

SENATE

S. No. 2013

(IN SUBSTITUTION OF S. NOS. 822, 1544 AND 1572 AND TAKING INTO
CONSIDERATION H. NO. 8561)

PREPARED BY THE COMMITTEES WITH SENATORS OPLE, MACEDA,
GONZALES, ENRILE, SHAHANI, ROMULO, COSETENG, ROCO,
MERCADO, SOTTO III, FLAVIER, WEBB, ALVAREZ, OSMENA
III, MACAPAGAL AND DRILON AS AUTHORS THEREOF

AN ACT AMENDING PRESIDENTIAL DECREE NO. 1146, AS
AMENDED, EXPANDING AND INCREASING THE
COVERAGE AND BENEFITS OF THE GOVERNMENT
SERVICE INSURANCE SYSTEM, INSTITUTING REFORMS
THEREIN AND FOR OTHER PURPOSES.

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

1 SECTION 1. Presidential Decree No. 1146, as amended,
2 otherwise known as the "Revised Government Service Insurance Act of
3 1977", is hereby further amended to read as follows:

4 "SECTION 1. *Title.* - The short title of this Act shall be:
5 [the Revised] "The Government Service Insurance SYSTEM
6 Act of 1997." [1977]

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“A. DEFINITIONS

“SEC. 2. *Definition of Terms.* - Unless the context otherwise indicates, the following terms shall mean:

“(a) System - The Government Service Insurance System created [and established] by Commonwealth Act No. 186;

“(b) Board - The Board of Trustees of the Government Service Insurance System;

“(c) Employer - The National Government, its political subdivisions, branches, agencies or instrumentalities, INCLUDING GOVERNMENT - [corporations] owned [and/] or controlled [by the Government.] CORPORATIONS, [the Philippine Tuberculosis Society, the Philippine National Red Cross and the Philippine Veterans Bank] AND FINANCIAL INSTITUTIONS WITH ORIGINAL CHARTERS, CONSTITUTIONAL COMMISSIONS AND THE JUDICIARY;

“(d) Employee OR MEMBER - Any person, [whether elected or appointed,] RECEIVING COMPENSATION WHILE in the service of an employer [who receives compensation for such service] AS DEFINED HEREIN, WHETHER BY ELECTION OR APPOINTMENT, IRRESPECTIVE OF STATUS OF APPOINTMENT, INCLUDING BARANGAY AND SANGGUNIAN OFFICIALS[.];



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“(e) ACTIVE Member - [Any person compulsorily covered by the System under Section 3 of this Act] A MEMBER WHO IS NOT SEPARATED FROM THE SERVICE;

“(f) Dependent - The legitimate, legitimated, legally adopted, or [acknowledged natural or] illegitimate child who is unmarried, not gainfully employed, [and] not over [twenty-one years of] THE age OF MAJORITY, or is over [twenty-one years of] THE age OF MAJORITY, but [physically and mentally] incapacitated and incapable of self-support DUE TO A MENTAL OR PHYSICAL DEFECT; the [legitimate] LEGAL spouse dependent for support upon the member/ PENSIONER; and [legitimate] parent/s [wholly] dependent upon the member for support;

“(g) Primary beneficiaries - The LEGAL dependent spouse until he\SHE remarries and the dependent children;

“(h) Secondary beneficiaries - The dependent parents and, SUBJECT TO THE RESTRICTIONS ON DEPENDENT CHILDREN, THE legitimate descendants [other than dependent children];

“(i) Compensation - The basic pay or salary received by an employee, pursuant to his [employment] ELECTION/ appointment[/s], excluding *per diems*, bonuses, overtime pay, HONORARIA, [and] allowances AND ANY OTHER EMOLUMENTS RECEIVED IN ADDITION TO THE BASIC PAY WHICH ARE NOT INTEGRATED INTO THE

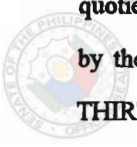


1 BASIC PAY UNDER EXISTING LAWS;
 2 NOTWITHSTANDING THIS DEFINITION OF
 3 COMPENSATION, *PER DIEMS* RECEIVED BY ELECTED OR
 4 APPOINTED OFFICIALS WHO DO NOT RECEIVE ANY
 5 BASIC PAY OR SALARY SHALL BE TREATED AS
 6 COMPENSATION FOR PURPOSES OF THIS ACT;

7 “(j) Contribution - The amount payable to the System
 8 by the member and the employer in accordance with Section
 9 5 of this Act;

10 “(K) CURRENT DAILY COMPENSATION - THE
 11 ACTUAL DAILY COMPENSATION OR THE ACTUAL
 12 MONTHLY COMPENSATION DIVIDED BY THE
 13 NUMBER OF WORKING DAYS IN THE MONTH OF
 14 CONTINGENCY BUT NOT TO EXCEED TWENTY-TWO
 15 (22) DAYS;

16 “(L) [(k)] Average monthly compensation (AMC) - The
 17 quotient after dividing the aggregate compensation[s] received
 18 by the member [for] DURING [the] HIS last [three-years]
 19 THIRTY-SIX (36) MONTHS OF SERVICE [immediately]
 20 preceding his separation/retirement/disability/death BY
 21 THIRTY-SIX (36), OR by the number of months he received
 22 [said] SUCH compensation [or Three Thousand Pesos,
 23 whichever is smaller] IF HE HAS LESS THAN
 24 THIRTY-SIX (36) MONTHS OF SERVICE: *PROVIDED*,
 25 THAT THE AVERAGE MONTHLY COMPENSATION



1 SHALL IN NO CASE EXCEED THE AMOUNT AND
 2 RATE AS MAY BE RESPECTIVELY SET BY THE BOARD
 3 UNDER THE RULES AND REGULATIONS
 4 IMPLEMENTING THIS ACT AS DETERMINED BY THE
 5 ACTUARY OF THE SYSTEM: *PROVIDED, FURTHER,*
 6 THAT INITIALLY THE AVERAGE MONTHLY
 7 COMPENSATION SHALL NOT EXCEED TENT THOUSAND
 8 PESOS (P 10,000); AND PREMIUM SHALL BE NINE
 9 PERCENT (9%) AND TWELVE PERCENT (12%) FOR
 10 EMPLOYEE AND EMPLOYER COVERING THE AM CLIMIT
 11 AND BELOW; AND TWO PERCENT (2%) AND TWELVE
 12 PERCENT (12%) FOR EMPLOYEE AND EMPLOYER
 13 COVERING COMPENSATION ABOVE THE AM CLIMIT;

14 “(M) [(1)] Revalued average monthly compensation -
 15 An amount equal to one hundred seventy percent of the first
 16 [two hundred] ONE THOUSAND Pesos (P 1,000) of the
 17 average monthly compensation plus one hundred percent of
 18 the average monthly compensation in excess of [Two Hundred]
 19 ONE THOUSAND Pesos (P 1,000);

20 “(N) [(m)] Lump sum - The [present value of the] basic
 21 monthly pension [for five years discounted at a rate of interest
 22 to be determined by the System but not less than six percent
 23 per annum] MULTIPLIED BY SIXTY (60);

24 “(O) [(n)] Pensioner - Any person [who receives]
 25 RECEIVING old-age or PERMANENT TOTAL disability

1 pension [whether in lump sum or otherwise] OR ANY
 2 PERSON WHO HAS RECEIVED THE LUMP SUM
 3 EXCLUDING ONE RECEIVING SURVIVORSHIP
 4 PENSION BENEFITS AS DEFINED IN SECTION 20 OF
 5 THIS ACT;

6 “(P) GAINFUL OCCUPATION - ANY
 7 PRODUCTIVE ACTIVITY THAT PROVIDED THE
 8 MEMBER WITH INCOME AT LEAST EQUAL TO THE
 9 MINIMUM COMPENSATION OF GOVERNMENT
 10 EMPLOYEES;

11 “(Q) [(o)] Disability - Any loss or [reduction of earning
 12 capacity due to] impairment of the normal functions of the
 13 physical and/or mental [faculties] FACULTY OF A MEMBER
 14 which reduces [a member’s ability to] OR ELIMINATES
 15 HIS/HER CAPACITY TO CONTINUE WITH HIS/HER
 16 CURRENT GAINFUL OCCUPATION OR engage in any
 17 OTHER gainful occupation;

18 “(R) [(p)] Total Disability - [Accrues or arises when the
 19 loss or reduction of earning capacity amounts to at least
 20 seventy-five percent; or when the aggregate loss or reduction
 21 of earning capacity resulting from more than one injury and/
 22 or disease amounts to at least one hundred percent]
 23 COMPLETE INCAPACITY TO CONTINUE WITH HIS
 24 PRESENT EMPLOYMENT OR ENGAGE IN ANY
 25 GAINFUL OCCUPATION DUE TO THE LOSS OR



1 IMPAIRMENT OF THE NORMAL FUNCTIONS OF THE
2 PHYSICAL AND/OR MENTAL FACULTIES OF THE
3 MEMBER;

4 “(S) [(q)] Permanent total disability - Accrues or arises
5 when recovery from the impairment mentioned in Section 2 [o]
6 (q) is medically remote;

7 “(T) [(r)] Temporary total disability - Accrues or arises
8 when the impaired physical and/or mental faculties can be
9 rehabilitated and/or restored to their normal functions;

10 “(U) [(s)] Permanent partial disability - Accrues or
11 arises [when the loss or reduction of earning capacity amounts
12 to less than seventy-five percent (75%) or when the aggregate
13 loss or reduction of earning capacity resulting from more than
14 one injury and/or disease amount to at least one hundred
15 percent as a result of an irrecoverable anatomical loss] UPON
16 THE IRREVOCABLE LOSS OR IMPAIRMENT OF
17 CERTAIN PORTION/S OF THE PHYSICAL FACULTIES,
18 DESPITE WHICH THE MEMBER IS ABLE TO PURSUE A
19 GAINFUL OCCUPATION;

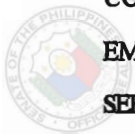
20 “B. MEMBERSHIP IN THE SYSTEM

21 “SEC. 3. *Compulsory [Coverage] MEMBERSHIP.* -
22 Membership in the System shall be compulsory for all
23 [permanent] employees [below 60 years of age upon
24 appointment to permanent status and for all elective officials
25 for the duration of their tenure; *Provided, That upon approval*



1 of the President of the Philippines and subject to the availability
 2 of funds, compulsory coverage may be extended to one-
 3 permanent employees of national government agencies and
 4 local governments, either simultaneously, in phases or by
 5 groups: *Provided, further,* That non-permanent employees of
 6 government-owned and controlled corporations may be covered
 7 upon approval by the System at the request of their respective
 8 Governing Boards: *Provided, finally,* That the coverage of
 9 temporary employees under Republic Act No. 4968 shall remain
 10 in force.] RECEIVING COMPENSATION WHO HAVE NOT
 11 REACHED THE COMPULSORY RETIREMENT AGE,
 12 IRRESPECTIVE OF EMPLOYMENT STATUS, EXCEPT
 13 MEMBERS OF THE ARMED FORCES OF THE PHILIPPINES
 14 AND THE PHILIPPINE NATIONAL POLICE, SUBJECT TO
 15 THE CONDITION THAT THEY MUST SETTLE FIRST THEIR
 16 FINANCIAL OBLIGATION WITH THE SYSTEM, AND
 17 CONTRACTUALS WHO HAVE NO EMPLOYER AND
 18 EMPLOYEE RELATIONSHIP WITH THE AGENCIES THEY
 19 SERVE

20 EXCEPT FOR THE MEMBERS OF THE JUDICIARY
 21 AND CONSTITUTIONAL COMMISSIONS WHO SHALL
 22 HAVE LIFE INSURANCE ONLY, ALL MEMBERS OF THE
 23 SYSTEM SHALL HAVE LIFE INSURANCE,
 24 RETIREMENT, AND ALL OTHER SOCIAL SECURITY




1 PROTECTION SUCH AS DISABILITY, SURVIVORSHIP,
2 SEPARATION, AND UNEMPLOYMENT BENEFITS.

3 "SEC. 4. *Effect of Separation from the Service.* - A
4 member separated from the service shall continue to be a
5 member, and [he] shall be entitled to whatever benefits [which
6 shall have accrued or been earned at the time of his separation]
7 HE HAS QUALIFIED TO in the event of any contingency
8 compensable under this Act [*:Provided, however, That if he*
9 *is separated for cause or considered resigned, he automatically*
10 *forfeits said benefits, unless the terms of his resignation or*
11 *separation provide otherwise. In case of forfeiture of benefits,*
12 *the separated employee shall still be entitled to receive one-*
13 *half of the cash surrender value of his insurance].*

14 "C. SOURCES OF FUNDS

15 "SEC. 5. *Contributions.* - (a) It shall be mandatory for
16 the [employee] MEMBER AND THE EMPLOYER to pay the
17 monthly contributions specified in the following schedule:

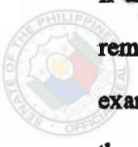


18	19	"Percentage of	
		Monthly Compensation	
20	Monthly	Payable by	
21	Compensation	[Employee] MEMBER	Employer
22	I. [P 200 or less	7.5%	10.5%]
23	I. MAXIMUM AVERAGE MONTHLY	9.00%	12.00%
24	COMPENSATION (AMC) LIMIT AND BELOW		
25	[II. Over P200 to P3,000	8.5%	9.5%]

1	II. OVER THE MAXIMUM AMC LIMIT		
2	UP TO THE MAXIMUM AMC LIMIT	9.0%	12.00%
3	[III. Over P3,000		
4	First P3,000	8.5%	9.5%
5	In excess of P3,000	3.0%	9.5%]
6	IN EXCESS OF THE AMC LIMIT	2%	12.00%

7 "MEMBERS OF THE JUDICIARY AND
 8 CONSTITUTIONAL COMMISSIONERS SHALL PAY
 9 THREE PERCENT (3%) PERSONAL SHARE AND THEIR
 10 EMPLOYERS A CORRESPONDING THREE PERCENT
 11 (3%) SHARE FOR THEIR LIFE INSURANCE COVERAGE.

12 "(b) The employer shall include in its annual
 13 appropriation the necessary amounts for its share of the
 14 contributions indicated above, plus any [extra] ADDITIONAL
 15 premiums that may be required on account of the hazards or
 16 risks of its employees' occupation; [plus the additional amounts,
 17 if any, required in the next following paragraph and shall
 18 remit the same to the system: *Provided*, That if after an
 19 examination of its financial condition, the System finds that
 20 the employer cannot afford to pay said contributions in full,
 21 then it shall pay only such rates of contributions as the System
 22 may consider within its capacity to pay. In case of such
 23 reduction the benefits payable to the member and
 24 beneficiaries shall be adjusted actuarially in accordance with
 25 the rules and regulations prescribed by the System.]



1 “(c) [For the amounts of pensions corresponding to the
2 services rendered by a member prior to June 16, 1951,
3 increases in retirement benefits provided for in Republic Acts
4 Numbers 4968, 5969 and Presidential Decree No. 712, the
5 National Government shall pay the necessary additional
6 amounts as may be determined by the System and in such
7 manner as may be agreed upon by the National Government and
8 the System.] IT SHALL BE MANDATORY AND
9 COMPULSORY FOR ALL EMPLOYERS TO INCLUDE
10 THE PAYMENT OF CONTRIBUTIONS IN ITS ANNUAL
11 APPROPRIATIONS. PENAL SANCTIONS SHALL BE
12 IMPOSED UPON EMPLOYERS WHO FAIL TO INCLUDE
13 THE PAYMENT OF CONTRIBUTIONS IN ITS ANNUAL
14 APPROPRIATION OR OTHERWISE FAIL TO REMIT
15 THE ACCURATE AMOUNT OF CONTRIBUTIONS ON
16 TIME, OR DELAY THE REMITTANCE OF PREMIUM
17 CONTRIBUTIONS TO THE SYSTEM. HEADS OF
18 OFFICES AND AGENCIES SHALL BE
19 ADMINISTRATIVELY LIABLE FOR NON-REMITTANCE
20 OR DELAYED REMITTANCE OF PREMIUM
21 CONTRIBUTIONS TO THE SYSTEM.

22 “SEC. 6. *Collection and Remittance of Contributions.*

23 (a) [It shall be compulsory upon the employer to deduct and
24 withhold each month from the salary of each employee the
25 contributions payable by him and to remit the same and its

1 share to the system within the first ten days of each calendar
 2 month following the month to which the contributions apply.
 3 The remittance of the contributions may be made in advance
 4 quarterly or semi-annually or annually, the contributions
 5 payable by the employee to be advanced by his employer:
 6 *Provided*, That upon separation of an employee, any
 7 contributions so paid in advance but not due shall be credited
 8 or refunded to his employer. The remittance by the employer
 9 of said contributions to the System shall be in preference to the
 10 payment of other obligations, except salaries and wages of its
 11 employees.] THE EMPLOYER SHALL REPORT TO THE
 12 SYSTEM THE NAMES OF ALL ITS EMPLOYEES, THEIR
 13 CORRESPONDING EMPLOYMENT STATUS,
 14 POSITIONS, SALARIES AND SUCH OTHER PERTINENT
 15 INFORMATION, INCLUDING SUBSEQUENT CHANGES
 16 THEREIN, IF ANY, AS MAY BE REQUIRED BY THE
 17 SYSTEM; THE EMPLOYER SHALL DEDUCT EACH
 18 MONTH FROM THE MONTHLY SALARY OR
 19 COMPENSATION OF EACH EMPLOYEE THE
 20 CONTRIBUTION PAYABLE BY HIM IN ACCORDANCE
 21 WITH THE SCHEDULE PRESCRIBED IN THE RULES
 22 AND REGULATIONS IMPLEMENTING THIS ACT.

23 “(b) [In case an employee defaults in the payment of its
 24 obligations to the System, the Secretary of Finance or the
 25 Chairman of the Commission on Audit shall take such steps

1 as may be necessary to have said obligation paid promptly.
 2 Said officials or their duly designated representatives are
 3 hereby authorized and directed to withhold from revenues
 4 and/or incomes of a defaulting employer such amounts as may
 5 be necessary to pay its obligations under this Act and remit the
 6 same immediately to the System. In case of insolvency of an
 7 employer, its obligations under this Act shall be paid in
 8 preference to all other obligations, except salaries and wages
 9 of its employees.] EACH EMPLOYER SHALL REMIT
 10 DIRECTLY TO THE SYSTEM THE EMPLOYEES' AND
 11 EMPLOYERS' CONTRIBUTIONS WITHIN THE FIRST
 12 TEN (10) DAYS OF THE CALENDAR MONTH
 13 FOLLOWING THE MONTH TO WHICH THE
 14 CONTRIBUTIONS APPLY. THE REMITTANCE BY THE
 15 EMPLOYER OF THE CONTRIBUTIONS TO THE SYSTEM
 16 SHALL TAKE PRIORITY OVER AND ABOVE THE
 17 PAYMENT OF ANY AND ALL OBLIGATIONS, EXCEPT
 18 SALARIES AND WAGES OF ITS EMPLOYEES.



19 *“SEC. 7. [Penalty for Non-Remittance or] INTERESTS*
 20 *ON Delayed Remittances. - [Unremitted collections shall*
 21 *earn such interest as the Board may prescribe, not exceeding*
 22 *two percent per month from their due date to the date of*
 23 *payment, payable by the employer.] AGENCIES WHICH*
 24 *DELAY THE REMITTANCE OF ANY AND ALL MONIES*
 25 *DUE THE SYSTEM SHALL BE CHARGED INTERESTS*

1 AS MAY BE PRESCRIBED BY THE BOARD BUT SHALL
 2 NOT BE LESS THAN TWO PERCENT (2%) SIMPLE
 3 INTEREST PER MONTH. SUCH INTEREST SHALL BE
 4 PAID BY THE EMPLOYERS CONCERNED.

5 "SEC. 8. *Government Guarantee.* - The Government
 6 of the Republic of the Philippines hereby guarantees the
 7 fulfillment of the obligations of the System to its members as
 8 and when they fall due.

9 "D. BENEFITS

10 "SEC. 9. *Computation of the Basic Monthly Pension.*

11 - (a) The basic monthly pension is equal to:

12 "(1) thirty seven and one half percent (7 ½%) of the
 13 revalued average monthly compensation; plus

14 "(2) two and one half percent (2 ½%) of said revalued
 15 average monthly compensation for each year of service in
 16 excess of fifteen (15) years: *Provided, That, the basic*
 17 *monthly pension shall not exceed ninety percent (90%) of the*
 18 *average monthly compensation.*

19 "(b) The basic monthly pension may be adjusted upon
 20 the recommendation of the President and General Manager of
 21 the System and approved by the President of the Philippines
 22 in accordance with the rules and regulations prescribed by the
 23 System: *PROVIDED, HOWEVER, THAT THE BASIC*
 24 *MONTHLY PENSION SHALL NOT BE LESS THAN ONE*
 25 *THOUSAND AND THREE HUNDRED PESOS (P 1,300):*
 26 *PROVIDED, FURTHER, THAT THE BASIC MONTHLY*



1 PENSION FOR THOSE WHO HAVE RENDERED AT
 2 LEAST TWENTY (20) YEARS OF SERVICE AFTER THE
 3 EFFECTIVITY OF THIS ACT SHALL NOT BE LESS
 4 THAN TWO THOUSAND FOUR HUNDRED PESOS
 5 (P2,400.00)AMONTH

6 "SEC. 10. *Computation of Service.* - (a) The
 7 computation of service for [calculating the pension] THE
 8 PURPOSE OF DETERMINING THE AMOUNT OF
 9 BENEFITS PAYABLE UNDER THIS ACT shall be from the
 10 date of original [service with an employer] APPOINTMENT/
 11 ELECTION, including[:]

12 "[(1) periods of honorable service in the Philippines
 13 under the authority of the United States Government if
 14 rendered prior to July four, nineteen hundred and forty-six;
 15 and]

16 "[(2) period from January one, nineteen hundred and
 17 forty-two, to February twenty-eight, nineteen hundred and
 18 forty-six for those who were in the service on December eight,
 19 nineteen hundred and forty-one; but excluding:]

20 "[(i) period of military service for which an employee
 21 receives separation, retirement, or disability pay, and

22 "(ii) period of service rendered after June sixteen,
 23 nineteen hundred and fifty-one during which contribution
 24 were not required, unless the contributions with interest be
 25 later on paid to the System.] PERIODS OF SERVICE AT

1 DIFFERENT TIMES UNDER ONE OR MORE
2 EMPLOYERS, THOSE PERFORMED OVERSEAS UNDER
3 THE AUTHORITY OF THE REPUBLIC OF THE
4 PHILIPPINES, AND THOSE THAT MAY BE PRESCRIBED
5 BY THE SYSTEM IN COORDINATION WITH THE CIVIL
6 SERVICE COMMISSION;

7 “(b) ALL SERVICE CREDITED FOR RETIREMENT,
8 RESIGNATION OR SEPARATION FOR WHICH
9 CORRESPONDING BENEFITS HAVE BEEN
10 AWARDED UNDER THIS ACT OR OTHER LAWS,
11 SHALL BE EXCLUDED IN THE COMPUTATION OF
12 SERVICE IN CASE OF REINSTATEMENT IN THE SERVICE
13 OF AN EMPLOYEE AND SUBSEQUENT RETIREMENT OR
14 SEPARATION WHICH IS COMPENSABLE UNDER THIS
15 ACT;

16 “For the purpose of this Section [all services rendered in
17 the government by an employee who was separated from office
18 not for cause but due to government reorganization and
19 subsequently reinstated in another office shall be considered
20 in the computation of his retirement benefit.] the term service
21 shall include [only] full time service with compensation AND
22 PERIOD OF SERVICE OF ELECTED OR APPOINTED
23 OFFICIALS PAID ON A *PER DIEM* BASIS: *PROVIDED*,
24 THAT THEIR CONTRIBUTIONS SHALL BE COMPUTED
25 ON THE BASIS OF A MINIMUM COMPENSATION OF

1 FOUR THOUSAND EIGHT HUNDRED PESOS (P4,800.00)
2 A MONTH:

3 "Provided, further, That part time and other services
4 with compensation may be included under such rules and
5 regulations AS MAY BE prescribed by the System.

6 "SEPARATION BENEFITS

7 "SEC. 11. SEPARATION BENEFITS. - THE
8 SEPARATION BENEFIT SHALL CONSIST OF:

9 (A) CASH PAYMENT EQUIVALENT TO ONE
10 HUNDRED PERCENT (100%) OF HIS AVERAGE
11 MONTHLY COMPENSATION FOR EACH YEAR OF
12 SERVICE HE PAID CONTRIBUTIONS, BUT NOT LESS
13 THAN TWELVE THOUSAND PESOS (P12,000) PAYABLE
14 UPON REACHING SIXTY (60) YEARS OF AGE OR UPON
15 SEPARATION, WHICHEVER COMES LATER:
16 PROVIDED, THAT THE MEMBER RESIGNS OR
17 SEPARATES FROM THE SERVICE AFTER HE HAS
18 RENDERED AT LEAST THREE (3) YEARS OF SERVICE
19 BUT LESS THAN FIFTEEN (15) YEARS; OR

20 (B) A CASH PAYMENT EQUIVALENT TO
21 EIGHTEEN (18) TIMES HIS BASIC MONTHLY PENSION
22 PAYABLE AT THE TIME OF RESIGNATION OR
23 SEPARATION, PLUS AN OLD-AGE PENSION BENEFIT
24 EQUAL TO THE BASIC MONTHLY PENSION PAYABLE
25 MONTHLY FOR LIFE UPON REACHING THE AGE OF



1 SIXTY (60): *PROVIDED*, THAT THE MEMBER RESIGNS
2 OR SEPARATES FROM THE SERVICE AFTER HE HAS
3 RENDERED AT LEAST FIFTEEN (15) YEARS OF
4 SERVICE AND IS BELOW SIXTY (60) YEARS OF AGE
5 AT THE TIME OF RESIGNATION OR SEPARATION.

6 "SEC. 12. *UNEMPLOYMENT OR INVOLUNTARY*
7 *SEPARATION BENEFITS*. - UNEMPLOYMENT BENEFITS
8 IN THE FORM OF MONTHLY CASH PAYMENTS
9 EQUIVALENT TO FIFTY PERCENT (50%) OF THE
10 AVERAGE MONTHLY COMPENSATION SHALL BE
11 PAID TO A PERMANENT EMPLOYEE WHO IS
12 INVOLUNTARILY SEPARATED FROM THE SERVICE
13 DUE TO THE ABOLITION OF HIS OFFICE OR POSITION
14 USUALLY RESULTING FROM REORGANIZATION:
15 *PROVIDED*, THAT HE HAS BEEN PAYING INTEGRATED
16 CONTRIBUTIONS FOR AT LEAST ONE (1) YEAR PRIOR
17 TO SEPARATION. UNEMPLOYMENT BENEFITS SHALL
18 BE PAID IN ACCORDANCE WITH THE FOLLOWING
19 SCHEDULE:

20	"CONTRIBUTIONS MADE	BENEFIT DURATION
21	MORE THAN 1 YEAR BUT LESS THAN 3 YEARS	2 MONTHS
22	3 OR MORE YEARS BUT LESS THAN 6 YEARS	3 MONTHS
23	6 OR MORE YEARS BUT LESS THAN 9 YEARS	4 MONTHS
24	9 OR MORE YEARS BUT LESS THAN 11 YEARS	5 MONTHS
25	11 OR MORE YEARS BUT LESS THAN 15 YEARS	6 MONTHS

1 “THE FIRST PAYMENT SHALL BE EQUIVALENT
 2 TO TWO (2) MONTHLY BENEFITS. A SEVEN-DAY (7)
 3 WAITING PERIOD SHALL BE IMPOSED ON
 4 SUCCEEDING MONTHLY PAYMENTS.

5 “ALL ACCUMULATED UNEMPLOYMENT
 6 BENEFITS PAID TO THE EMPLOYEE DURING HIS
 7 ENTIRE MEMBERSHIP WITH THE SYSTEM SHALL BE
 8 DEDUCTED FROM VOLUNTARY SEPARATION
 9 BENEFITS.

10 “THE SYSTEM SHALL PRESCRIBE THE DETAILED
 11 GUIDELINES IN THE OPERATION-ALIZATION OF THIS
 12 SECTION IN THE RULES AND REGULATIONS
 13 IMPLEMENTING THIS ACT.

14 “RETIREMENT BENEFITS

15 “SEC. 13. [12] *[Old-age Pension.] RETIREMENT*
 16 *BENEFITS.* - (a) [A member entitled to old-age pension shall
 17 receive] THE RETIREMENT BENEFIT SHALL BE: (1)
 18 THE LUMP SUM PAYMENT AS DEFINED IN THIS ACT
 19 PAYABLE AT THE TIME OF RETIREMENT PLUS AN
 20 OLD-AGE PENSION BENEFIT EQUAL TO the basic
 21 monthly pension PAYABLE MONTHLY for life [but in
 22 no case a period less than], STARTING UPON EXPIRATION
 23 OF THE five (5) year[s] [; *Provided*, That the member shall
 24 have the option to convert the basic monthly pensions for the
 25 first five years into a lump sum as defined in this Act:

1 *Provided, further,* That in case the pensioner dies before the
 2 expiration of the five-year period, his primary beneficiaries
 3 shall be entitled to the balance of the amount still due him. In
 4 default of primary beneficiaries, the amount shall be paid to
 5 his legal heirs] GUARANTEED PERIOD COVERED BY
 6 THE LUMP SUM; OR (2) CASH PAYMENT EQUIVALENT
 7 TO EIGHTEEN (18) MONTHS OF HIS BASIC MONTHLY
 8 PENSION PLUS MONTHLY PENSION FOR LIFE
 9 PAYABLE IMMEDIATELY;

10 “[(b) A member who has rendered at least three years
 11 but less than fifteen years of service at the time of separation,
 12 shall upon reaching sixty years of age or upon separation after
 13 age sixty, receive a cash payment equivalent to one hundred
 14 percent of his average monthly compensation for every year
 15 of service with an employer.]

16 “[(c) If a pensioner receiving a monthly pension is
 17 reemployed by an employer, the payment of his pension shall
 18 be suspended. When a pensioner who received the lump sum
 19 is reemployed by an employer prior to the expiration of the
 20 period covered by such lump sum, he shall refund to the
 21 System the amount corresponding to the unexpired period. In
 22 either case, when his compensation is less than the pension,
 23 he shall receive the difference: *Provided,* That upon the
 24 termination of his reemployment, the pension shall be resumed.]

1 “[(d) All retirement benefits previously paid by the
2 Government Service Insurance System, and not by a
3 government office or agency which has been abolished, to an
4 employee who was separated from office not for cause but due
5 to government reorganization and subsequently reinstated in
6 another office shall be accumulated and deducted, without
7 interest, from the retirement benefits to be received by the
8 employee upon his retirement.]

9 “(b) [Section 11. Conditions for Old-age Pension.]
10 Unless the service is extended by appropriate authorities,
11 retirement shall be compulsory for an employee at sixty-five
12 (65) years of age with at least fifteen (15) years of service:
13 *Provided*, That if he has less than fifteen (15) years of service,
14 he [shall] MAY be allowed to continue in the service [to
15 complete the fifteen years] IN ACCORDANCE WITH
16 EXISTING CIVIL SERVICE RULES AND REGULATIONS.

17 “SEC. 13-A. [11] *Conditions for [Old-age Pension]*
18 *ENTITLEMENT.* [(a) Old-age Pension shall be paid to a
19 member who:] A MEMBER WHO RETIRES FROM THE
20 SERVICE SHALL BE ENTITLED TO THE RETIREMENT
21 BENEFITS ENUMERATED IN PARAGRAPH (a) HEREOF:
22 *PROVIDED, THAT:*

23 “(1) HE has RENDERED at least fifteen years of service;

24 “(2) HE is at least sixty years of age AT THE TIME OF
25 RETIREMENT; and

1 “(3) [is separated from the service.] HE IS NOT
2 RECEIVING A MONTHLY PENSION BENEFIT FROM
3 PERMANENT TOTAL DISABILITY.

4 “[Section 13. *Retirement Option.* - Employees who are
5 in the government service upon the effectivity of this Act shall,
6 at the time of their retirement, have the option to retire under
7 this Act or under Commonwealth Act No. 186, as previously
8 amended, and their benefits and entitlement thereto shall be
9 determined in accordance with the provisions of the law so
10 opted: *Provided, however,* That in the event of re-employment,
11 the employee’s subsequent retirement shall be governed by
12 the provisions of this Act: *Provided, further,* That the
13 member may change the mode of his retirement, within one
14 year from the date of his retirement in accordance with such
15 rules and regulations as may be prescribed by the System.]

16 “SEC. 14. *PERIODIC PENSION ADJUSTMENT.* - THE
17 MONTHLY PENSION OF ALL PENSIONERS INCLUDING
18 ALL THOSE RECEIVING SURVIVORSHIP PENSION
19 BENEFITS SHALL BE PERIODICALLY ADJUSTED AS MAY
20 BE RECOMMENDED BY THE SYSTEM’S ACTUARY AND
21 APPROVED BY THE BOARD IN ACCORDANCE WITH THE
22 RULES AND REGULATIONS PRESCRIBED BY THE SYSTEM.

23 “PERMANENT DISABILITY BENEFITS

24 “SEC. 15. [14] *GENERAL Conditions for [Permanent*
25 *Disability Benefits] ENTITLEMENT.* - A member WHO

1 SUFFERS PERMANENT DISABILITY FOR REASONS
2 NOT DUE TO HIS GRAVE MISCONDUCT, NOTORIOUS
3 NEGLIGENCE, HABITUAL INTOXICATION, OR
4 WILLFUL INTENTION TO KILL HIMSELF OR ANOTHER,
5 shall be entitled to the [permanent disability] benefits [effective
6 from the date of his disability: *Provided, That:*] PROVIDED
7 FOR UNDER SECTIONS 16 AND 17 IMMEDIATELY
8 FOLLOWING, SUBJECT TO THE CORRESPONDING
9 CONDITIONS THEREFOR.

10 “[(1) he has paid at least thirty six (36) monthly
11 contributions within the five-year period immediately
12 preceding his disability; or]

13 “[(2) he has paid at least a total of one hundred eighty
14 (180) monthly contributions prior to his disability; and]

15 “[(3) his disability is not compensable under any other
16 law.]

17 “SEC. 16. [15] *Permanent TOTAL Disability Benefits.*

18 - (a) [A member who becomes permanently disabled before he
19 is qualified for old-age pension but entitled to permanent
20 disability benefits shall receive the basic monthly pension for
21 life, if the disability is total. If the disability is partial, the basic
22 monthly pension shall be payable in accordance with the rules
23 and regulations prescribed by the System.] IF THE
24 PERMANENT DISABILITY IS TOTAL, HE SHALL
25 RECEIVE A MONTHLY INCOME BENEFIT FOR LIFE

1 EQUAL TO THE BASIC MONTHLY PENSION
2 EFFECTIVE FROM THE DATE OF DISABILITY:
3 *PROVIDED*, THAT:

4 "(1) HE IS IN THE SERVICE AT THE TIME OF
5 DISABILITY; OR

6 "(2) IF SEPARATED FROM THE SERVICE, HE HAS
7 PAID AT LEAST THIRTY SIX (36) MONTHLY
8 CONTRIBUTIONS WITHIN THE FIVE (5) YEAR PERIOD
9 IMMEDIATELY PRECEDING HIS DISABILITY, OR HAS
10 PAID A TOTAL OF AT LEAST ONE HUNDRED EIGHTY
11 (180) MONTHLY CONTRIBUTIONS, PRIOR TO HIS
12 DISABILITY: *PROVIDED*, *FURTHER*, THAT IF AT THE
13 TIME OF DISABILITY, HE WAS IN THE SERVICE AND
14 HAS PAID A TOTAL OF AT LEAST ONE HUNDRED
15 EIGHTY (180) MONTHLY CONTRIBUTIONS, IN
16 ADDITION TO THE MONTHLY INCOME BENEFIT, HE
17 SHALL RECEIVE A CASH PAYMENT EQUIVALENT TO
18 EIGHTEEN (18) TIMES HIS BASIC MONTHLY PENSION:
19 *PROVIDED*, *FINALLY*, THAT A MEMBER CANNOT
20 ENJOY THE MONTHLY INCOME BENEFIT FOR
21 PERMANENT DISABILITY AND THE OLD AGE
22 RETIREMENT SIMULTANEOUSLY.

23 [(b) If at the time of his disability, he is qualified for
24 old-age pension, he shall be entitled to the basic monthly
25 pension for life but in no case for a period less than five (5)

1 years: *Provided*, That the member shall have the option to
2 convert the basic monthly pensions for the first five (5) years
3 into a lump-sum as defined in this Act.]

4 (B) [(d)] [When at the time of his disability, he is not
5 entitled to any of the benefits under paragraphs (a) and (b) of
6 this Section, he shall receive a] IF A MEMBER WHO
7 SUFFERS PERMANENT TOTAL DISABILITY DOES NOT
8 SATISFY CONDITIONS (1) AND (2) IN PARAGRAPH (A)
9 OF THIS SECTION BUT HAS RENDERED AT LEAST
10 THREE (3) YEARS SERVICE AT THE TIME OF HIS
11 DISABILITY, HE SHALL BE ADVANCED THE cash
12 payment equivalent to one hundred percent (100%) of his
13 average monthly compensation for each year of service he
14 paid contributions, but not less than [five hundred pesos]
15 TWELVE THOUSAND PESOS (P12,000) WHICH SHOULD
16 HAVE BEEN HIS SEPARATION BENEFIT.

17 (c) [The basic monthly pension] UNLESS THE
18 MEMBER HAS REACHED THE MINIMUM RETIREMENT
19 AGE, DISABILITY BENEFIT shall be suspended when:

20 (1) he is reemployed [by an employer and receives a
21 monthly compensation at least equal to his basic monthly
22 pension, otherwise, he shall receive the difference]; or

23 (2) he recovers from his disability as determined by
24 the System, whose decision shall be final and binding, or

1 (3) he fails to present himself for medical examination
2 when required by the System.

3 (D) THE FOLLOWING DISABILITIES SHALL BE
4 DEEMED TOTAL AND PERMANENT:

5 (1) COMPLETE LOSS OF SIGHT OF BOTH EYES;

6 (2) LOSS OF TWO (2) LIMBS AT OR ABOVE THE
7 ANKLE OR WRIST;

8 (3) PERMANENT COMPLETE PARALYSIS OF
9 TWO (2) LIMBS;

10 (4) BRAIN INJURY RESULTING IN INCURABLE
11 IMBECILITY OR INSANITY; AND

12 (5) SUCH OTHER CASES AS MAY BE
13 DETERMINED BY THE SYSTEM.

14 "SEC. 17. *PERMANENT PARTIAL DISABILITY*
15 *BENEFITS.* - (a) IF THE DISABILITY IS PARTIAL, HE
16 SHALL RECEIVE A CASH PAYMENT IN ACCORDANCE
17 WITH A SCHEDULE OF DISABILITIES TO BE
18 PRESCRIBED BY THE SYSTEM: *PROVIDED*, THAT HE
19 SATISFIES EITHER CONDITIONS (1) OR (2) OF SECTION
20 16(A):

21 (b) THE FOLLOWING DISABILITIES SHALL BE
22 DEEMED PERMANENT PARTIAL:

23 (1) COMPLETE AND PERMANENT LOSS OF
24 THE USE OF:

25 (I) ANY FINGER

- 1 (II) ANYTOE
- 2 (III) ONE ARM
- 3 (IV) ONE HAND
- 4 (V) ONE FOOT
- 5 (VI) ONE LEG
- 6 (VII) ONE OR BOTH EARS
- 7 (VIII) HEARING OF ONE OR BOTH EARS
- 8 (IX) SIGHT OF ONE EYE
- 9 (2) SUCH OTHER CASES AS MAY BE
- 10 DETERMINED BY THE SYSTEM.

11 "[Sickness Benefits]

12 "SEC. [20] 18. *[Sickness Income] TEMPORARY*

13 *TOTAL DISABILITY Benefit.* - (a) A member who suffers [a non-

14 work connected sickness or injury resulting in] temporary total

15 disability FOR REASONS NOT DUE TO ANY OF THE

16 CONDITIONS ENUMERATED IN SECTION 15 HEREOF shall

17 be entitled to [sixty-five] SEVENTY-FIVE percent (75%) of his

18 current daily compensation for each day or fraction thereof of

19 [sickness or injury] TEMPORARY DISABILITY BENEFIT

20 [but] not exceeding [sixty] ONE HUNDRED TWENTY (120)

21 days in one calendar year after exhausting all his sick leave

22 credits AND COLLECTIVE BARGAINING AGREEMENT SICK

23 LEAVE BENEFITS, IF ANY, but not earlier than the fourth day

24 of HIS [sickness or injury] TEMPORARY TOTAL DISABILITY:

25 *Provided, THAT:*

1 (1) HE IS IN THE SERVICE AT THE TIME OF HIS
2 DISABILITY; OR

3 (2) IF SEPARATED, he HAS RENDERED AT LEAST
4 THREE (3) YEARS OF SERVICE AND has paid at least six (6)
5 monthly contributions in the twelve-month period immediately
6 preceding his [sickness or injury:] DISABILITY.

7 *Provided, however, That [the] A member cannot enjoy*
8 *the [sickness income] TEMPORARY TOTAL DISABILITY*
9 *benefit and sick leave pay simultaneously; PROVIDED,*
10 *FURTHER, THAT IF THE DISABILITY REQUIRES MORE*
11 *EXTENSIVE TREATMENT THAT LASTS BEYOND ONE*
12 *HUNDRED TWENTY (120) DAYS, THE PAYMENT OF*
13 *THE TEMPORARY TOTAL DISABILITY BENEFIT MAY*
14 *BE EXTENDED BY THE SYSTEM BUT NOT TO EXCEED*
15 *A TOTAL OF TWO HUNDRED FORTY (240) DAYS.*

16 (b) The [sickness income] TEMPORARY TOTAL
17 DISABILITY benefit shall [not] IN NO CASE be less than
18 [four] SEVENTY pesos (P70) [not more than twenty pesos] a
19 day.

20 (c) The notices required of the member and the
21 employer, the mode of payment, and the other requirements
22 for entitlement to [sickness income] TEMPORARY TOTAL
23 DISABILITY benefits shall be provided in the rules and
24 regulations to be prescribed by the System.

1 “SEC. 19. *NON-SCHEDULED DISABILITY.* - FOR
2 INJURIES OR ILLNESSES RESULTING IN A DISABILITY
3 NOT LISTED IN THE SCHEDULE OF PARTIAL/TOTAL
4 DISABILITY, AS PROVIDED HEREIN, THE SYSTEM SHALL
5 DETERMINE THE NATURE OF THE DISABILITY AND THE
6 CORRESPONDING BENEFITS THEREFOR.

7 **SURVIVORSHIP BENEFITS**

8 “SEC. [16] 20. *Survivorship Benefits.* - When a
9 member or pensioner dies, the beneficiaries shall be entitled
10 to survivorship benefits provided [for] in Sections [seventeen
11 and eighteen] 21 and 22 hereunder SUBJECT TO THE
12 CONDITIONS THEREIN PROVIDED FOR. The
13 survivorship pension shall consists of:

14 (1) the basic survivorship pension which is fifty
15 percent (50%) of the basic monthly pension; and

16 (2) the dependent[‘s] CHILDREN’S pension not
17 exceeding fifty percent (50%) of the basic monthly pension.

18 [payable in accordance with the rules and regulations
19 prescribed by the System]

20 “SEC. [17] 21. *Death of a Member.* - (a) Upon the death
21 of a member, the primary beneficiaries shall be entitled to:

22 (1) [the basic monthly pension which is guaranteed
23 for five years: *Provided*, That at the option of the beneficiaries,
24 it may be paid in lump sum as defined in this Act: *Provided*,
25 *further*, That the member is entitled to old-age pension at the

1 time of his death; or] SURVIVORSHIP PENSION: *PROVIDED*,
2 THAT THE DECEASED:

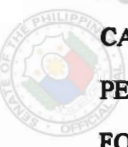
3 (i) WAS IN THE SERVICE AT THE TIME OF HIS
4 DEATH; OR

5 (ii) IF SEPARATED FROM THE SERVICE, HAS
6 AT LEAST THREE (3) YEARS OF SERVICE AT THE
7 TIME OF HIS DEATH AND [had] HAS [at least] paid thirty
8 -six(36) monthly contributions within the five-year period
9 immediately preceding his death; OR HAS PAID a total of at
10 least one hundred eighty (180) monthly contributions prior to
11 his death; or

12 (2) [the basic survivorship pension which is guaranteed
13 for thirty (30) months and the dependent's pension: *Provided*,
14 That the deceased has paid at least thirty-six monthly
15 contributions within the five-year period immediately preceding
16 his death; or a total of at least one-hundred eighty contributions
17 prior to his death] THE SURVIVORSHIP PENSION PLUS A

18 CASH PAYMENT EQUIVALENT TO ONE HUNDRED (100%)
19 PERCENT OF HIS AVERAGE MONTHLY COMPENSATION
20 FOR EVERY YEAR OF SERVICE: *PROVIDED*, THAT THE
21 DECEASED WAS IN THE SERVICE AT THE TIME OF HIS
22 DEATH WITH AT LEAST THREE (3) YEARS OF SERVICE;
23 OR

24 (3) A CASH PAYMENT EQUIVALENT TO ONE
25 HUNDRED PERCENT (100%) OF HIS AVERAGE



1 MONTHLY COMPENSATION FOR EACH YEAR OF SERVICE
 2 HE PAID CONTRIBUTIONS, BUT NOT LESS THAN TWELVE
 3 THOUSAND PESOS (P12,000): *PROVIDED*, THAT THE
 4 DECEASED HAS RENDERED AT LEAST THREE (3) YEARS
 5 OF SERVICE PRIOR TO HIS DEATH BUT DOES NOT QUALIFY
 6 FOR THE BENEFITS UNDER ITEM (1) OR (2) OF THIS
 7 PARAGRAPH.

8 (b) [At the end of the guaranteed periods mentioned
 9 in the preceding sub-section (a)] The survivorship pension
 10 shall be paid as follows:

11 (1) when the dependent spouse is the only survivor,
 12 he/SHE shall receive the basic survivorship pension for life or
 13 until he/SHE remarries;

14 (2) when only dependent children are the survivors,
 15 they shall be entitled to the BASIC survivorship pension for
 16 as long as they are qualified, PLUS THE DEPENDENT
 17 CHILDREN'S PENSION EQUIVALENT TO TEN
 18 PERCENT (10%) OF THE BASIC MONTHLY PENSION FOR
 19 EVERY DEPENDENT CHILD NOT EXCEEDING FIVE (5),
 20 COUNTED FROM THE YOUNGEST AND WITHOUT
 21 SUBSTITUTION;

22 (3) when the survivors are the dependent spouse and
 23 the dependent children, [they shall be entitled to the
 24 survivorship pension so long as there are dependent children
 25 and, thereafter,] the dependent [surviving] spouse shall receive

1 the basic survivorship pension for life or until he/SHE remarries
2 THE DEPENDENT CHILDREN SHALL RECEIVE THE
3 DEPENDENT CHILDREN'S PENSION MENTIONED IN THE
4 NEXT PRECEDING PARAGRAPH.

5 (c) In the absence of primary beneficiaries, the
6 secondary beneficiaries [designated by the deceased and
7 recorded in the System,] shall be entitled to:

8 (1) [a] THE cash payment equivalent to [thirty times
9 the basic survivorship pension when the member is qualified
10 for old-age pension or,] ONE HUNDRED PERCENT (100%)
11 OF HIS AVERAGE MONTHLY COMPENSATION FOR
12 EACH YEAR OF SERVICE HE PAID CONTRIBUTIONS,
13 BUT NOT LESS THAN TWELVE THOUSAND PESOS
14 (P12,000): *PROVIDED*, THAT THE MEMBER IS IN THE
15 SERVICE AT THE TIME OF HIS DEATH AND HAS AT
16 LEAST THREE (3) YEARS OF SERVICE; or

17 (2) [a cash payment equivalent to fifty percent (50%)
18 of the average monthly compensation for each year he paid
19 contributions, but not less than Five hundred pesos: *Provided*,
20 That the member paid at least thirty-six monthly contributions
21 within the five-year period immediately preceding his death
22 or paid at total of at least one hundred eighty monthly
23 contributions prior to his death.] IN THE ABSENCE OF
24 SECONDARY BENEFICIARIES, THE BENEFITS UNDER THIS
25 PARAGRAPH SHALL BE PAID TO HIS LEGAL HEIRS.

1 (d) [When the primary beneficiaries are not entitled to
 2 the benefits mentioned in paragraph (a) of this section, they
 3 shall receive a cash payment equivalent to one hundred percent
 4 of the average monthly compensation for each year the member
 5 paid contributions, but not less than Five hundred pesos. In
 6 the absence of primary beneficiaries, the amount shall revert to
 7 the funds of the System.] FOR PURPOSES OF THE
 8 SURVIVORSHIP BENEFITS, LEGITIMATE CHILDREN SHALL
 9 INCLUDE LEGALLY ADOPTED AND LEGITIMATED
 10 CHILDREN.

11 "SEC. [18] 22. *Death of a Pensioner.* - Upon the death
 12 of AN OLD AGE [a] pensioner OR A MEMBER RECEIVING
 13 THE MONTHLY INCOME BENEFIT FOR PERMANENT
 14 DISABILITY, the QUALIFIED [primary] beneficiaries shall
 15 [receive] BE ENTITLED TO the [applicable]
 16 SURVIVORSHIP pension DEFINED UNDER [mentioned under
 17 paragraph (b) of Section 17] SECTION 20 of this Act: *Provided,*
 18 That the dependent spouse shall not be entitled to said pension
 19 if his marriage with the pensioner is contracted within three (3)
 20 years before the pensioner qualified for the pension AND
 21 SUBJECT TO THE PROVISIONS OF PARAGRAPH (B) OF
 22 SECTION 21 HEREOF. When the pensioner dies within the
 23 period covered by the lump sum, the survivorship pension shall
 24 be paid only after the expiration of the said period. [This shall
 25 also apply to the pensioners living as of the effectivity of this



1 Act, but the survivorship benefit shall be based on the monthly
2 pension being received at the time of death.]

3 "FUNERAL BENEFITS

4 "SEC. [19] 23. *Funeral Benefit.* - [A funeral benefit of
5 One thousand pesos] THE AMOUNT OF FUNERAL BENEFIT
6 SHALL BE DETERMINED AND SPECIFIED BY THE SYSTEM
7 IN THE RULES AND REGULATIONS BUT SHALL NOT BE
8 LESS THAN TWELVE THOUSAND PESOS (P12,000):
9 PROVIDED, THAT IT SHALL BE INCREASED TO AT LEAST
10 EIGHTEEN THOUSAND PESOS (P18,000) AFTER FIVE (5)
11 YEARS AND shall be paid upon the death of: [a member or a
12 pensioner]

13 "(A) AN ACTIVE MEMBER AS DEFINED UNDER
14 SECTION 2(E) OF THIS ACT; OR

15 "(B) A MEMBER WHO HAS BEEN SEPARATED
16 FROM THE SERVICE, BUT WHO MAY BE ENTITLED
17 TO FUTURE BENEFIT PURSUANT TO SECTION 4 OF
18 THIS ACT; OR

19 "(C) A PENSIONER, AS DEFINED IN SECTION 2(O)
20 OF THIS ACT; OR

21 "(D) A RETIREE WHO AT THE TIME OF HIS
22 RETIREMENT WAS OF PENSIONABLE AGE UNDER
23 THIS ACT, BUT WHO OPTED TO RETIRE UNDER R.A. NO.
24 1616.

25 "LIFE INSURANCE BENEFITS

1 “SEC. [21] 24. *Compulsory Life Insurance.* - [Subject to
2 the rules and regulations prescribed by the System,] All
3 employees EXCEPT FOR MEMBERS OF THE ARMED
4 FORCES OF THE PHILIPPINES (AFP) AND THE PHILIPPINE
5 NATIONAL POLICE (PNP) shall, UNDER SUCH TERMS AND
6 CONDITIONS AS MAY BE PROMULGATED BY THE
7 SYSTEM, be compulsory covered with life insurance, which
8 shall automatically take effect as follows:

9 (1) for those employed after THE EFFECTIVITY OF
10 this Act, their insurance shall take effect on the date of their
11 employment;

12 [(2) for those whose insurance matured and not
13 renewed prior to this Act, their insurance shall be deemed
14 renewed on the day following the effectivity of this Act;]

15 (2) [(3)] for those whose insurance will mature [or will
16 expire] after THE EFFECTIVITY OF this Act, their insurance
17 shall be deemed renewed on the day following the maturity or
18 expiry date of their [previous] insurance;

19 (3) [(4)] for those without any life insurance as of the
20 effectivity of this Act, their insurance shall take effect following
21 said effectivity.

22 “SEC. 25. *DIVIDENDS.* - AN ANNUAL DIVIDEND
23 MAY BE GRANTED TO ALL MEMBERS OF THE SYSTEM
24 WHOSE LIFE INSURANCE IS IN FORCE FOR AT LEAST ONE

1 (1) YEAR IN ACCORDANCE WITH A DIVIDEND
2 ALLOCATION FORMULA DETERMINED BY THE SYSTEM.

3 "SEC. [22] 26. *Optional [Life] Insurance.* - Subject to
4 the rules and regulations prescribed by the System, a member
5 may [at anytime] apply for [optional life] insurance AND/OR
6 PRE-NEED COVERAGE EMBRACING LIFE, HEALTH,
7 HOSPITALIZATION, EDUCATION, MEMORIAL PLANS,
8 AND SUCH OTHER PLANS AS MAY BE DESIGNED BY
9 THE SYSTEM, for himself and/or his dependents. ANY
10 EMPLOYER MAY LIKEWISE APPLY FOR GROUP
11 INSURANCE COVERAGE FOR ITS EMPLOYEES. THE
12 payment of the premiums/INSTALLMENTS FOR OPTIONAL
13 INSURANCE AND PRE-NEED PRODUCTS [therefor] may be
14 made by the insured or his employer and/or any person
15 acceptable to the System.

16 "SEC. 27. *REINSURANCE.* - THE SYSTEM MAY
17 REINSURE ANY OF ITS INTERESTS OR PART THEREOF
18 WITH ANY PRIVATE COMPANY OR REINSURER
19 WHETHER DOMESTIC OR FOREIGN: *PROVIDED*, THAT
20 THE SYSTEM SHALL SUBMIT AN ANNUAL REPORT
21 ON ITS REINSURANCE OPERATIONS TO THE
22 INSURANCE COMMISSION.

23 "E. ADJUDICATION OF CLAIMS AND DISPUTES

24 "SEC. 28. *PRESCRIPTION.* - CLAIMS FOR BENEFITS
25 UNDER THIS ACT EXCEPT FOR LIFE AND RETIREMENT



1 SHALL PRESCRIBE AFTER FIVE (5) [THREE (3)] YEARS
2 FROM THE DATE OF CONTINGENCY.

3 "SEC. [23] 29. *Facility of Payment.* - The System shall
4 prescribe [such] rules and regulations to facilitate payment of
5 benefits, proceeds, and claims under this Act and any other
6 laws administered by the System. Payments made by the
7 System prior to its receipt of an adverse claim, to a beneficiary
8 or claimant subsequently found not entitled thereto, shall
9 [free the system from any liability to the person or persons
10 legally entitled to such payment] NOT BAR THE LEGAL
11 AND ELIGIBLE RECIPIENT TO HIS RIGHT TO DEMAND THE
12 PAYMENT OF BENEFITS, PROCEEDS, AND CLAIMS FROM
13 THE SYSTEM, who shall, however, have a right to institute the
14 appropriate action in a court of law against the ineligible
15 recipient. [of the benefits, proceeds, or claims]

16 "SEC. [24] 30. *Settlement of Disputes.* - The System shall
17 have original and exclusive jurisdiction to settle any dispute
18 arising under this Act and any other laws administered by the
19 System.

20 [In case of conflicting claims for benefits payable under
21 this Act or Commonwealth Act No. 186, as amended, the claims
22 shall be paid in accordance with this Act.]

23 The Board may designate any member of the Board,
24 or official of the System who is a lawyer, to act as hearing
25 officer to receive evidence, make findings of fact[s] and

1 submit recommendations thereon. The hearing officer shall
2 submit his findings and recommendations, together with all
3 the documentary and testimonial evidence to the Board within
4 thirty (30) working days from the time the parties have closed
5 their respective evidence and filed their last pleading. The
6 Board shall decide the case within thirty (30) days from the
7 receipt of the hearing officer's findings and recommendations.
8 The cases heard directly by the Board shall be decided within
9 thirty (30) working days from the time they are submitted by the
10 parties for decision.

11 "SEC. [25] 31. *Appeals.* - [Within fifteen (15) days from
12 receipt of notice, decision or award, the aggrieved party may
13 appeal the same to the Court of Appeals on questions of law
14 and facts following the procedures for appeals from the Court
15 of First Instance to the Court of Appeals as far as practicable
16 and consistent with the purpose of this Act. If the appeal is
17 only questions of law, the same shall be brought directly to the
18 Supreme Court on certiorari. No appeal bond shall be
19 required.] APPEALS FROM ANY DECISION OR AWARD
20 OF THE BOARD SHALL BE GOVERNED BY
21 ADMINISTRATIVE CIRCULAR NO. 1-95 PROMULGATED
22 BY THE SUPREME COURT EFFECTIVE ON JUNE 1, 1995 AS
23 WELL AS ANY AMENDATORY OR SUPPLEMENTARY RULE OR
24 LAW AND THE RELEVANT PROVISIONS OF THE RULES OF
25 COURT: PROVIDED THAT the appeal shall take precedence

1 over all other cases except criminal cases [wherein] WHEN the
 2 penalty of life imprisonment or death [has been imposed by the
 3 trial court] OR RECLUSION PERPETUA IS IMPOSABLE.

4 THE [A] appeal shall not stay the EXECUTION OF THE
 5 [decision of the Board] ORDER OR AWARD unless [so]
 6 ordered by the Board, by the Court of Appeals or by the
 7 Supreme Court; AND THE APPEAL SHALL BE WITHOUT
 8 PREJUDICE TO THE SPECIAL CIVIL ACTION OF CERTIORARI
 9 WHEN PROPER.

10 "SEC. [26] 32. *Execution of Decision.* - When [an] NO
 11 appeal is perfected and there is no order to stay by the Board,
 12 by the Court of Appeals or by the Supreme Court, any decision
 13 or award of the Board shall be enforced and executed in the
 14 same manner as decisions of the [Court of First Instance]
 15 REGIONAL TRIAL COURT. For this purpose, the Board
 16 shall have the power to issue to the city or provincial sheriff
 17 or its appointed sheriff such writs of execution as may be
 18 necessary for the enforcement of such decision or award, and
 19 any person who shall fail or refuse to comply with such
 20 decision, award, writ or process after being required to do
 21 so, shall, upon application by the System, be punished for
 22 contempt.

23 "SEC. [27]. 33. *Oaths, Witnesses, and Production of*
 24 *Records.* - When authorized by the Board, an official or
 25 employee of the System shall have the power to administer

1 oath and affirmation, take depositions, certify to official acts,
 2 and issue *subpoena ad testificandum* and *subpoena duces*
 3 *tecum* to compel the attendance of witnesses and the production
 4 of books, papers, correspondences, and other records deemed
 5 necessary as evidence in connection with any question arising
 6 under this Act. Any case of contumacy shall be dealt with in
 7 accordance with the provisions of Section [five hundred
 8 eighty] 580 of the Revised Administrative Code.

9 "F. FUNDS OF THE SYSTEM

10 "SEC. [28] 34. *Funds*. - [The funds administered by the
 11 System shall consist of old age, disability, survivorship,
 12 health, insurance, state insurance, life insurance and general
 13 insurance funds. The reserves and/or networth of said
 14 F[f]unds shall be used to finance the benefits administered by
 15 the System. For purposes of effective administration of said
 16 benefits, any amount in excess of the required reserves in any
 17 F[f]unds, as determined by the Actuary of the System, may be
 18 subject to interfund borrowing at an imputed interest to be
 19 determined by the Board.] ALL CONTRIBUTIONS PAYABLE
 20 UNDER SECTION 5 OF THIS ACT TOGETHER WITH THE
 21 EARNINGS AND ACCRUALS THEREON SHALL
 22 CONSTITUTE THE GSSIS SOCIAL INSURANCE FUND. THE
 23 SAID FUND SHALL BE USED TO FINANCE THE BENEFITS
 24 ADMINISTERED BY THE SYSTEM UNDER THIS ACT. IN
 25 ADDITION, THE SYSTEM SHALL ADMINISTER THE



1 OPTIONAL INSURANCE FUND FOR THE INSURANCE
 2 COVERAGE DESCRIBED IN SECTION 26 HEREOF, THE
 3 EMPLOYEES' COMPENSATION INSURANCE FUND
 4 CREATED UNDER P.D. 626, AS AMENDED, THE GENERAL
 5 INSURANCE FUND CREATED UNDER ACT NO. 656, AS
 6 AMENDED, AND SUCH OTHER SPECIAL FUNDS EXISTING
 7 OR THAT MAY BE CREATED FOR SPECIAL GROUPS
 8 OR PERSONS RENDERING SERVICES TO THE
 9 GOVERNMENT. THE SYSTEM SHALL MAINTAIN THE
 10 REQUIRED RESERVE TO GUARANTEE THE FULFILLMENT
 11 OF ITS OBLIGATIONS UNDER THIS ACT.

12 THE FUNDS OF THE SYSTEM SHALL NOT BE USED
 13 FOR PURPOSES OTHER THAN WHAT ARE PROVIDED FOR
 14 UNDER THIS ACT. MOREOVER, NO PORTION OF THE
 15 FUNDS OF THE SYSTEM OR INCOME THEREOF SHALL
 16 ACCRUE TO THE GENERAL FUND OF THE NATIONAL
 17 GOVERNMENT AND ITS POLITICAL SUBDIVISIONS,
 18 INSTRUMENTALITIES AND OTHER AGENCIES INCLUDING
 19 GOVERNMENT-OWNED AND CONTROLLED
 20 CORPORATIONS EXCEPT AS MAY BE ALLOWED UNDER
 21 THIS ACT.

22 "SEC. [29] 35. *Deposits and Disbursements.* - All
 23 [revenues] FUNDS collected and all accruals thereto shall be
 24 deposited, administered and disbursed in accordance with the
 25 law. A maximum expense loading of twelve percent (12%)



1 of the yearly revenues from all sources may be disbursed for
 2 administrative and operational expenses except as may be
 3 otherwise approved by the President of the Philippines on the
 4 basis of actuarial and management studies WHICH
 5 APPROVAL OF THE PRESIDENT OF THE PHILIPPINES
 6 SHALL NOT BE MADE MORE THAN ONCE EVERY FIVE (5)
 7 YEARS AND NOT MORE THAN FIVE PERCENT (5%) OVER
 8 THE PREVIOUS EXPENSE LOADING RATE.

9 "SEC. [30] 36. *Investment of Funds.* - THE F[f]unds of
 10 the System WHICH ARE not needed to meet the current
 11 obligations may be invested under such terms and conditions
 12 AND RULES AND REGULATIONS as may be [determined]
 13 PRESCRIBED by the Board: *PROVIDED*, THAT INVESTMENTS
 14 SHALL SATISFY THE REQUIREMENTS OF LIQUIDITY,
 15 SAFETY/SECURITY AND YIELD IN ORDER TO ENSURE
 16 THE ACTUARIAL SOLVENCY OF THE FUNDS OF THE
 17 SYSTEM: *PROVIDED, FURTHER*, THAT THE SYSTEM
 18 SHALL SUBMIT AN ANNUAL REPORT ON ALL
 19 INVESTMENTS MADE TO THE OFFICE OF THE
 20 INSURANCE COMMISSIONER, TO WIT:

21 (A) IN INTEREST-BEARING BONDS OR
 22 SECURITIES OR OTHER EVIDENCE OF INDEBTEDNESS OF
 23 THE GOVERNMENT OF THE PHILIPPINES;

24 (B) IN INTEREST-BEARING DEPOSITS OR
 25 SECURITIES IN ANY DOMESTIC BANK DOING

1 BUSINESS IN THE PHILIPPINES: *PROVIDED*, THAT IN THE
 2 CASE OF SUCH DEPOSITS, THESE SHALL NOT EXCEED AT
 3 ANY TIME THE UNIMPAIRED CAPITAL AND SURPLUS OR
 4 TOTAL PRIVATE DEPOSITS OF THE DEPOSITORY BANK,
 5 WHICHEVER IS SMALLER: *PROVIDED, FURTHER*, THAT
 6 SAID BANK HAS PRIOR DESIGNATION AS A DEPOSITORY
 7 FOR THE PURPOSE BY THE MONETARY BOARD OF THE
 8 CENTRAL MONETARY AUTHORITY;

9 (C) IN DIRECT HOUSING LOANS TO MEMBERS
 10 AND GROUP HOUSING PROJECTS SECURED BY FIRST
 11 MORTGAGE, GIVING PRIORITY TO THE LOW INCOME
 12 GROUPS AND IN SHORT- AND MEDIUM-TERM LOANS
 13 TO MEMBERS SUCH AS SALARY, POLICY,
 14 EDUCATIONAL, EMERGENCY, STOCK PURCHASE
 15 PLAN AND OTHER SIMILAR LOANS: *PROVIDED*, THAT
 16 NO LESS THAN FORTY PERCENT (40%) OF THE INVESTIBLE
 17 FUND OF THE GSIS SOCIAL INSURANCE FUND SHALL
 18 BE INVESTED FOR THESE PURPOSES;



19 (D) IN SCHOOLS, HOSPITALS AND URBAN/
 20 COMMERCIAL REAL ESTATES OTHER THAN
 21 HOUSING LOANS AND OTHER INCOME GENERATING
 22 PROJECTS AND INVESTMENTS SECURED BY FIRST
 23 MORTGAGE ON REAL ESTATE;

24 (E) IN DEBT INSTRUMENTS AND OTHER
 25 SECURITIES TRADED IN THE SECONDARY MARKETS;

1 (F) IN LOANSTO, OR IN BONDS, DEBENTURES,
2 PROMISSORY NOTES OR OTHER EVIDENCE OF
3 INDEBTEDNESS OF ANY SOLVENT CORPORATION,
4 CREATED OR EXISTING UNDER THE LAWS OF THE
5 PHILIPPINES;

6 (G) IN COMMON AND PREFERRED STOCKS OF
7 ANY SOLVENT CORPORATION OR FINANCIAL
8 INSTITUTION CREATED OR EXISTING UNDER THE
9 LAWS OF THE PHILIPPINES, LISTED IN THE STOCK
10 EXCHANGE WITH PROVEN TRACK RECORD OF
11 PROFITABILITY OVER THE LAST THREE (3) YEARS,
12 AND PAYMENT OF DIVIDENDS AT LEAST ONCE OVER
13 THE SAME PERIOD;

14 (H) IN OTHER CORPORATIONS ESTABLISHED
15 OR ORGANIZED UNDER THE LAWS OF THE
16 PHILIPPINES; AND

17 (I) IN FOREIGN MUTUAL FUNDS AND IN FOREIGN
18 CURRENCY DEPOSITS OR FOREIGN CURRENCY-
19 DENOMINATED DEBTS, NON-SPECULATIVE EQUITIES
20 AND OTHER FINANCIAL INSTRUMENTS OR OTHER
21 ASSETS ISSUED IN ACCORDANCE WITH THE EXISTING LAWS
22 OF THE COUNTRIES WHERE SUCH FINANCIAL
23 INSTRUMENTS ARE ISSUED: *PROVIDED*, THAT THESE
24 INSTRUMENTS OR ASSETS ARE LISTED IN BOURSES OF
25 THE RESPECTIVE COUNTRIES WHERE THESE

1 INSTRUMENTS OR ASSETS ARE ISSUED: *PROVIDED*,
2 *FURTHER*, THAT THE ISSUING COMPANY HAS PROVEN
3 TRACK RECORD OF PROFITABILITY.

4 "SEC. [31] 37. *Records and Reports.* - The System shall
5 keep and cause to keep such records as may be necessary for
6 the purpose of making actuarial studies, calculations and
7 valuations of the Funds of the System including such data
8 needed in the computation of rates of disability, mortality,
9 morbidity, separation and retirement among the members
10 and any other information useful for the adjustment of the
11 benefits of the members. [Separate and distinct records of
12 the operation of each branch of social security and
13 insurance shall be maintained.] The System shall [also]
14 maintain appropriate books of accounts to record its assets,
15 liabilities, income, expenses, receipts and disbursements
16 of funds and other financial transactions and operations.

17 "SEC. [32] 38. *Examination and Valuation of the Funds.*
18 - The System shall make a periodic actuarial examination and
19 valuation of [the] ITS Funds [of the System] in accordance with
20 accepted actuarial principles.

21 "SEC. [33] 39. *Exemption from Tax, Legal Process and*
22 *Lien.* - It is hereby declared to be the policy of the State that the
23 actuarial solvency of the Funds of the System shall be preserved
24 and maintained at all times and that [the] contribution rates
25 necessary to sustain the benefits under this Act shall be kept

1 as low as possible in order not to burden the members of the
2 System and their employers. Taxes imposed on the System
3 tend to impair the actuarial solvency of its Funds and increase
4 the contribution rate necessary to sustain the benefits [under]
5 OF this Act. Accordingly, notwithstanding any laws to the
6 contrary, the System, its assets, revenues including all accruals
7 thereto, and benefits paid, shall be exempt from all taxes,
8 assessments, fees, charges or duties of all kinds. These
9 exemptions shall continue unless expressly and specifically
10 revoked and any assessment against the System as of the
11 approval of this Act are hereby considered paid.
12 CONSEQUENTLY, ALL LAWS, ORDINANCES,
13 REGULATIONS, ISSUANCES, OPINIONS OR
14 JURISPRUDENCE CONTRARY TO OR IN DEROGATION
15 OF THIS PROVISION ARE HEREBY DEEMED
16 REPEALED, SUPERSEDED AND RENDERED INEFFECTIVE
17 AND WITHOUT LEGAL FORCE AND EFFECT.

18 Moreover, these exemptions shall not be affected by
19 subsequent laws to the contrary [such as the provisions of
20 Presidential Decree No. 1931 and other similar laws that have
21 been or will be enacted,] unless this Section is expressly,
22 SPECIFICALLY and categorically REVOKED OR repealed
23 by law and a provision is enacted to substitute OR REPLACE
24 the [declared policy or] exemption [from any and all taxes]
25 REFERRED TO HEREIN as an essential factor TO MAINTAIN

1 OR PROTECT the solvency of the Fund, NOTWITHSTANDING
2 AND INDEPENDENTLY OF THE GUARANTY OF THE
3 NATIONAL GOVERNMENT TO SECURE SUCH SOLVENCY
4 OR LIABILITY.

5 The FUNDS AND/OR THE PROPERTIES
6 REFERRED TO HEREIN AS WELL AS THE benefits
7 [granted], SUMS OR MONEYS CORRESPONDING TO
8 THE BENEFITS under this Act shall [not] be [subject among
9 others, to] EXEMPT FROM attachment, garnishment,
10 EXECUTION, levy or other processes ISSUED BY THE
11 COURTS, QUASI-JUDICIAL AGENCIES OR
12 ADMINISTRATIVE BODIES INCLUDING COMMISSION
13 ON AUDIT (COA) DISALLOWANCES AND FROM ALL
14 FINANCIAL OBLIGATIONS OF THE MEMBERS,
15 INCLUDING HIS PECUNIARY ACCOUNTABILITY
16 ARISING FROM OR CAUSED OR OCCASIONED BY HIS
17 EXERCISE OR PERFORMANCE OF HIS OFFICIAL
18 FUNCTIONS OR DUTIES, OR INCURRED RELATIVE
19 TO OR IN CONNECTION WITH HIS POSITION OR WORK
20 EXCEPT WHEN HIS MONETARY LIABILITY,
21 CONTRACTUAL OR OTHERWISE, IS IN FAVOR OF
22 THE SYSTEM. [This, however, shall not apply to obligations
23 of the members to the System, or to the employer, or when the
24 benefits granted herein are assigned by the member with the
25 authority of the System.]


1 “G. ADMINISTRATION

2 “SEC. [34] 40. *Implementing Body.* - The Government
3 Service Insurance System as created and established under
4 Commonwealth Act No. 186 shall implement the provisions
5 of this Act.

6 THE SYSTEM SHALL MAINTAIN A FIELD
7 OPERATIONS NETWORK THROUGHOUT THE
8 COUNTRY SUFFICIENT TO SERVICE ITS MEMBERS.

9 “SEC. [35] 41. *Powers and Functions of the System.* - The
10 System shall[, have the following powers and functions specified
11 in this Act and the usual general corporate powers] EXERCISE
12 THE FOLLOWING POWERS AND FUNCTIONS:

13 (a) To FORMULATE, adopt, amend, and/OR
14 rescind such rules and regulations as may be necessary to
15 carry out the provisions and purposes of this Act [;], AS
16 WELL AS THE EFFECTIVE EXERCISE OF THE POWERS
17 AND FUNCTIONS, AND THE DISCHARGE OF DUTIES AND
18 RESPONSIBILITIES OF THE SYSTEM, ITS OFFICERS AND
19 EMPLOYEES;



20 (b) To adopt OR APPROVE from time to time [a] THE
21 ANNUAL AND SUPPLEMENTAL budget for the
22 administration and operation of the System AND TO
23 AUTHORIZE SUCH OPERATING AND CAPITAL
24 EXPENDITURES AND DISBURSEMENTS OF THE SYSTEM
25 AS MAY BE NECESSARY OR PROPER FOR THE EFFECTIVE

1 MANAGEMENT, OPERATION, AND ADMINISTRATION
2 OF THE SYSTEM;

3 (c) To invest [its] THE F[f]unds OF THE SYSTEM,
4 directly or indirectly, in accordance with THE PROVISIONS
5 OF this Act;

6 (d) To acquire, utilize or dispose of, in any manner
7 recognized by law, real or personal properties in the Philippines
8 or elsewhere necessary to carry out the purposes of this Act;

9 (e) To conduct continuing actuarial and statistical
10 studies and valuations to determine the financial condition of
11 the System and taking into consideration such studies and
12 valuations and the limitations herein provided, re-adjust the
13 benefits, contributions, premium rates, interest rates or the
14 allocation or the re-allocation of the Funds to the contingencies
15 covered;

16 (f) To have the power of succession;

17 (g) To sue and be sued;

18 (h) To enter into, make, perform and carry out
19 contracts of every kind and description with any person, firm
20 or association or corporation, domestic or foreign;

21 (i) To carry on any other lawful business whatsoever
22 in pursuance of, or in connection with the provision of this
23 Act;

24 (j) To have one or more offices in and outside of the
25 Philippines, and to conduct its business and exercise its

1 powers throughout and in any part of the Republic of the
2 Philippines and/or in any or all foreign countries, states and
3 territories;

4 (k) To borrow funds from any source, private or
5 government, foreign or domestic, ONLY AS AN INCIDENT
6 IN THE SECURITIZATION OF HOUSING MORTGAGES
7 OF THE SYSTEM AND ITS RECEIVABLES FROM ANY
8 GOVERNMENT OR PRIVATE ENTITY;

9 (l) To invest, own or otherwise participate in equity
10 in any establishment, firm or entity; to form, organize, invest
11 in, establish and maintain subsidiary or subsidiaries;

12 (m) TO APPROVE APPOINTMENTS IN THE SYSTEM
13 EXCEPT APPOINTMENTS TO POSITIONS WHICH ARE
14 POLICY DETERMINING, PRIMARILY CONFIDENTIAL OR
15 HIGHLY TECHNICAL IN NATURE ACCORDING TO THE
16 CIVIL SERVICE RULES AND REGULATIONS: *PROVIDED*,
17 THAT ALL POSITIONS IN THE SYSTEM SHALL BE
18 GOVERNED BY A COMPENSATION AND POSITION
19 CLASSIFICATION SYSTEM AND QUALIFICATIONS
20 STANDARDS APPROVED BY THE GSIS BOARD OF
21 TRUSTEES BASED ON A COMPREHENSIVE JOB ANALYSIS
22 AND AUDIT OF ACTUAL DUTIES AND RESPONSIBILITIES:
23 *PROVIDED, FURTHER*, THAT THE COMPENSATION PLAN
24 SHALL BE COMPARABLE WITH THE PREVAILING
25 COMPENSATION PLANS IN THE PRIVATE SECTOR AND

1 SHALL BE SUBJECT TO THE PERIODIC REVIEW BY THE
 2 BOARD NO MORE THAN ONCE EVERY FOUR (4) YEARS
 3 WITHOUT PREJUDICE TO YEARLY MERIT REVIEWS OR
 4 INCREASES BASED ON PRODUCTIVITY AND
 5 PROFITABILITY;

6 (n) TO DESIGN AND ADOPT AN EARLY
 7 RETIREMENT INCENTIVE PLAN (ERIP) AND/OR
 8 FINANCIAL ASSISTANCE FOR THE PURPOSE OF
 9 RETIREMENT FOR ITS OWN PERSONNEL;

10 (o) TO FIX AND PERIODICALLY REVIEW AND
 11 ADJUST THE RATES OF INTEREST AND OTHER TERMS
 12 AND CONDITIONS FOR LOANS AND CREDITS
 13 EXTENDED TO MEMBERS OR OTHER PERSONS, WHETHER
 14 NATURAL OR JURIDICAL;

15 (p) TO ENTER INTO AGREEMENT WITH THE
 16 SOCIAL SECURITY SYSTEM OR ANY OTHER ENTITY,
 17 ENTERPRISE, CORPORATION, PARTNERSHIP OR
 18 OWNERSHIP FOR THE BENEFIT OF MEMBERS
 19 TRANSFERRING FROM ONE TO ANOTHER SUBJECT TO
 20 THE PROVISION OF REPUBLIC ACT NO. 7699, OTHERWISE
 21 KNOWN AS THE PORTABILITY LAW;

22 (q) TO BE ABLE TO FLOAT PROPER INSTRUMENT
 23 TO LIQUIFY LONG-TERM MATURITIES BY POOLING
 24 FUNDS FOR SHORT-TERM SECONDARY MARKET;



1 (r) TO COMPROMISE OR RELEASE, IN WHOLE OR
 2 IN PART, PENALTIES AND SURCHARGES ACCRUING TO
 3 THE SYSTEM, REGARDLESS OF THE AMOUNT INVOLVED
 4 UNDER SUCH TERMS AND CONDITIONS AS IT MAY
 5 IMPOSE TO THE BEST INTEREST OF THE SYSTEM;

6 (s) TO APPROVE AND ADOPT GUIDELINES
 7 AFFECTING INVESTMENTS, INSURANCE COVERAGE
 8 OF GOVERNMENT PROPERTIES, SETTLEMENT OF
 9 CLAIMS, DISPOSITION OF ACQUIRED ASSETS,
 10 PRIVATIZATION OR EXPANSION OF SUBSIDIARIES,
 11 DEVELOPMENT OF HOUSING PROJECTS, INCREASED
 12 BENEFIT AND LOAN PACKAGES TO MEMBERS, AND THE
 13 ENFORCEMENT OF THE PROVISIONS OF THIS ACT;

14 (t) ANY PROVISION OF LAW TO THE CONTRARY
 15 NOTWITHSTANDING, TO AUTHORIZE THE PAYMENT
 16 OF EXTRA REMUNERATION TO THE OFFICIALS AND
 17 EMPLOYEES DIRECTLY INVOLVED IN THE COLLECTION
 18 AND/OR REMITTANCE OF CONTRIBUTIONS, LOAN
 19 REPAYMENTS, AND OTHER MONIES DUE TO THE SYSTEM
 20 AT SUCH RATES AND UNDER SUCH CONDITIONS AS IT
 21 MAY ADOPT: *PROVIDED*, THAT THE BEST INTEREST OF
 22 THE SYSTEM SHALL BE OBSERVED THEREBY;

23 (u) TO DETERMINE, FIX AND IMPOSE INTEREST
 24 UPON UNPAID PREMIUMS DUE FROM EMPLOYERS AND
 25 EMPLOYEES;



1 (v) TO ENSURE THE COLLECTION OR RECOVERY
2 OF ALL INDEBTEDNESS, LIABILITIES AND/OR
3 ACCOUNTABILITIES, INCLUDING UNPAID PREMIUMS
4 OR CONTRIBUTIONS IN FAVOR OF THE SYSTEM ARISING
5 FROM ANY CAUSE OR SOURCE WHATSOEVER, DUE FROM
6 ALL OBLIGORS, WHETHER PUBLIC OR PRIVATE, THE
7 BOARD SHALL DEMAND PAYMENT OR SETTLEMENT OF
8 THE OBLIGATIONS REFERRED TO HEREIN WITHIN THIRTY
9 (30) DAYS FROM THE DATE THE OBLIGATION BECOMES
10 DUE, AND IN THE EVENT OF FAILURE OR REFUSAL OF
11 THE OBLIGOR OR DEBTOR TO COMPLY WITH THE
12 DEMAND, TO INITIATE OR INSTITUTE THE NECESSARY
13 OR PROPER ACTIONS OR SUITS, CRIMINAL, CIVIL OR
14 ADMINISTRATIVE OR OTHERWISE, BEFORE THE COURTS,
15 TRIBUNALS, COMMISSIONS, BOARDS, OR BODIES OF
16 PROPER JURISDICTION WITHIN THIRTY (30) DAYS
17 RECKONED FROM THE EXPIRY DATE OF THE PERIOD
18 FIXED IN THE DEMAND WITHIN WHICH TO PAY OR
19 SETTLE THE ACCOUNT;

20 (w) TO DESIGN AND IMPLEMENT PROGRAMS THAT
21 WILL PROMOTE AND MOBILIZE SAVINGS AND PROVIDE
22 ADDITIONAL RESOURCES FOR SOCIAL SECURITY
23 EXPANSION AND AT THE SAME TIME AFFORD
24 INDIVIDUAL MEMBERS APPROPRIATE RETURNS ON
25 THEIR SAVINGS/INVESTMENTS. THE PROGRAMS SHALL

1 BE SO DESIGNED AS TO SPUR SOCIO-ECONOMIC TAKE-
2 OFF AND MAINTAIN CONTINUED GROWTH; AND

3 (X)[(m)] To exercise such powers and perform such
4 OTHER acts as may be necessary, useful, incidental or
5 auxiliary to carry out the provisions of this Act, OR TO
6 ATTAIN THE PURPOSES AND OBJECTIVES OF THIS
7 ACT.

8 "SEC. [36]42. *The Board of Trustees; Its Composition;*
9 *Tenure and Compensation.* - The corporate powers and
10 functions of the System shall be vested in, and exercised by the
11 Board of Trustees composed of the President AND GENERAL
12 MANAGER of the System and eight (8) other members to be
13 appointed by the President of the Philippines, ONE (1) OF
14 WHOM SHALL BE EITHER THE PRESIDENT OF THE
15 PHILIPPINE PUBLIC SCHOOL TEACHERS ASSOCIATION
16 (PPSTA), OR THE PRESIDENT OF THE PHILIPPINE
17 ASSOCIATION OF SCHOOL SUPERINTENDENTS (PASS),
18 ANOTHER [three] TWO (2) [of whom] shall represent THE
19 [three] TWO (2) leading organizations or associations of
20 government employees, ANOTHER THREE (3) SHALL COME
21 FROM THE BANKING, FINANCE AND INVESTMENT
22 SECTORS, AND ONE (1) SHALL BE A RECOGNIZED
23 MEMBER OF THE LEGAL PROFESSION WHO AT THE TIME
24 OF APPOINTMENT IS ALSO A MEMBER OF THE SYSTEM.
25 The Trustees shall elect among themselves a Chairman [and a

1 Vice-Chairman] WHILE THE PRESIDENT AND GENERAL
2 MANAGER OF THE SYSTEM SHALL AUTOMATICALLY
3 BE THE VICE-CHAIRMAN.

4 The Trustees, except the President AND GENERAL
5 MANAGER [of the System] who shall cease as trustee upon
6 his separation, shall hold office for [three] SIX (6) years,
7 WITHOUT REAPPOINTMENT, or until their successors are
8 duly appointed and qualified. Vacancy, other than through the
9 expiration of the term, shall be filled for the unexpired term only.
10 The members of the Board shall be entitled to a *per diem* of [Five
11 Hundred] TWO THOUSAND FIVE HUNDRED Pesos (P2,500.)
12 for each board Meeting actually attended by them, but not to
13 exceed [two thousand] TEN THOUSAND pesos (P10,000.) a
14 month and reasonable transportation and representation
15 allowances as [shall] MAY be fixed by the Board, PROVIDED,
16 THAT THE SAME SHALL NOT EXCEED TEN THOUSAND
17 PESOS (P10,000.00) A MONTH.

18 [The Board of Trustees as presently constituted shall
19 continue to hold office until their successors shall have been
20 appointed and duly qualified.]

21 "SEC. 43. POWERS AND FUNCTIONS OF THE BOARD
22 OF TRUSTEES - The Board of Trustees [has] SHALL HAVE the
23 following powers and functions[, among others]:

24 (a) To formulate the policies, guidelines and programs to
25 effectively carry out the purposes [and objectives] of this Act;

1 (b) To promulgate such rules and regulations as may be
2 necessary or proper for the effective exercise of the powers and
3 functions as well as the discharge of the duties and
4 responsibilities of the System, its officers and employees;

5 (c) Upon the recommendation of the President and
6 General Manager, to approve the annual and supplemental
7 budget of receipts and expenditures of the System, and to
8 authorize such operating and capital expenditures and
9 disbursements of the System as may be necessary or proper
10 for the effective management, operation and administration of
11 the System;

12 (d) Upon the recommendation of the President and
13 General Manager, to approve the System's organizational
14 and administrative structures and staffing pattern, and to
15 establish, fix, review, revise and adjust the appropriate
16 compensation package for the officers and employees of the
17 System, with reasonable allowances, incentives, bonuses,
18 privileges and other benefits as may be necessary or proper
19 for the effective management, operation and administration
20 of the System, WHICH SHALL BE EXEMPT FROM
21 REPUBLIC ACT NO. 6758, OTHERWISE KNOWN AS
22 THE SALARY STANDARDIZATION LAW AND
23 REPUBLIC ACT NO. 7430, OTHERWISE KNOWN AS THE
24 ATTRITION LAW;

25

1 (e) To fix and periodically review and adjust the rates of
 2 interest and other terms and conditions for loans and credits
 3 extended to its Members or other persons, whether natural or
 4 juridical;

5 (f) The provisions of any law to the contrary
 6 notwithstanding, to compromise or release, in whole or in part,
 7 PENALTIES AND SURCHARGES ACCRUING [any claim or
 8 settled liability] to the System, regardless of the amount involved
 9 under such terms and conditions as it may impose for the best
 10 interest of the System; and

11 (g) To do and perform any and all acts necessary, proper
 12 or incidental to the attainment of the purposes and objectives
 13 of this Act.

14 "SEC. [37] 44. *Appointment, Qualifications, and*
 15 *Compensation of the President and General Manager and of*
 16 *Other Personnel.* - The President and General Manager of the
 17 System shall be [the] ITS Chief Executive Officer [of the System
 18 who] AND shall be appointed by the President of the Philippines.
 19 He shall be a person [experienced in technical and administrative
 20 fields related to the purposes of this Act] WITH
 21 MANAGEMENT AND INVESTMENTS FIELDS EXPERTISE
 22 NECESSARY FOR THE EFFECTIVE PERFORMANCE OF HIS
 23 DUTIES AND FUNCTIONS UNDER THIS ACT.

24 The President and General Manager of the System shall
 25 be assisted by one or more executive vice-presidents, senior

1 vice-presidents, [and] vice-presidents AND MANAGERS IN
2 ADDITION TO THE USUAL SUPERVISORY AND
3 RANK AND FILE POSITIONS who shall be appointed and
4 removed by the President and General Manager of the System
5 with the approval of the Board, IN ACCORDANCE WITH THE
6 EXISTING CIVIL SERVICE RULES AND REGULATIONS.

7 [The position classification and compensation rates of
8 the President and General Manager, and of the officers and
9 employees of the System shall be subject to approval of the
10 President of the Philippines under the Provisions of P.D. No.
11 985.]

12 "SEC. [38] 45. *Powers and Duties of the President and*
13 *General Manager.* - The President and General Manager of the
14 System shall among others, execute and administer the policies
15 and resolutions approved by the Board and direct and supervise
16 the administration and operations of the System. The President
17 and General Manager [of the System], subject to the approval
18 of the Board, shall appoint the personnel of the System, remove,
19 suspend or otherwise discipline them for cause, IN
20 ACCORDANCE WITH EXISTING CIVIL SERVICE RULES
21 AND REGULATIONS; and prescribe their duties and
22 qualifications to the end that only competent persons may be
23 employed.

24 "SEC. [39] 46. *Auditor.* - (a) The Chairman of the
25 Commission on Audit shall be the ex-officio auditor of the

1 System. For this purpose, he may appoint a representative who
2 shall be the auditor of the System, and the necessary personnel
3 to assist said representative in the performance of his duties.
4 The number [of] AND salaries of [the auditor and] said personnel
5 shall be determined by the Chairman of the Commission on
6 Audit, subject to the appropriation by the GSIS Board [; in case
7 of disagreement, the matter shall be submitted to the President
8 of the Philippines whose decision shall be final]. Said salaries
9 and all other expenses of maintaining the auditor's office shall
10 be paid by the System.


11 (b) The Chairman of the Commission on Audit or his
12 authorized representative, shall submit to the Board soon after
13 the close of each calendar year, an audited statement showing
14 the financial condition and progress of the System for the
15 calendar year just ended.

16 [(c) In order that the System can best achieve the
17 purposes and objectives of this Act, the insurance and
18 investment operations of the System shall be under its full and
19 sole responsibility, notwithstanding the provisions of Section
20 246 of the Insurance Code, as amended.]

21 "SEC. [40]47. *Legal Counsel.* - The Government Corporate
22 Counsel shall be the legal [counsel of the System. For the
23 performance of his duties and the services of the Legal Staff of
24 the Office of the Government Corporate Counsel, the Board
25 shall appropriate, and the President and General Manager of the

1 System shall remit, such amount as shall be determined by the
2 Government Corporate Counsel with the approval of the
3 Secretary of Justice.] ADVISER AND CONSULTANT OF THE
4 SYSTEM BUT THE SYSTEM MAY ASSIGN TO THE OFFICE
5 OF THE GOVERNMENT CORPORATE COUNSEL (OGCC),
6 CASES FOR LEGAL ACTION OR TRIAL, ISSUES FOR LEGAL
7 OPINIONS AND AGREEMENTS FOR THE DRAFTING/
8 PREPARATION OF THE CORRESPONDING WRITTEN
9 CONTRACTS, AND OTHERS, AS THE SYSTEM MAY
10 DECIDE OR DETERMINE FROM TIME TO TIME.
11 HOWEVER, THE PRESENT LEGAL SERVICES GROUP
12 IN THE SYSTEM SHALL BE ITS LEGAL COUNSEL.

13 THE SYSTEM MAY, SUBJECT TO APPROVAL BY THE
14 PROPER COURT, DEPUTIZE ANY PERSONNEL OF THE
15 LEGAL SERVICE GROUP TO ACT AS SPECIAL SHERIFF IN
16 THE ENFORCEMENT OF *WRITS* AND PROCESSES ISSUED
17 BY THE COURT, *QUASI-JUDICIAL* AGENCIES OR
18 ADMINISTRATIVE BODIES IN CASES INVOLVING THE
19 SYSTEM.




20 "SEC. 48. *POWERS OF THE INSURANCE*
21 *COMMISSION.* - THE INSURANCE COMMISSIONER OR HIS
22 AUTHORIZED REPRESENTATIVES SHALL MAKE AN
23 EXAMINATION OF THE FINANCIAL CONDITION AND
24 METHODS OF TRANSACTING BUSINESS OF THE SYSTEM
25 AT LEAST ONCE EVERY TWO YEARS AND THE REPORT

1 OF SAID EXAMINATION SHALL BE SUBMITTED TO THE
2 BOARD OF TRUSTEES AND COPIES THEREOF BE
3 FURNISHED THE CONGRESS AND THE OFFICE OF THE
4 PRESIDENT WITHIN FIVE (5) DAYS AFTER THE CLOSE OF
5 EXAMINATION: *PROVIDED, HOWEVER*, THAT FOR EACH
6 EXAMINATION THE SYSTEM SHALL PAY THE OFFICE
7 OF THE INSURANCE COMMISSIONER AN AMOUNT
8 EQUAL TO THE ACTUAL EXPENSES OF SAID OFFICE IN
9 THE CONDUCT OF THE EXAMINATION, INCLUDING THE
10 SALARIES OF THE EXAMINERS AND OF THE ACTUARY
11 OF SUCH EXAMINATION FOR THE ACTUAL TIME SPENT.

12 "H. GENERAL [AND PENAL] PROVISIONS

13 "SEC. 49. *DISPENSATION OF SOCIAL INSURANCE*
14 *BENEFITS.* - (A) THE SYSTEM SHALL PAY THE
15 RETIREMENT BENEFITS TO THE EMPLOYEE ON HIS LAST
16 DAY OF SERVICE IN THE GOVERNMENT: *PROVIDED*,
17 THAT ALL REQUIREMENTS ARE SUBMITTED TO THE
18 SYSTEM WITHIN A REASONABLE PERIOD PRIOR TO THE
19 EFFECTIVE DATE OF THE RETIREMENT;



20 (B) THE SYSTEM SHALL DISCONTINUE THE
21 PROCESSING AND ADJUDICATION OF RETIREMENT
22 CLAIMS UNDER R.A. NO. 1616 EXCEPT REFUND OF
23 RETIREMENT PREMIUM, AND R.A. NO. 910. INSTEAD,
24 ALL AGENCIES CONCERNED SHALL PROCESS AND
25 PAY THE GRATUITIES OF THEIR EMPLOYEES. THE BOARD

1 SHALL ADOPT THE PROPER RULES AND PROCEDURES
2 FOR THE IMPLEMENTATION OF THIS PROVISION.

3 "SEC. 50. DEVELOPMENT AND DISPOSITION OF
4 ACQUIRED ASSETS. - THE SYSTEM SHALL HAVE THE
5 RIGHT TO DEVELOP AND DISPOSE OF ITS ACQUIRED
6 ASSETS OBTAINED IN THE ORDINARY COURSE OF
7 ITS BUSINESS, TO ADD VALUE TO, IMPROVE
8 PROFITABILITY ON, AND/OR ENHANCE THE
9 MARKETABILITY OF AN ACQUIRED ASSET. THE
10 SYSTEM MAY FURTHER DEVELOP/RENOVATE THE
11 SAME EITHER WITH ITS OWN CAPITAL OR THROUGH
12 A JOINT VENTURE ARRANGEMENT WITH PRIVATE
13 COMPANIES OR INDIVIDUALS.

14 THE SYSTEM MAY SELL ITS ACQUIRED ASSETS IN
15 ACCORDANCE WITH EXISTING COA RULES AND
16 REGULATIONS FOR AN AMOUNT NOT LOWER THAN
17 THE CURRENT MARKET VALUE OF THE PROPERTY.
18 FOR THIS PURPOSE, THE SYSTEM SHALL CONDUCT
19 AN ANNUAL APPRAISAL OF ITS PROPERTY OR
20 ACQUIRED ASSETS TO DETERMINE ITS CURRENT
21 MARKET VALUE. ALL NOTICES OF SALE SHALL BE
22 PUBLISHED IN NEWSPAPERS OF GENERAL
23 CIRCULATION.

24 NO INJUNCTION OR RESTRAINING ORDER ISSUED
25 BY ANY COURT, COMMISSION, TRIBUNAL OR OFFICE

1 SHALL BAR, IMPEDE OR DELAY THE SALE AND
 2 DISPOSITION BY THE SYSTEM OF ITS ACQUIRED ASSETS
 3 EXCEPT ON QUESTIONS OF OWNERSHIP AND NATIONAL
 4 OR PUBLIC INTEREST.

5 "SEC. [41] 51. *Government Assistance to the System.*

6 - The System may call upon any employer for such
 7 assistance as may be necessary in the discharge of its duties
 8 and functions.

9 "I. [GENERAL AND] PENAL PROVISIONS

10 "SEC. [42] 52. *Penalty.* - (a) Any person found to have
 11 participated directly or indirectly in the commission of fraud,
 12 collusion, falsification, or misrepresentation in any transaction
 13 with the System whether for him or for some other persons, shall
 14 suffer the penalties provided for in Article [one hundred
 15 seventy two] 172 of the Revised Penal Code.

16 (b) Whoever shall obtain or receive any money or
 17 check invoking any provision of this Act or any agreement
 18 thereunder, without being entitled thereto with the intent to
 19 defraud any member, any employer, the System, or any third
 20 party, shall be punished by a fine of not less than Five
 21 THOUSAND [hundred] pesos (P5,000.) [(P500.00)] nor more
 22 than TWENTY [Five] thousand pesos (P20,000.) [(P5,000.00)]
 23 or by imprisonment of not less than six (6) YEARS [months]
 24 AND ONE (1) DAY TO TWELVE (12) [nor more than one (1)]
 25 yearS, or both, at the discretion of the court.

1 (c) Whoever fails or refuses to comply with the
 2 provision of this Act or with the rules and regulations adopted
 3 by the System shall be punished by a fine of not less than Five
 4 THOUSAND [hundred] pesos (P5,000.)([P500.00]) nor more
 5 than TWENTY [Five] thousand pesos (P20,000.)([P5,000.00]),
 6 or by imprisonment of not less than six (6) YEARS AND ONE
 7 (1) DAY TO TWELVE (12) [months nor more than one (1)]
 8 yearS, or both, at the discretion of the court.

9 [(d) The treasurer, finance officer, cashier, disbursing
 10 officer, or other employee who fails or refuses or delays by
 11 more than three months, to deduct the contributions of the
 12 employee shall be punished by a fine of not less than One
 13 thousand pesos nor more than Five thousand pesos, or by
 14 imprisonment of not less than one year nor more than five
 15 years, or both, at the discretion of the court and shall,
 16 moreover, be disqualified from holding public office and from
 17 practicing any profession or calling licensed by the
 18 Government.]

19 [e] (D) Any employee or member who receives or keeps
 20 fund or property belonging, payable or deliverable to the
 21 System and appropriates the same, or takes or misappropriates
 22 or uses the same to any purpose other than that authorized by
 23 this Act, or permits another person to take, misappropriate or
 24 use said fund or property by expressly consenting thereto, or
 25 through abandonment or negligence, or is otherwise guilty of



1 the misappropriation of said Fund or property, in whole or in
2 part, shall suffer the penalties provided in Article [two hundred
3 seventeen] 217 of the Revised Penal Code.

4 [(f)] (E) Any employees, who, after deducting the
5 monthly contribution or loan amortization from a member's
6 compensation, fails to remit the same to the System within
7 thirty (30) days from the date they should have been remitted
8 under Section 6 (a) shall be presumed to have misappropriated
9 such contribution or loan amortization and shall suffer the
10 penalties provided in Article [three hundred fifteen] 315 of the
11 Revised Penal Code.

12 (F) ANY OFFICIAL EXERCISING THE FUNCTIONS
13 OF HIS OFFICE EITHER IN AN ACTING CAPACITY OR AS
14 AN OFFICER-IN-CHARGE, WHO FAILS, REFUSES OR
15 DELAYS THE PAYMENT, TURNOVER, REMITTANCE OR
16 DELIVERY OF ALL GOVERNMENT SHARES ON PREMIUM
17 CONTRIBUTIONS TO THE SYSTEM WITHIN THIRTY (30)
18 DAYS FROM THE TIME SUCH ACCOUNTS ARE OR HAVE
19 BECOME DUE AND DEMANDABLE SHALL BE PUNISHED
20 WITH AN IMPRISONMENT OF NOT LESS THAN ONE (1)
21 YEAR NOR MORE THAN FIVE (5) YEARS AND A FINE OF
22 NOT LESS THAN TEN THOUSAND PESOS (P10,000.) NOR
23 MORE THAN TWENTY THOUSAND PESOS (P20,000.) AND
24 SHALL, MOREOVER, BE DISQUALIFIED FROM HOLDING

1 PUBLIC OFFICE AND FROM PRACTICING ANY PROFESSION
2 OR CALLING LICENSED BY THE GOVERNMENT.

3 (G) THE PRESIDENT, GENERAL MANAGER,
4 ADMINISTRATOR, CHAIRMAN OR ANY OFFICER
5 EXERCISING THE FUNCTION OF THEIR OFFICE IN AN
6 ACTING CAPACITY OR AS AN OFFICER-IN-CHARGE
7 AS WELL AS THE MEMBERS OF THE BOARD OF
8 TRUSTEES OR DIRECTORS OF ANY GOVERNMENT
9 OWNED OR CONTROLLED CORPORATIONS, WHO FAILS,
10 REFUSES OR DELAYS THE PAYMENT, TURNOVER,
11 REMITTANCES, DELIVERY TO THE SYSTEM OF THE
12 EMPLOYEE SHARE OR CONTRIBUTION DEDUCTED AS
13 WELL AS THE EMPLOYER SHARE OR CONTRIBUTION
14 WITHIN THIRTY (30) DAYS FROM THE TIME THE SAID
15 SHARES OR CONTRIBUTIONS ARE OR HAVE BECOME
16 DUE AND DEMANDABLE, SHALL BE PUNISHED WITH AN
17 IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR NOR
18 MORE THAN (5) YEARS AND A FINE OF NOT LESS THAN
19 TEN THOUSAND PESOS (P10,000.) NOR MORE THAN
20 TWENTY THOUSAND PESOS (P20,000.) AND SHALL,
21 MOREOVER, BE DISQUALIFIED FROM HOLDING PUBLIC
22 OFFICE AND FROM PRACTICING ANY PROFESSION OR
23 CALLING LICENSED BY THE GOVERNMENT.

24 (H) THE GOVERNOR, MAYOR OF ANY PROVINCE
25 , TOWN OR ANY POLITICAL DIVISION OR SUBDIVISION

1 OF THE GOVERNMENT OR HEADS OF OTHER BRANCHES
2 OF THE GOVERNMENT WHO FAILS, REFUSES OR DELAYS
3 THE PAYMENT, TURNOVER, REMITTANCE OR DELIVERY
4 OF ALL ACCOUNTS DUE THE SYSTEM, I.E.,
5 CONTRIBUTIONS, LOAN REPAYMENTS, AND OTHERS,
6 WITHIN THIRTY (30) DAYS FROM THE TIME SUCH
7 ACCOUNTS ARE OR HAVE BECOME DUE AND
8 DEMANDABLE SHALL BE PUNISHED WITH AN
9 IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR NOR
10 MORE THAN FIVE (5) YEARS AND A FINE OF NOT LESS
11 THAN TENTH THOUSAND PESOS (P10,000.) NOR MORE THAN
12 TWENTY THOUSAND PESOS (P20,000.) AND SHALL,
13 MOREOVER, BE DISQUALIFIED FROM HOLDING PUBLIC
14 OFFICE AND FROM PRACTICING ANY PROFESSION OR
15 CALLING LICENSED BY THE GOVERNMENT.

16 (I) THE OFFICER AND/OR EMPLOYEE
17 MENTIONED IN PARAGRAPHS (F), (G) AND (H) OF
18 THIS SECTION SHALL BE LIABLE NOT ONLY CRIMINALLY
19 BUT ALSO CIVILLY AND PERSONALLY TO THE SYSTEM
20 OR TO THE EMPLOYEE OR MEMBER CONCERNED IN THE
21 FORM OF DAMAGES, INCLUDING SURCHARGES AND
22 INTERESTS.

23 (J) FOR THE CHARGES OR COMPLAINTS
24 REFERRED TO IN PARAGRAPHS (F), (G) AND (H) OF
25 THIS SECTION, THE LIABILITIES HEREIN SET FORTH

1 SHALL BE CONSTRUED AS CONSENT BY THE
 2 GOVERNMENT TO BE SUED. HENCE, THE OFFICIALS
 3 MENTIONED IN PARAGRAPHS (F), (G), (H) AND (I) OF THIS
 4 SECTION MAY NOT INVOKE THE DEFENSE OF NON-
 5 SUABILITY OF THE STATE.

6 (K) FAILURE OF THE MEMBERS OF THE GSIS
 7 BOARD, INCLUDING THE CHAIRMAN AND THE VICE-
 8 CHAIRMAN, TO COMPLY WITH THE PROVISIONS OF
 9 PARAGRAPH (V) OF SECTION 41 HEREOF, SHALL SUBJECT
 10 THEM TO IMPRISONMENT OF NOT LESS THAN SIX (6)
 11 MONTHS NOR MORE THAN ONE (1) YEAR OR A FINE OF
 12 NOT LESS THAN FIVE THOUSAND PESOS (P5,000.) NOR
 13 MORE THAN TEN THOUSAND PESOS (P10,000.) WITHOUT
 14 PREJUDICE TO ANY CIVIL OR ADMINISTRATIVE
 15 LIABILITY WHICH MAY ALSO ARISE THEREFROM.

16 (L) THE TREASURER, BUDGET OFFICER,
 17 ADMINISTRATIVE OFFICER, HEAD OF OFFICE OR
 18 ANY OFFICIAL RESPONSIBLE FOR THE INCLUSION
 19 OF APPROPRIATION FOR CONTRIBUTIONS TO THE
 20 SYSTEM WHO FAILS TO INCLUDE IN HIS BUDGET
 21 SUCH APPROPRIATION/AMOUNT FOR GSIS'
 22 CONTRIBUTION IN ANY ONE BUDGET YEAR SHALL BE
 23 PENALIZED WITH THE FINE OF NOT LESS THAN ONE
 24 THOUSAND PESOS (P1,000.) BUT NOT MORE THAN FIVE



1 THOUSAND PESOS (P5,000.) OR IMPRISONMENT OF NOT
2 MORE THAN ONE (1) YEAR.

3 [(g)] Criminal actions arising from violations of the
4 provisions of this Act may be commenced by the System or by
5 the aggrieved member, either under this Act or, in appropriate
6 cases, under the Revised Penal Code.

7 "SEC. [43] 53. *Implementing Rules and Regulations.* -
8 The implementing rules and regulations to carry out the
9 provisions of this Act shall be adopted and promulgated by the
10 System not later than ninety (90) days after the approval of this
11 Act.

12 "SEC. [44] 54. *Non-impairment of Benefits, Powers,*
13 *Jurisdiction, Rights, Privileges, Functions and Activities.* -
14 Nothing in this Act shall be construed to repeal, amend or
15 limit any provision of existing laws, Presidential Decrees and
16 Letters of Instructions, not otherwise specifically inconsistent
17 with the provisions of this Act.

18 "SEC. [45] 55. *Exclusiveness of Benefits.* - Whenever
19 other laws provide similar benefits for the same contingencies
20 covered by this Act, the member who qualifies [for] TO the
21 benefits shall have the option to choose which benefits will be
22 paid to him. However, if the benefits provided by the law
23 chosen are less than the benefits provided under this Act, the
24 System shall pay only the difference. [Provided, however, That
25 when the disability or death of an employee or member is work-

1 connected as defined in Presidential Decree No. 626, as
2 amended, he shall be entitled to the benefits therefor as provided
3 herein, chargeable against the State Insurance Fund.]

4 "SEC. [46] 56. *Appropriations.* - There is hereby
5 appropriated for the current fiscal year, and annually thereafter,
6 out of any fund in the National Treasury or other depository
7 not otherwise appropriated, such sums as may be necessary to
8 pay the contributions or premiums and interests payable by
9 each employer under this Act, as well as obligations which the
10 Republic of the Philippines assumes or guarantees to pay
11 under this Act.

12 "SEC. [47] 57. [Saving] *SEPARABILITY Clause.* -
13 Should any provision of this Act or any part thereof be
14 declared invalid, the other provisions, so far as they are
15 separable from the invalid ones, shall remain in force AND
16 EFFECT.

17 "SEC. [48] 58. *Repealing Clause.* - All laws AND ANY
18 OTHER LAW or parts of law[s] specifically inconsistent
19 herewith [shall be considered amended or] ARE HEREBY
20 repealed OR MODIFIED accordingly: *PROVIDED*, THAT
21 THE RIGHTS UNDER EXISTING LAWS, RULES AND
22 REGULATIONS VESTED UPON OR ACQUIRED BY AN
23 EMPLOYEE WHO IS ALREADY IN THE SERVICE AS OF THE
24 EFFECTIVITY OF THIS ACT SHALL REMAIN IN FORCE
25 ANDEFFECT: *PROVIDED, FURTHER*, THAT SUBSEQUENT

1 TO THE EFFECTIVITY OF THIS ACT, A NEW EMPLOYEE OR
2 AN EMPLOYEE WHO HAS PREVIOUSLY RETIRED OR
3 SEPARATED AND IS REEMPLOYED IN THE SERVICE,
4 SHALL BE COVERED BY THE PROVISIONS OF THIS ACT.

5 "SEC. [49] 59. *Effectivity.* - This Act shall take effect
6 [upon its approval] FIFTEEN (15) DAYS AFTER ITS
7 PUBLICATION IN THE *OFFICIAL GAZETTE* OR IN AT
8 LEAST TWO (2) NEWSPAPERS OF GENERAL
9 CIRCULATION."

Approved,



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