 of this Act.

7
8 **SEC. 6. Creation of a Uniformed Personnel Retirement Fund and Sources of**
9 **Funding.** - A Uniformed Personnel Retirement Fund (UPRF), to be managed by the GSIS, shall
10 be established for the sustainability of the retirement benefits and pension of uniformed
11 personnel.

12
13 The GSIS shall create a new department which shall exclusively administer the UPRF for
14 the payment of retirement benefits and pension to existing retirees and future retirees.

15
16 The UPRF shall be financed through the following:

17
18 (a) Mandatory Contributions. It shall be mandatory for new entrants to contribute a
19 percentage of their monthly compensation as personal share and for the National
20 Government to contribute a corresponding share sourced from the annual general
21 appropriations for the maintenance of the UPRF, as provided hereunder:

22 (i) For the first three years after the effectivity of this Act, new entrants shall
23 contribute five percent (5%) of their monthly compensation as personal share and
24 the National Government a corresponding share of twenty-two percent (22%);

25 (ii) For the next three years, new entrants shall contribute seven percent (7%) of
26 their monthly compensation as personal share and the National Government a
27 corresponding share of twenty percent (20%); and,

28 (iii) For every year thereafter, new entrants shall contribute nine percent (9%) of
29 their monthly compensation as personal share and the National Government a
30 corresponding share of eighteen percent (18%).

31
32 (b) Additional Sources of Funding. Additional funds for the maintenance of the UPRF
33 shall be sourced from:

34 (i) The proceeds derived from the sale or disposition of public lands, as may be
35 authorized by the President for this purpose;

36 (ii) The proceeds derived from the lease or joint development of public lands, as
37 may be authorized by the President for this purpose, pursuant to the provisions of
38 existing laws and regulations governing lease or joint development of public

1 lands, including such immovables and other facilities as may be found therein;
2 and,
3 (iii) The proceeds derived from reclamation projects to be approved by the
4 President for this purpose.

5
6 Funds from the foregoing sources, except the mandatory contributions under paragraph
7 (a) of this Section, shall be directly deposited to a Trust Fund that is hereby created under the
8 Bureau of the Treasury (BTR). The Trust Fund shall be used solely for the maintenance of the
9 UPRF. The implementing guidelines for deposits to and withdrawals from the Trust Fund and
10 releases to the GSIS for the UPRF shall be issued by an Inter- Agency Committee composed of
11 the DOF, DBM, BTR, and the GSIS. The Inter-Agency Committee shall undertake regular
12 monitoring of the Trust Fund.

13
14 **SEC. 7. Receipt of Retirement Benefits and Pension.** - All new entrants who, at the
15 time of their actual retirement, are eligible to receive retirement benefits and pension under
16 existing laws applicable to the uniformed services , shall be entitled to receive their lump sum
17 benefit equivalent to Three (3) years pay within one (1) month of their effective date of
18 retirement.

19
20 **SEC. 8. Deactivation of the AFP-RSBS.** - The AFP-RSBS shall be deactivated upon the
21 effectivity of this Act.

22
23 For purposes of this Section, the AFP-RSBS Board, at the option of the Secretary of
24 National Defense, shall constitute the Board of Liquidators (BOL), which is mandated to
25 supervise collecting and realizing the assets of the AFP-RSBS, and effect the settlement of the
26 obligations of the AFP-RSBS to third persons. The BOL is hereby authorized to perform such
27 other functions as may be necessary for the purpose of winding-up the affairs of the AFP-RSBS,
28 which may include, but are not limited to, the payment of obligations, set-offs, write-offs,
29 condonations, collections, reappraisals, prosecution and defense of suits, disposal and
30 conveyance of properties, and distribution of assets: Provided, the BOL shall continue to perform
31 its mandated duties and authorized functions until all the obligations of the AFP-RSBS have
32 been settled, for a period not to exceed three (3) years from the time the BOL is constituted:
33 Provided further, the remaining assets and obligations of the AFP-RSBS, if any, shall be
34 transferred to the UPRF after the said three-year period.

35
36 **SEC. 9. Termination of Contributions to the AFP-RSBS.** - Upon the effectivity of this
37 Act, the active uniformed personnel shall immediately cease to pay to the AFP-RSBS the

1 contributions required under Section 4 of PD 361, as amended by PD 1656. New entrants of the
2 AFP shall not be required to pay any contributions to the AFP-RSBS.

3 **SEC. 10. Return of Contributions made to the AFP-RSBS.** - All contributions
4 previously paid by the active uniformed personnel of the AFP shall be refunded within a period
5 not to exceed three (3) years from the effectivity of this Act.
6

7 **SEC. 11. Implementing Rules and Regulations.** - Within sixty (60) days from the
8 effectivity of this Act, the DBM and the DOF, in consultation with the GSIS, shall promulgate
9 the necessary rules and regulations for the effective implementation of this Act.
10

11 **SEC. 12. Separability Clause.** - If any provision of this Act is declared invalid by a
12 competent court, the other provisions not affected by such declaration of invalidity shall continue
13 to be in force and effect.
14

15 **SEC. 13. Repealing Clause.** - The pertinent portions of the following legal provisions,
16 insofar as they dispose of the net income of the Philippine Reclamation Authority, are hereby
17 repealed and/or modified accordingly: a) Section 112, RA 8435, as amended by RA 9281; b)
18 Section 42(a), RA 7279; and, c) Section 10(d), RA 7835.
19

20 All other laws, decrees, orders, rules and regulations, or parts thereof, specifically
21 inconsistent with any provision of this Act shall be deemed repealed, amended or modified
22 accordingly.
23

24 **SEC. 14. Effectivity.** - This act shall take effect fifteen (15) days after the date of its
25 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,