


TENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

APR 30 12:29

SENATE

APPROVED BY: 

COMMITTEE REPORT NO. 362

Submitted by the Committees on Government Corporations & Public Enterprises, on Civil Service & Government Reorganization and on Finance on 130 APR 1967

Re : S. No. 2013

Recommending its approval in substitution of S. Nos. 822, 1544 and 1572, in consideration of H. No. 8561

Sponsor : Senator Juan Ponce Enrile

Mr. President:

The Committees on Government Corporations and Public Enterprises, on Civil Service and Government Reorganization, and on Finance, to which were referred S. No. 822, introduced by Senator Maceda, entitled:

“AN ACT
REDIRECTING THE INVESTMENT PROGRAMS OF THE GOVERNMENT SERVICE INSURANCE SYSTEM TOWARDS THE PROMOTION OF THE INTERESTS OF EDUCATION SECTOR AND NAMING THE PRESIDENTS OF THE PHILIPPINE PUBLIC SCHOOL TEACHERS ASSOCIATION AND PHILIPPINE ASSOCIATION OF SCHOOL SUPERINTENDENTS AS EX-OFFICIO MEMBERS OF THE BOARD OF DIRECTORS OF THE GOVERNMENT SERVICE INSURANCE SYSTEM, AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 1146, AS AMENDED, FOR THE PURPOSE”;

S. No. 1544, introduced by Senators Gonzales, Enrile, Shahani, Romulo, Coseteng, Maceda, Roco, Mercado, Sotto III, Flavier, Webb, Alvarez and Osmena III, entitled:

Ctte Rep. _____, S. No. _____

“AN ACT

[AMENDING, EXPANDING, INCREASING AND INTEGRATING THE SOCIAL SECURITY AND INSURANCE BENEFITS OF GOVERNMENT EMPLOYEES AND FACILITATING THE PAYMENT THEREOF UNDER COMMONWEALTH ACT NO. 186, AS AMENDED, AND FOR OTHER PURPOSES] EXTENDING THE COMPULSORY COVERAGES OF THE GOVERNMENT SERVICE INSURANCE SYSTEM TO NON-PERMANENT EMPLOYEES AND UPGRADING SOCIAL SECURITY BENEFITS AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1146”;

S. NO. 1572, introduced by Senator Macapagal-Arroyo, entitled:

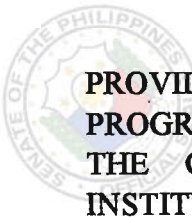
“AN ACT

[AMENDING , EXPANDING, INCREASING AND INTEGRATING THE SOCIAL SECURITY AND INSURANCE BENEFITS OF GOVERNMENT EMPLOYEES AND FACILITATING THE PAYMENT THEREOF UNDER COMMONWEALTH ACT NO. 186, AS AMENDED, AND FOR OTHER PURPOSES] EXTENDING THE COMPULSORY COVERAGES OF THE GOVERNMENT SERVICE INSURANCE SYSTEM TO NON-PERMANENT EMPLOYEES AND UPGRADING SOCIAL SECURITY BENEFITS AMENDING FOR THE PURPOSE PRESIDENTIAL DECREE NO. 1146”;

and H. No. 8561, introduced by Honorable De Venecia, Jr., Enverga, Aumentado, Bagatsing (A.), Villar, Jr., Lacson, Golez, Dragon, Plaza, Adiong, Del Mar, Damasing, Romero, Javier (R.), Tajon, Ablan, Jr., Zubiri, Jr., Ramiro, Madrona, Matti, Sator, Bagatsing, Jr., Pancho, Reyes, Figueroa, Isidro, Mercado, Bakunawa, Monfort, Calalay, Cruz-Ducut, Daza, Del Rosario, Liban, Lobregat, Gonzalez (R.), Rodriguez, Perez (H.), Ramirez, Fugoso, Almendras, Jr., Espina, Fajardo (M.O.), Avila, Quimpo, Angara-Castillo, Dejon, Sr., Montemayor, Joaquin, Ruiz, Tanada, Lorenzo-Villareal, Gullas, Cuenco, Chipeco, Jr., Defensor, Lopez (J.), Jalosjos, Salalima, Almario, Serapio, Palma Gil, Villaviza, Dinglasan, Jr., Violago, Silverio, Gordon, Jr., Mamba, Abad, Olegario, Sr., Cosalan, Luciano, Zapata, Shahani, Abaya (A.), Dy, Jr., Lazatin, Braganza, Tagle,

Ctte Rep. _____, S. No. _____

Laudico, Candazo, Guanzon (R.S.), Claudio, Diaz (A.), San Buenaventura, Ty, Balindong, Montilla, Bautista, Sr., Antonino, Carloto, Cappleman, Dequina, Muarip, Antonio, Navarro, Jr., Paredes, Jr., Rama, Sr., Catane, Cabilao, Sarmiento (A.), Gillego, Tuazon, Loreto, Badelles, Sr., Dominguez, Belmonte, Jr., Tammang, Diaz (R.), Tilanduca, Aspiras, Aquino (F.), Mangotara, Acosta, Teves, Gonzales II, Padilla, Arroyo, Duavit, Abaya (P.), Llorente, Jr., Unas, Garcia (E.), Dilangalen, Andaya (R.), Singson, Verceles, Jr., Perez, Jr., Punzalan, Jr., Osmena, Cua, Recto, Ortega, Andaya, Jr., Jaafar, Punzalan (J.), Veloso, Yap, Apostol, Abueg, Jr., Tulawie, Tinga, Bengson III, Vergara, Lagman, Tanjuatco, Jr., Roxas, Alfelor, Lucero, Zarraga, Acuna, Payumo, Aquino (H.), Fuentebella, Fuentes, Lopez (E.), Ocampo, Marcos, Laurel-Trinidad, Abines, Albano, Alvarez, Jr., Andolana, Aquino-Oreta, Bondoc, Borja-Agana, Bulut, Cerilles, Chaves, Chiongbian, Datumanong, Del Prado, Dela Cruz, Jr., Durano III, Espinosa, Falcon, Fua, Geronimo, Guanzon (R.G.), Jabar, Lara, Ledesma IV, Leviste, Lopez (A.), Maranon, Martinez, Jr., Nograles, Paras, Periquet, Respicio, Romualdo, Sandoval, Sarmiento (R.), Urro, Verceles (E.), and Zamora. entitled:



“AN ACT
PROVIDING FOR A NEW GOVERNMENT SERVICE INSURANCE
PROGRAM, EXPANDING THE COVERAGE AND BENEFITS OF
THE GOVERNMENT SERVICE INSURANCE SYSTEM,
INSTITUTING REFORMS THEREIN, AND FOR OTHER
PURPOSES”


have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, S. No. **2013**, prepared by the aforementioned Committees, entitled:


Ctte Rep. _____, S. No. _____

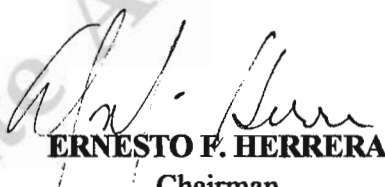
"AN ACT
AMENDING PRESIDENTIAL DECREE NO. 1146, EXPANDING
AND INCREASING THE COVERAGE AND BENEFITS OF THE
GOVERNMENT SERVICE AND INSURANCE SYSTEM,
INSTITUTING REFORMS THEREIN, AND FOR OTHER
PURPOSES."

be approved in substitution of S. Nos. 822, 1544 and 1572, in consideration of H. No. 8561, with Senators Maceda, Gonzales, Enrile, Shahani, Romulo, Coseteng, Roco, Mercado, Sotto III, Flavier, Webb, Alvarez, Osmena III and Macapagal-Arroyo as authors thereof.


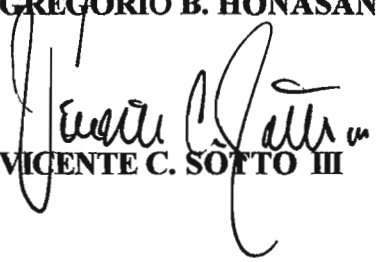
Respectfully submitted:


ANNA DOMINIQUE M.L. COSETENG
Chairman
Committee on Civil Service & Government
Reorganization


JUAN PONCE ENRILE
Chairman
Committee on Government Corporations
and Public Enterprises

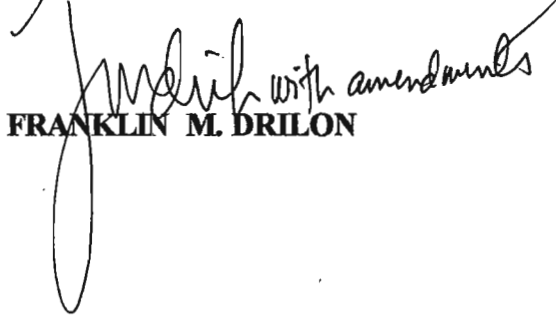

ERNESTO F. HERRERA
Chairman
Committee on Finance




GREGORIO B. HONASAN

VICENTE C. SOTTO III

MEMBERS


RAMON B. REVILLA


FRANKLIN M. DRILON

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Marcelo B. Fernan
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Freddie N. Webb
FREDDIE N. WEBB *of AMENDMENTS*

Reherston T. Alvarez
REHERSTON T. ALVAREZ

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FRANCISCO S. TATAD
Majority Leader



Neptalia Gonzales
NEPTALIA GONZALES
Minority Leader

Honorable **ERNESTO M. MACEDA**
Senate President

TENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

'97 APR 30 P12:29

SENATE

RECEIVED BY: 

S. No. **2013**

(In substitution of S. Nos. 822, 1544 and 1572 and in consideration
of H. No. 8561)

Prepared by the Committees with Senators Maceda, Gonzales, Enrile, Shahani, Romulo,
Coseteng, Roco, Mercado, Sotto III, Flavier, Webb, Alvarez, Osmena III and Macapagal-
Arroyo as Authors Thereof

AN ACT
AMENDING PRESIDENTIAL DECREE NO. 1146, 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:*

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

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

“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 SANGGUNIANG OFFICIALS[.];

(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 BASIC PAY UNDER EXISTING LAWS;

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

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

(L) [(k)] Average monthly compensation (AMC) - The quotient after dividing the aggregate compensation[s] received by the member [for] DURING [the] HIS last [three-years] THIRTY-SIX (36) MONTHS OF SERVICE [immediately] preceding his separation/retirement/disability/death BY THIRTY-SIX (36), OR by the number of months he received [said] SUCH compensation. [or Three Thousand Pesos, whichever is smaller] IF HE HAS LESS THAN THIRTY-SIX (36) MONTHS OF SERVICE: PROVIDED, THAT, THE AVERAGE MONTHLY COMPENSATION SHALL IN NO CASE EXCEED THE AMOUNT AND RATE AS MAY BE RESPECTIVELY SET BY THE BOARD UNDER THE RULES AND REGULATIONS IMPLEMENTING THIS ACT AS DETERMINED BY THE ACTUARY OF THE SYSTEM: PROVIDED, FURTHER, THAT INITIALLY THE AVERAGE MONTHLY COMPENSATION SHALL NOT EXCEED TEN THOUSAND PESOS (P 10,000); AND PREMIUM SHALL BE NINE PERCENT (9%) AND TWELVE PERCENT (12%) FOR EMPLOYEE AND EMPLOYER COVERING THE AMC LIMIT AND BELOW; AND TWO (2%) PERCENT AND TWELVE (12%) FOR EMPLOYEE AND EMPLOYER COVERING COMPENSATION ABOVE THE AMC LIMIT;

(M) [(1)] Revalued average monthly compensation - An amount equal to one hundred seventy percent of the first [two hundred] ONE THOUSAND Pesos (P 1,000.00) of the average monthly compensation plus one hundred percent of the average monthly compensation in excess of [Two Hundred] ONE THOUSAND Pesos (P 1,000.00);

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

(O) [(n)] Pensioner - Any person [who receives] RECEIVING old-age or PERMANENT TOTAL disability pension [whether in lump sum or otherwise] OR ANY PERSON WHO HAS RECEIVED THE LUMP SUM EXCLUDING ONE RECEIVING SURVIVORSHIP PENSION BENEFITS AS DEFINED IN SECTION 20 OF THIS ACT;

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

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

(R) [(p)] Total Disability - [Accrues or arises when the loss or reduction of earning capacity amounts to at least seventy-five percent; or when the aggregate loss or reduction of earning capacity resulting from more than one injury and/or disease amounts to at least one hundred percent] COMPLETE INCAPACITY TO CONTINUE WITH HIS PRESENT EMPLOYMENT OR ENGAGE IN ANY GAINFUL OCCUPATION DUE TO THE LOSS OR IMPAIRMENT OF THE NORMAL FUNCTIONS OF THE PHYSICAL AND/OR MENTAL FACULTIES OF THE MEMBER;

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

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

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

“B. [COVERAGE] MEMBERSHIP [OF] IN THE SYSTEM

“SEC. 3. Compulsory [Coverage] MEMBERSHIP. - Membership in the System shall be compulsory for all [permanent] employees [below 60 years of age upon appointment to permanent status and for all elective officials for the duration of their tenure; Provided, That, upon approval of the President of the Philippines and subject to the availability of funds, compulsory coverage may be extended to one-permanent employees of national government agencies and local governments, either simultaneously, in phases or by groups; Provided, further, That non-permanent employees of government-owned and controlled corporations may be covered upon approval by the System at the request of their respective Governing Boards: Provided, finally, That the coverage of temporary employees under Republic Act No. 4968 shall remain in force.] RECEIVING COMPENSATION AND WHO HAVE NOT REACHED THE COMPULSORY RETIREMENT AGE, IRRESPECTIVE OF EMPLOYMENT STATUS, EXCEPT MEMBERS OF THE ARMED FORCES OF THE PHILIPPINES AND PHILIPPINE NATIONAL POLICE, SUBJECT TO THE CONDITION THAT THEY MUST SETTLE FIRST THEIR FINANCIAL OBLIGATION WITH THE SYSTEM, AND CONTRACTUALS WHO HAVE NO EMPLOYER AND EMPLOYEE RELATIONSHIP WITH THE AGENCIES THEY SERVE.

EXCEPT FOR THE MEMBERS OF THE JUDICIARY AND CONSTITUTIONAL COMMISSIONS WHO SHALL HAVE LIFE INSURANCE

ONLY, ALL MEMBER OF THE SYSTEM SHALL HAVE LIFE INSURANCE, RETIREMENT, AND ALL OTHER SOCIAL SECURITY PROTECTION SUCH AS DISABILITY, SURVIVORSHIP, SEPARATION, AND UNEMPLOYMENT BENEFITS.

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

“C. SOURCES OF FUNDS

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

Monthly Compensation	Percentage of Monthly Compensation	
	[Employee]MEMBER	Employer
[I. [P 200 or less	7.5%	10.5%]
I. MAXIMUM AVERAGE MONTHLY COMPENSATION (AMC) LIMIT AND BELOW	9.00%	12.00%
[II- Over P200 to P3,000	8.5%	9.5%]
II. OVER THE MAXIMUM AMC LIMIT		
UP TO THE MAXIMUM AMC LIMIT	9.00%	12.00%

[III. Over P3,000

First P3,000	8.5%	9.5%
In excess of P3,000	3.0%	9.5%]
IN EXCESS OF THE AMC LIMIT	2%	12.00%

MEMBERS OF THE JUDICIARY AND CONSTITUTIONAL COMMISSIONERS SHALL PAY THREE PERCENT (3%) PERSONAL SHARE AND THEIR EMPLOYERS A CORRESPONDING THREE PERCENT (3%) SHARE FOR THEIR LIFE INSURANCE COVER.

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

(c) [For the amounts of pensions corresponding to the services rendered by a member prior to June 16, 1951, increases in retirement benefits provided for in Republic Acts Numbers 4968, 5969 and Presidential Decree No. 712, the National Government shall pay the necessary additional amounts as may be determined by the System and in such manner as may be agreed upon by the National Government and the System.] IT SHALL BE MANDATORY AND COMPULSORY FOR ALL EMPLOYERS TO INCLUDE THE PAYMENT OF CONTRIBUTIONS IN ITS ANNUAL APPROPRIATIONS. PENAL SANCTIONS SHALL BE IMPOSED UPON EMPLOYERS WHO FAIL TO INCLUDE THE PAYMENT OF CONTRIBUTIONS IN ITS ANNUAL APPROPRIATION OR OTHERWISE FAIL TO REMIT THE

ACCURATE/EXACT AMOUNT OF CONTRIBUTIONS ON TIME, OR DELAYS THE REMITTANCE OF PREMIUM CONTRIBUTIONS TO THE SYSTEM. HEADS OF OFFICES AND AGENCIES SHALL BE ADMINISTRATIVELY LIABLE FOR NON-REMITTANCE OR DELAYED REMITTANCE OF PREMIUM CONTRIBUTIONS TO THE SYSTEM.

“SEC. 6. *Collection and Remittance of Contributions.* (a) [It shall be compulsory upon the employer to deduct and withhold each month from the salary of each employee the contributions payable by him and to remit the same and its share to the system within the first ten days of each calendar month following the month to which the contributions apply. The remittance of the contributions may be made in advance quarterly or semi-annually or annually, the contributions payable by the employee to be advanced by his employer: *Provided*, That upon separation of an employee, any contributions so paid in advance but not due shall be credited or refunded to his employer. The remittance by the employer of said contributions to the System shall be in preference to the payment of other obligations, except salaries and wages of its employees.] THE EMPLOYER SHALL REPORT TO THE SYSTEM THE NAMES OF ALL ITS EMPLOYEES, THEIR CORRESPONDING EMPLOYMENT STATUS, POSITIONS, SALARIES AND SUCH OTHER PERTINENT INFORMATION, INCLUDING SUBSEQUENT CHANGES THEREIN, IF ANY, AS MAY BE REQUIRED BY THE SYSTEM; THE EMPLOYER SHALL DEDUCT EACH MONTH FROM THE MONTHLY SALARY OR COMPENSATION OF EACH EMPLOYEE THE CONTRIBUTION PAYABLE BY HIM IN ACCORDANCE WITH THE SCHEDULE PRESCRIBED IN THE RULES AND REGULATIONS IMPLEMENTING THIS ACT.

(b) [In case an employee defaults in the payment of its obligations to the System, the Secretary of Finance or the Chairman of the commission on Audit shall take such steps as may be necessary to have said obligation paid promptly. Said officials or their duly designated representatives are hereby authorized and directed to withhold from revenues and/or incomes of a defaulting employer such amounts as may be necessary to

pay its obligations under this Act and remit the same immediately to the System. In case of insolvency of an employer, its obligations under this Act shall be paid in preference to all other obligations, except salaries and wages of its employees.] EACH EMPLOYER SHALL REMIT DIRECTLY TO THE SYSTEM THE EMPLOYEES' AND EMPLOYERS' CONTRIBUTIONS WITHIN THE FIRST TEN (10) DAYS OF THE CALENDAR MONTH FOLLOWING THE MONTH TO WHICH THE CONTRIBUTIONS APPLY. THE REMITTANCE BY THE EMPLOYER OF THE CONTRIBUTIONS TO THE SYSTEM SHALL TAKE PRIORITY OVER AND ABOVE THE PAYMENT OF ANY AND ALL OBLIGATIONS, EXCEPT SALARIES AND WAGES OF ITS EMPLOYEES.

“SEC. 7. [*Penalty for Non-Remittance or*] *INTERESTS ON Delayed Remittances.* - [Unremitted collections shall earn such interest as the Board may prescribe, not exceeding two percent per month from their due date to the date of payment, payable by the employer.] AGENCIES WHICH DELAY THE REMITTANCE OF ANY AND ALL MONIES DUE THE SYSTEM SHALL BE CHARGED INTERESTS AS MAY BE PRESCRIBED BY THE BOARD BUT NOT LESS THAN TWO PERCENT (2%) SIMPLE INTEREST PER MONTH. SUCH INTEREST SHALL BE PAID BY THE EMPLOYERS CONCERNED.

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

“D. BENEFITS

“SEC. 9. *Computation of the Basic Monthly Pension.* - (a) The basic monthly pension is equal to:

(1) thirty seven and one half percent of the revalued average monthly compensation; plus

(2) two and one half percent of said revalued average monthly compensation for each year of service in excess of fifteen years: *Provided, That, the basic monthly pension shall not exceed ninety percent of the average monthly compensation.*

(b) The basic monthly pension may be adjusted upon the recommendation of the President and General Manager of the System and approved by the President of the Philippines in accordance with the rules and regulations prescribed by the System, PROVIDED, HOWEVER, THAT THE BASIC MONTHLY PENSION SHALL NOT BE LESS THAN ONE THOUSAND AND THREE HUNDRED PESOS (P 1,300.00).

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

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

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

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

(ii) period of service rendered after June sixteen, nineteen hundred and fifty-one during which contribution were not required, unless the contributions with interest be later on paid to the System.] PERIODS OF SERVICE AT DIFFERENT TIMES UNDER ONE OR MORE EMPLOYERS, THOSE PERFORMED OVERSEAS UNDER THE AUTHORITY OF THE REPUBLIC OF THE PHILIPPINES, AND THOSE THAT MAY BE PRESCRIBED BY THE SYSTEM IN COORDINATION WITH THE CIVIL SERVICE COMMISSION;

(b) ALL SERVICE CREDITED FOR RETIREMENT, RESIGNATION OR SEPARATION FOR WHICH CORRESPONDING BENEFITS HAVE BEEN AWARDED UNDER THIS ACT OR OTHER LAWS SHALL BE EXCLUDED IN THE COMPUTATION OF SERVICE IN CASE OF REINSTATEMENT IN THE SERVICE OF AN EMPLOYER AND SUBSEQUENT RETIREMENT OR SEPARATION WHICH IS COMPENSABLE UNDER THIS ACT;

For the purpose of this Section [all services rendered in the government by an employee who was separated from office not for cause but due to government reorganization and subsequently reinstated in another office shall be considered in the computation of his retirement benefit.] the term service shall include [only] full time service with compensation:

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

SEPARATION BENEFITS

“SEC. 11. SEPARATION BENEFITS. - THE SEPARATION BENEFIT SHALL CONSIST OF:

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

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

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

“SEC. 12. UNEMPLOYMENT OR INVOLUNTARY SEPARATION BENEFITS. - UNEMPLOYMENT BENEFITS IN THE FORM OF MONTHLY CASH PAYMENTS EQUIVALENT TO FIFTY PERCENT (50%) OF THE AVERAGE MONTHLY COMPENSATION SHALL BE PAID TO A PERMANENT EMPLOYEE WHO IS INVOLUNTARILY SEPARATED FROM THE SERVICE DUE TO THE ABOLITION OF HIS OFFICE OR POSITION USUALLY RESULTING FROM REORGANIZATION PROVIDED HE HAS BEEN PAYING INTEGRATED CONTRIBUTIONS FOR AT LEAST ONE (1) YEAR PRIOR TO SEPARATION. UNEMPLOYMENT BENEFITS SHALL BE PAID IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

CONTRIBUTIONS MADE	BENEFIT DURATION
MORE THAN 1 YEAR BUT LESS THAN 3 YEARS	2 MONTHS
3 OR MORE YEARS BUT LESS THAN 6 YEARS	3 MONTHS
6 OR MORE YEARS BUT LESS THAN 9 YEARS	4 MONTHS
9 OR MORE YEARS BUT LESS THAN 11 YEARS	5 MONTHS
11 OR MORE YEARS BUT LESS THAN 15 YEARS	6 MONTHS

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

ALL ACCUMULATED UNEMPLOYMENT BENEFITS PAID TO THE EMPLOYEE DURING HIS ENTIRE MEMBERSHIP WITH THE SYSTEM SHALL BE DEDUCTED FROM VOLUNTARY SEPARATION BENEFITS.

THE SYSTEM SHALL PRESCRIBE THE DETAILED GUIDELINES IN THE OPERATIONALIZATION OF THIS SECTION IN THE RULES AND REGULATIONS IMPLEMENTING THIS ACT.

RETIREMENT BENEFITS

“SEC. [12] 13. [Old-age Pension.] *RETIREMENT BENEFITS*. - (a) [A member entitled to old-age pension shall receive] THE RETIREMENT BENEFIT SHALL BE : (1) THE LUMP SUM PAYMENT AS DEFINED IN THIS ACT PAYABLE AT THE TIME OF RETIREMENT PLUS AN OLD-AGE PENSION BENEFIT EQUAL TO the basic monthly pension PAYABLE MONTHLY for life [but in no case a period less than], STARTING UPON EXPIRATION OF THE five (5) year[s] [; Provided, That the member shall have the option to convert the basic monthly pensions for the first five years into a lump sum as defined in this Act; Provided, further, That in case the pensioner dies before the expiration of the five-year period, his primary beneficiaries shall be entitled to the balance of the amount still due him. In default of primary beneficiaries, the amount shall be paid to his legal heirs] GUARANTEED PERIOD COVERED BY THE LUMP SUM; OR (2) CASH PAYMENT EQUIVALENT TO EIGHTEEN (18) MONTHS OF HIS BASIC MONTHLY PENSION PLUS MONTHLY PENSION FOR LIFE PAYABLE IMMEDIATELY WITH NO FIVE (5) YEAR GUARANTEE;

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

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

[(d) All retirement benefits previously paid by the Government Service Insurance System, and not by a government office or agency which has been abolished, to

an employee who was separated from office not for cause but due to government reorganization and subsequently reinstated in another office shall be accumulated and deducted, without interest, from the retirement benefits to be received by the employee upon his retirement.]

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

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

- (1) HE has RENDERED at least fifteen (15) years of service;
- (2) HE is at least sixty years of age AT THE TIME OF RETIREMENT; and
- (3) [is separated from service.] HE IS NOT RECEIVING A MONTHLY PENSION BENEFIT FROM PERMANENT TOTAL DISABILITY.

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

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

PERMANENT DISABILITY BENEFITS

“SEC. [14] 15. GENERAL Conditions for [Permanent Disability Benefits] ENTITLEMENT. - A member WHO SUFFERS PERMANENT DISABILITY FOR REASONS NOT DUE TO HIS GRAVE MISCONDUCT, NOTORIOUS NEGLIGENCE, HABITUAL INTOXICATION, OR WILLFUL INTENTION TO KILL HIMSELF OR ANOTHER, shall be entitled to the [permanent disability] benefits [effective from the date of his disability, Provided, That:] PROVIDED FOR UNDER SECTIONS 16 AND 17 IMMEDIATELY FOLLOWING, SUBJECT TO THE CORRESPONDING CONDITIONS THEREFOR.

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

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

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

“SEC. [15] 16. Permanent TOTAL Disability Benefits. - (a) [A member who becomes permanently disabled before he is qualified for old-age pension but entitled to permanent disability benefits shall receive the basic monthly pension for life, if the disability is total. If the disability is partial, the basic monthly pension shall be payable in accordance with the rules and regulations prescribed by the System.] IF THE PERMANENT DISABILITY IS TOTAL, HE SHALL RECEIVE A MONTHLY INCOME BENEFIT FOR LIFE EQUAL TO THE BASIC MONTHLY PENSION EFFECTIVE FROM THE DATE OF DISABILITY: PROVIDED, THAT:

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

(2) IF SEPARATED FROM THE SERVICE, HE HAS PAID AT LEAST THIRTY SIX (36) MONTHLY CONTRIBUTIONS WITHIN THE FIVE (5) YEAR PERIOD IMMEDIATELY PRECEDING HIS DISABILITY, OR HAS PAID A TOTAL OF AT LEAST ONE HUNDRED EIGHTY (180) MONTHLY CONTRIBUTIONS, PRIOR TO HIS DISABILITY; PROVIDED, FURTHER, THAT IF AT THE TIME OF DISABILITY, HE WAS IN THE SERVICE AND HAS PAID A TOTAL OF AT LEAST ONE HUNDRED EIGHTY (180) MONTHLY CONTRIBUTIONS, IN ADDITION TO THE MONTHLY INCOME BENEFIT, HE SHALL RECEIVE A CASH PAYMENT EQUIVALENT TO EIGHTEEN (18) TIMES HIS BASIC MONTHLY PENSION: PROVIDED, FINALLY, THAT A MEMBER CANNOT ENJOY THE MONTHLY INCOME BENEFIT FOR PERMANENT DISABILITY AND THE OLD AGE RETIREMENT SIMULTANEOUSLY.

[(b) If at the time of his disability, he is qualified for old-age pension, he shall be entitled to the basic monthly pension for life but in no case for a period less than five (5) years: *Provided*, That the member shall have the option to convert the basic monthly pensions for the first five (5) years into a lump-sum as defined in this Act.]

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

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

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

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

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

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

(1) COMPLETE LOSS OF SIGHT OF BOTH EYES;

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

(3) PERMANENT COMPLETE PARALYSIS OF TWO LIMBS;

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

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

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

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

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

(I) ANY FINGER

- (II) ANY TOE
- (III) ONE ARM
- (IV) ONE HAND
- (V) ONE FOOT
- (VI) ONE LEG
- (VII) ONE OR BOTH EARS
- (VIII) HEARING OF ONE OR BOTH EARS
- (IX) SIGHT OF ONE EYE

(2) SUCH OTHER CASES AS MAY BE DETERMINED BY THE SYSTEM.

“[Sickness Benefits]

“SEC. [20] 18. *[Sickness Income] TEMPORARY TOTAL DISABILITY Benefit. -*

(a) A member who suffers [a non-work connected sickness or injury resulting in] temporary total disability FOR REASONS NOT DUE TO ANY OF THE CONDITIONS ENUMERATED IN SECTION 15 HEREOF shall be entitled to [sixty-five] SEVENTY-FIVE percent (75%) of his current daily compensation for each day or fraction thereof of [sickness or injury] TEMPORARY DISABILITY BENEFIT [but] not exceeding [sixty] ONE HUNDRED TWENTY (120) days in one calendar year after exhausting all his sick leave credits AND COLLECTIVE BARGAINING AGREEMENT SICK LEAVE BENEFITS, IF ANY, but not earlier than the fourth day of HIS [sickness or injury] TEMPORARY TOTAL DISABILITY: Provided, THAT:

- (1) HE IS IN THE SERVICE AT THE TIME OF HIS DISABILITY; OR
- (2) IF SEPARATED, he HAS RENDERED AT LEAST THREE (3) YEARS OF SERVICE AND has paid at least six (6) monthly contributions in the twelve-month period immediately preceding his [sickness or injury:] DISABILITY.

Provided, however, That, [the] A member cannot enjoy the [sickness income] TEMPORARY TOTAL DISABILITY benefit and sick leave pay simultaneously;

PROVIDED, FURTHER, THAT IF THE DISABILITY REQUIRES MORE EXTENSIVE TREATMENT THAT LASTS BEYOND ONE HUNDRED TWENTY (120) DAYS, THE PAYMENT OF THE TEMPORARY TOTAL DISABILITY BENEFIT MAY BE EXTENDED BY THE SYSTEM BUT NOT TO EXCEED A TOTAL OF TWO HUNDRED FORTY (240) DAYS.

(b) The [sickness income] TEMPORARY TOTAL DISABILITY benefit shall [not] IN NO CASE be less than [four] SEVENTY pesos (P70.00) [not more than twenty pesos] a day.

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

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

SURVIVORSHIP BENEFITS

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

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

(2) the dependent[‘s] CHILDREN’S pension not exceeding fifty percent (50%) of the basic monthly pension [payable in accordance with the rules and regulations prescribed by the System].

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

(1) [the basic monthly pension which is guaranteed for five years: Provided, That at the option of the beneficiaries, it may be paid in lump sum as defined in this Act: Provided, further, That the member is entitled to old-age pension at the time of his death; or] SURVIVORSHIP PENSION: PROVIDED, THAT THE DECEASED:

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

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

(2) [the basic survivorship pension which is guaranteed for thirty (30) months and the dependent's pension: Provided, That the deceased has paid at least thirty-six monthly contributions within the five-year period immediately preceding his death; or a total of at least one-hundred eighty contributions prior to his death] THE SURVIVORSHIP PENSION PLUS A CASH PAYMENT EQUIVALENT TO ONE HUNDRED (100%) PERCENT OF HIS AVERAGE MONTHLY COMPENSATION FOR EVERY YEAR OF SERVICE: PROVIDED, THAT THE DECEASED WAS IN THE SERVICE AT THE TIME OF HIS DEATH WITH AT LEAST THREE (3) YEARS OF SERVICE; OR

(3) A CASH PAYMENT EQUIVALENT TO ONE HUNDRED PERCENT (100%) OF HIS AVERAGE MONTHLY COMPENSATION FOR EACH YEAR OF SERVICE HE PAID CONTRIBUTIONS, BUT NOT LESS THAN TWELVE THOUSAND PESOS (P12,000.00): PROVIDED, THAT THE DECEASED HAS RENDERED AT LEAST THREE (3) YEARS OF SERVICE PRIOR TO HIS DEATH BUT DOES NOT QUALIFY FOR THE BENEFITS UNDER ITEM (1) OR (2) OF THIS PARAGRAPH.

(b) [At the end of the guaranteed periods mentioned in the preceding subsection (a)] The survivorship pension shall be paid as follows:

- (1) when the dependent spouse is the only survivor, he/SHE shall receive the basic survivorship pension for life or until he/SHE remarries;
- (2) when only dependent children are the survivors, they shall be entitled to the BASIC survivorship pension for as long as they are qualified, PLUS THE DEPENDENT CHILDREN'S PENSION EQUIVALENT TO TEN PERCENT (10%) OF THE BASIC MONTHLY PENSION FOR EVERY DEPENDENT CHILD NOT EXCEEDING FIVE (5), COUNTED FROM THE YOUNGEST AND WITHOUT SUBSTITUTION;
- (3) when the survivors are the dependent spouse and the dependent children, [they shall be entitled to the survivorship pension so long as there are dependent children and, thereafter,] the dependent [surviving] spouse shall receive the basic survivorship pension for life or until he/SHE remarries THE DEPENDENT CHILDREN SHALL RECEIVE THE DEPENDENT CHILDREN'S PENSION MENTIONED IN THE NEXT PRECEDING PARAGRAPH.

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

- (1) [a] THE cash payment equivalent to [thirty times the basic survivorship pension when the member is qualified for old-age pension or;] ONE HUNDRED PERCENT (100%) OF HIS AVERAGE MONTHLY COMPENSATION FOR EACH YEAR OF SERVICE HE PAID CONTRIBUTIONS, BUT NOT LESS THAN TWELVE THOUSAND PESOS (P12,000.00): PROVIDED, THAT THE MEMBER IS IN THE SERVICE AT THE TIME OF HIS DEATH AND HAS AT LEAST THREE (3) YEARS OF SERVICE; or

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

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

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

FUNERAL BENEFITS

“SEC. [19] 23. *Funeral Benefit.* - [A funeral benefit of One thousand pesos] THE AMOUNT OF FUNERAL BENEFIT SHALL BE DETERMINED AND SPECIFIED BY THE SYSTEM IN THE RULES AND REGULATIONS BUT SHALL NOT BE LESS THAN TWELVE THOUSAND PESOS (P12,000.00) AND shall be paid upon the death of [a member or a pensioner]:

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

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

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

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

LIFE INSURANCE BENEFITS

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

(1) for those employed after this Act, their insurance shall take effect on the date of their employment;

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

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

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

“SEC. 25. *DIVIDENDS.* - AN ANNUAL DIVIDEND MAY BE GRANTED TO ALL MEMBERS OF THE SYSTEM WHOSE LIFE INSURANCE IS IN FORCE FOR AT LEAST ONE (1) YEAR IN ACCORDANCE WITH A DIVIDEND ALLOCATION FORMULA DETERMINED BY THE SYSTEM.

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

“SEC. 27. *REINSURANCE.* THE SYSTEM MAY REINSURE ANY OF ITS INTERESTS OR PART THEREOF WITH ANY PRIVATE COMPANY OR REINSURER WHETHER DOMESTIC OR FOREIGN, PROVIDED, THAT THE SYSTEM SHALL SUBMIT AN ANNUAL REPORT ON ITS REINSURANCE OPERATIONS TO THE INSURANCE COMMISSION.

“E. ADJUDICATION OF CLAIMS AND DISPUTES

“SEC. 28. *PRESCRIPTION.* - CLAIMS FOR BENEFITS UNDER THIS ACT EXCEPT FOR LIFE AND RETIREMENT SHALL PRESCRIBE AFTER THREE (3) YEARS FROM THE DATE OF CONTINGENCY.

“SEC. [23] 29. *Facility of Payment.* - The System shall prescribe [such] rules and regulations to facilitate payment of benefits, proceeds, and claims under this Act and any other laws administered by the System. Payments made by the System prior to its receipt

of an adverse claim, to a beneficiary or claimant subsequently found not entitled thereto, shall [free the system from any liability to the person or persons legally entitled to such payment] NOT BAR THE LEGAL AND ELIGIBLE RECIPIENT TO HIS RIGHT TO DEMAND THE PAYMENT OF BENEFITS, PROCEEDS, AND CLAIMS FROM THE SYSTEM, who shall, however, have a right to institute the appropriate action in a court of law against the ineligible recipient [of the benefits, proceeds, or claims].

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

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

The Board may designate any member of the Board, or official of the System who is a lawyer, to act as hearing officer to receive evidence, make findings of fact[s] and submit recommendations thereon. The hearing officer shall submit his findings and recommendations, together with all the documentary and testimonial evidence to the Board within thirty (30) working days from the time the parties have closed their respective evidence and filed their last pleading. The Board shall decide the case within thirty (30) days from the receipt of the hearing officer's findings and recommendations. The cases heard directly by the Board shall be decided within thirty (30) working days from the time they are submitted by the parties for decision.

“SEC. [25] 31. *Appeals.* - [Within fifteen (15) days from receipt of notice, decision or award, the aggrieved party may appeal the same to the Court of Appeals on questions of law and facts following the procedures for appeals from the Court of First Instance to the Court of Appeals as far as practicable and consistent with the purpose of this Act. If the appeal is only questions of law, the same shall be brought directly to the Supreme Court on certiorari. No appeal bond shall be required.] APPEALS FROM ANY DECISION OR AWARD OF THE BOARD SHALL BE GOVERNED BY

ADMINISTRATIVE CIRCULAR NO. 1-90 PROMULGATED BY THE SUPREME COURT EFFECTIVE ON JUNE 1, 1995 AS WELL AS ANY AMENDATORY OR SUPPLEMENTARY RULE OR LAW AND THE RELEVANT PROVISIONS OF THE RULES OF COURT, PROVIDED THAT the appeal shall take precedence over all other cases except criminal cases [wherein] WHEN the penalty of life imprisonment or death [has been imposed by the trial court] OR RECLUSION PERPETUA IS IMPOSABLE.

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

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

“SEC. [27]. 33. *Oaths, Witnesses, and Production of Records.* - When authorized by the Board, an official or employee of the System shall have the power to administer oath and affirmation, take depositions, certify to official acts, and issue *subpoena ad testificandum* and *subpoena duces tecum* to compel the attendance of witnesses and the production of books, papers, correspondences, and other records deemed necessary as evidence in connection with any question arising under this Act. Any case of contumacy shall be dealt with in accordance the provisions of Section [five hundred eighty] 580 of the Revised Administrative Code.

“F. FUNDS OF THE SYSTEM

“SEC. [28] 34. *Funds.* - [The funds administered by the System shall consist of old age, disability, survivorship, health, insurance, state insurance, life insurance and general insurance funds. The reserves and/or networth of said F[f]unds shall be used to finance the benefits administered by the System. For purposes of effective administration of said benefits, any amount in excess of the required reserves in any F[f]unds, as determined by the Actuary of the System, may be subject to interfund borrowing at an imputed interest to be determined by the Board.] ALL CONTRIBUTIONS PAYABLE UNDER SECTION 5 OF THIS ACT TOGETHER WITH THE EARNINGS AND ACCRUALS THEREON SHALL CONSTITUTE THE G SIS SOCIAL INSURANCE FUND. THE SAID FUND SHALL BE USED TO FINANCE THE BENEFITS ADMINISTERED BY THE SYSTEM UNDER THIS ACT. IN ADDITION, THE SYSTEM SHALL ADMINISTER THE OPTIONAL INSURANCE FUND FOR THE INSURANCE COVERAGE DESCRIBED IN SECTION 26 HEREOF, THE EMPLOYEES' COMPENSATION INSURANCE FUND CREATED UNDER P.D. 626, AS AMENDED, THE GENERAL INSURANCE FUND CREATED UNDER ACT NO. 656, AS AMENDED, AND SUCH OTHER SPECIAL FUNDS EXISTING OR THAT MAY BE CREATED FOR SPECIAL GROUPS OR PERSONS RENDERING SERVICES TO THE GOVERNMENT. THE SYSTEM SHALL MAINTAIN THE REQUIRED RESERVES TO GUARANTEE THE FULFILLMENT OF ITS OBLIGATIONS UNDER THIS ACT.

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

“SEC. [29] 35. *Deposits and Disbursements.* - All [revenues] FUNDS collected and all accruals thereto shall be deposited, administered and disbursed in accordance with the law. A maximum expense loading of twelve percent (12%) of the yearly revenues from all sources may be disbursed for administrative and operational expenses except as may be otherwise approved by the President of the Philippines on the basis of actuarial and management studies.

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

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

(B) IN INTEREST-BEARING DEPOSITS OR SECURITIES IN ANY DOMESTIC BANK DOING BUSINESS IN THE PHILIPPINES: PROVIDED, THAT IN THE CASE OF SUCH DEPOSITS, THESE SHALL NOT EXCEED AT ANY TIME THE UNIMPAIRED CAPITAL AND SURPLUS OR TOTAL PRIVATE DEPOSITS OF THE DEPOSITORY BANK, WHICHEVER IS SMALLER: PROVIDED, FURTHER, THAT SAID BANK FIRST HAS BEEN DESIGNATED AS A DEPOSITORY FOR THE PURPOSE BY THE MONETARY BOARD OF THE CENTRAL MONETARY AUTHORITY;

(C) IN DIRECT HOUSING LOANS TO MEMBERS AND GROUP HOUSING PROJECTS SECURED BY FIRST MORTGAGE, GIVING PRIORITY TO THE LOW INCOME GROUPS AND IN SHORT-AND MEDIUM-TERM LOANS TO

MEMBERS SUCH AS SALARY, POLICY, EDUCATIONAL, EMERGENCY, STOCK PURCHASE PLAN AND OTHER SIMILAR LOANS: PROVIDED, THAT NO LESS THAN FORTY PERCENT (40%) OF THE INVESTIBLE FUND OF THE GSIS SOCIAL INSURANCE FUND SHALL BE INVESTED FOR THESE PURPOSES;

(D) IN REAL ESTATE OTHER THAN HOUSING LOANS AND OTHER INCOME GENERATING PROJECTS AND INVESTMENTS SECURED BY FIRST MORTGAGE ON REAL ESTATE;

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

(F) IN LOANS TO, OR IN BONDS, DEBENTURES, PROMISSORY NOTES OR OTHER EVIDENCE OF INDEBTEDNESS OF ANY SOLVENT CORPORATION, INCLUDING COOPERATIVES, CREATED OR EXISTING UNDER THE LAWS OF THE PHILIPPINES;

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

(H) IN SUBSIDIARIES OWNED, FORMED, ESTABLISHED OR MAINTAINED BY THE SYSTEM IN THE PHILIPPINES OR ABROAD;

(I) IN FOREIGN MUTUAL FUNDS INCLUDING INVESTMENTS RELATED TO THE OPERATIONS OF MUTUAL FUNDS AND IN FOREIGN CURRENCY DEPOSITS OR FOREIGN CURRENCY-DENOMINATED DEBTS, NON-SPECULATIVE EQUITIES AND OTHER FINANCIAL INSTRUMENTS OR OTHER ASSETS ISSUED IN ACCORDANCE WITH EXISTING LAWS OF THE COUNTRIES WHERE SUCH FINANCIAL INSTRUMENTS ARE ISSUED: PROVIDED, THAT THESE INSTRUMENTS OR ASSETS ARE LISTED IN

BOURSES OF THE RESPECTIVE COUNTRIES WHERE THESE INSTRUMENTS OR ASSETS ARE ISSUED: PROVIDED, FURTHER, THAT THE ISSUING COMPANY HAS PROVEN TRACK RECORD OF PROFITABILITY; AND

(J) IN SUCH OTHER INVESTMENTS WHICH IN THE DETERMINATION OF THE BOARD SHALL REDOUND TO THE BENEFIT OF THE SYSTEM AND ITS MEMBERS WHETHER IN THE PHILIPPINES OR ABROAD: PROVIDED, THAT ANY SUCH INVESTMENT SHALL BE MADE WITH DUE DILIGENCE AND PRUDENCE TO EARN THE HIGHEST POSSIBLE RATE OF RETURN ON INVESTMENTS CONSISTENT WITH SAFETY.

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

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

“SEC. [33] 39. *Exemption form Tax, Legal Process and Lien.* - It is hereby declared to be the policy of the State that the actuarial solvency of the Funds of the System shall be preserved and maintained at all times and that [the] contribution rates necessary to sustain the benefits under this Act shall be kept as low as possible in order not to burden the members of the System and their employers. Taxes imposed on the System tend to impair the actuarial solvency of its Funds and increase the contribution rate necessary to sustain the benefits [under] OF this Act. Accordingly, notwithstanding

any laws to the contrary, the System, its assets, revenues including all accruals thereto, and benefits paid, shall be exempt from all taxes, assessments, fees, charges or duties of all kinds. These exemptions shall continue unless expressly and specifically revoked and any assessment against the System as of the approval of this Act are hereby considered paid. CONSEQUENTLY, ALL LAWS, ORDINANCES, REGULATIONS, ISSUANCES, OPINIONS OR JURISPRUDENCE CONTRARY TO OR IN DEROGATION OF THIS PROVISION ARE HEREBY DEEMED REPEALED, SUPERSEDED AND RENDERED INEFFECTIVE AND WITHOUT LEGAL FORCE AND EFFECT.

Moreover, these exemptions shall not be affected by subsequent laws to the contrary [such as the provisions of Presidential Decree No. 1931 and other similar laws that have been or will be enacted,] unless this Section is expressly, SPECIFICALLY and categorically REVOKED OR repealed by law and a provision is enacted to substitute OR REPLACE the [declared policy or] exemption [from any and all taxes] REFERRED TO HEREIN as an essential factor TO MAINTAIN OR PROTECT the solvency of the Fund, NOTWITHSTANDING AND INDEPENDENTLY OF THE GUARANTY OF THE NATIONAL GOVERNMENT TO SECURE SUCH SOLVENCY OR LIABILITY.

The FUNDS AND/OR THE PROPERTIES REFERRED TO HEREIN AS WELL AS THE benefits [granted], SUMS OR MONEYS CORRESPONDING TO THE BENEFITS under this Act shall [not] be [subject among others, to] EXEMPT FROM attachment, garnishment, EXECUTION, levy or other processes ISSUED BY THE COURTS, QUASI-JUDICIAL AGENCIES OR ADMINISTRATIVE BODIES INCLUDING COMMISSION ON AUDIT (COA) DISALLOWANCES AND FROM ALL FINANCIAL OBLIGATIONS OF THE MEMBERS, INCLUDING HIS PECUNIARY ACCOUNTABILITY ARISING FROM OR CAUSED OR OCCASIONED BY HIS EXERCISE OR PERFORMANCE OF HIS OFFICIAL FUNCTIONS OR DUTIES, OR INCURRED RELATIVE TO OR IN CONNECTION WITH HIS POSITION OR WORK EXCEPT WHEN HIS MONETARY LIABILITY,

CONTRACTUAL OR OTHERWISE, IS IN FAVOR OF THE SYSTEM. [This, however, shall not apply to obligations of the members to the System, or to the employer, or when the benefits granted herein are assigned by the member with the authority of the System.]

“G. ADMINISTRATION

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

THE SYSTEM SHALL MAINTAIN A FIELD OPERATIONS NETWORK WHERE EACH PROVINCE OR CITY SHALL BE SERVICED BY EITHER A FULL FLEDGED BRANCH OFFICE OR A SATELLITE AGENCY.

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

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

(b) To adopt OR APPROVE from time to time [a] THE ANNUAL AND SUPPLEMENTAL budget for the administration and operation of the System AND TO AUTHORIZE SUCH OPERATING AND CAPITAL EXPENDITURES AND DISBURSEMENTS OF THE SYSTEM AS MAY BE NECESSARY OR PROPER FOR THE EFFECTIVE MANAGEMENT, OPERATION, AND ADMINISTRATION OF THE SYSTEM;

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

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

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

(f) To have the power of succession;

(g) To sue and be sued;

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

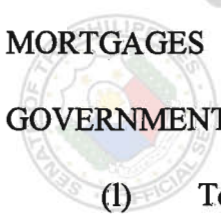
(i) To carry on any other lawful business whatsoever in pursuance of, or in connection with the provision of this Act;

(j) To have one or more offices in and outside of the Philippines, and to conduct its business and exercise its powers throughout and in any part of the Republic of the Philippines and/or in any or all foreign countries, states and territories;

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

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

(m) TO APPROVE APPOINTMENTS IN THE SYSTEM EXCEPT APPOINTMENTS TO POSITIONS WHICH ARE POLICY DETERMINING, PRIMARILY CONFIDENTIAL OR HIGHLY TECHNICAL IN NATURE ACCORDING TO THE CIVIL SERVICE RULES AND REGULATIONS; PROVIDED,



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FURTHER, THAT ALL POSITIONS IN THE SYSTEM SHALL BE GOVERNED BY A COMPENSATION AND POSITION CLASSIFICATION SYSTEM AND QUALIFICATIONS STANDARDS APPROVED BY THE GSIS BOARD OF TRUSTEES BASED ON A COMPREHENSIVE JOB ANALYSIS AND AUDIT OF ACTUAL DUTIES AND RESPONSIBILITIES: PROVIDED, THAT, THE COMPENSATION PLAN SHALL BE COMPARABLE WITH THE PREVAILING COMPENSATION PLANS IN THE PRIVATE SECTOR AND SHALL BE SUBJECT TO THE PERIODIC REVIEW BY THE BOARD NO MORE THAN ONCE EVERY FOUR YEARS WITHOUT PREJUDICE TO YEARLY MERIT REVIEWS OR INCREASES BASED ON PRODUCTIVITY AND PROFITABILITY: PROVIDED, HOWEVER, THAT THE SYSTEM SHALL ENDEAVOR TO CONFORM CLOSELY AS POSSIBLE TO THE PRINCIPLES AND MODES PROVIDED FOR IN R.A. 6758.

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

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

(p) TO ENTER INTO AGREEMENT WITH THE SOCIAL SECURITY SYSTEM OR ANY OTHER ENTITY, ENTERPRISE, CORPORATION, PARTNERSHIP OR OWNERSHIP FOR THE BENEFIT OF MEMBERS TRANSFERRING FROM ONE TO ANOTHER;

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

(r) TO COMPROMISE OR RELEASE, IN WHOLE OR IN PART, PENALTIES AND SURCHARGES ACCRUING TO THE SYSTEM, REGARDLESS

OF THE AMOUNT INVOLVED UNDER SUCH TERMS AND CONDITIONS AS IT MAY IMPOSE TO THE BEST INTEREST OF THE SYSTEM;

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

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

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

(v) TO ENSURE THE COLLECTION OR RECOVERY OF ALL INDEBTEDNESS, LIABILITIES AND/OR ACCOUNTABILITIES, INCLUDING UNPAID PREMIUMS OR CONTRIBUTIONS IN FAVOR OF THE SYSTEM ARISING FROM ANY CAUSE OR SOURCE WHATSOEVER, DUE FROM ALL OBLIGORS, WHETHER PUBLIC OR PRIVATE, THE BOARD SHALL DEMAND PAYMENT OR SETTLEMENT OF THE OBLIGATIONS REFERRED TO HEREIN WITHIN THIRTY (30) DAYS FROM THE DATE THE OBLIGATION BECOMES DUE, AND IN THE EVENT OF FAILURE OR REFUSAL OF THE OBLIGOR OR DEBTOR TO COMPLY WITH THE DEMAND, TO INITIATE OR INSTITUTE THE NECESSARY OR PROPER ACTIONS OR SUITS, CRIMINAL, CIVIL OR ADMINISTRATIVE OR OTHERWISE, BEFORE THE COURTS, TRIBUNALS,

COMMISSIONS, BOARDS, OR BODIES OF PROPER JURISDICTION WITHIN THIRTY (30) DAYS RECKONED FROM THE EXPIRY DATE OF THE PERIOD FIXED IN THE DEMAND WITHIN WHICH TO PAY OR SETTLE THE ACCOUNT;

(w) TO DESIGN AND IMPLEMENT PROGRAMS THAT WILL PROMOTE AND MOBILIZE SAVINGS AND PROVIDE ADDITIONAL RESOURCES FOR SOCIAL SECURITY EXPANSION AND AT THE SAME TIME AFFORD INDIVIDUAL MEMBERS APPROPRIATE RETURNS ON THEIR SAVINGS/INVESTMENTS. THE PROGRAMS SHALL BE SO DESIGNED AS TO SPUR SOCIO-ECONOMIC TAKE-OFF AND MAINTAIN CONTINUED GROWTH; AND

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

“SEC. [36] 42. *The Board of Trustees; Its Composition; Tenure and Compensation.* - The corporate powers and functions of the System shall be vested in, and exercised by the Board of Trustees composed of the President AND GENERAL MANAGER of the System and eight (8) other members to be appointed by the President of the Philippines, ONE (1) OF WHOM SHALL BE THE PRESIDENT OF THE PHILIPPINE PUBLIC SCHOOL TEACHERS ASSOCIATION (PPSTA), ANOTHER [three] TWO (2) [of whom] shall represent THE [three] TWO(2) leading organizations or associations of government employees, AND ANOTHER THREE (3) SHALL COME FROM THE BANKING, FINANCE AND INVESTMENT SECTORS. THE CHAIRMAN OF THE CIVIL SERVICE COMMISSION SHALL BE AN EX-OFFICIO MEMBER. The Trustees shall elect among themselves a Chairman [and a Vice-Chairman] WHILE THE PRESIDENT AND GENERAL MANAGER OF THE SYSTEM SHALL AUTOMATICALLY BE THE VICE-CHAIRMAN.

The Trustees, except the President AND GENERAL MANAGER [of the System] who shall cease as trustee upon his separation, shall hold office for [three] SIX (6) years

or until their successors are duly appointed and qualified. Vacancy, other than through the expiration of the term, shall be filled for the unexpired term only. The members of the Board shall be entitled to a *per diem* of [Five Hundred] TWO THOUSAND FIVE HUNDRED Pesos (P2,500.00) for each board Meeting actually attended by them, but not to exceed [two thousand] TEN THOUSAND pesos (P10,000.00) a month and reasonable transportation and representation allowances as [shall] MAY be fixed by the Board, PROVIDED, THAT THE SAME SHALL NOT EXCEED TEN THOUSAND PESOS (P10,000.00) A MONTH.

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

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

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

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

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

(d) Upon the recommendation of the President and General Manager, to approve the System's organizational and administrative structures and staffing pattern, and to establish, fix, review, revise and adjust the appropriate compensation package for the officers and employees of the System, with reasonable allowances, incentives, bonuses,

privileges and other benefits as may be necessary or proper for the effective management, operation and administration of the System;

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

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

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

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

The President and General Manager of the System shall be assisted by one or more executive vice-presidents, senior vice-presidents, [and] vice-presidents AND MANAGERS IN ADDITION TO THE USUAL SUPERVISORY AND RANK AND FILE POSITIONS who shall be appointed and removed by the President and General Manager of the System with the approval of the Board, IN ACCORDANCE WITH THE EXISTING CIVIL SERVICE RULES AND REGULATIONS.

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

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

“SEC. [39] 46. *Auditor.* - (a) The Chairman of the Commission on Audit shall be the ex-officio auditor of the System. For this purpose, he may appoint a representative who shall be the auditor of the System, and the necessary personnel to assist said representative in the performance of his duties. The number [of] AND salaries of [the auditor and] said personnel shall be determined by the Chairman of the Commission on Audit, subject to the appropriation by the GSIS Board [; in case of disagreement, the matter shall be submitted to the President of the Philippines whose decision shall be final]. Said salaries and all other expenses of maintaining the auditor’s office shall be paid by the System.

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

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

“SEC. [40] 47. *Legal Counsel.* - The Government Corporate Counsel shall be the legal [counsel of the System. For the performance of his duties and the services of the Legal Staff of the Office of the Government Corporate Counsel, the Board shall

appropriate, and the President and General Manager of the System shall remit, such amount as shall be determined by the Government Corporate Counsel with the approval of the Secretary of Justice.] ADVISER AND CONSULTANT OF THE SYSTEM BUT THE SYSTEM MAY ASSIGN TO THE OFFICE OF THE GOVERNMENT CORPORATE COUNSEL (OGCC), CASES FOR LEGAL ACTION OR TRIAL, ISSUES FOR LEGAL OPINIONS AND AGREEMENTS FOR THE DRAFTING/PREPARATION OF THE CORRESPONDING WRITTEN CONTRACTS, AND OTHERS, AS THE SYSTEM MAY DECIDE OR DETERMINE FROM TIME TO TIME. HOWEVER, THE PRESENT LEGAL SERVICES GROUP IN THE SYSTEM SHALL BE ITS LEGAL COUNSEL.

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

“SEC. 48. POWERS OF THE INSURANCE COMMISSION. - THE INSURANCE COMMISSIONER OR HIS AUTHORIZED REPRESENTATIVES SHALL MAKE AN EXAMINATION OF THE FINANCIAL CONDITION AND METHODS OF TRANSACTING BUSINESS OF THE SYSTEM AT LEAST ONCE EVERY TWO YEARS AND THE REPORT OF SAID EXAMINATION SHALL BE SUBMITTED TO THE BOARD OF TRUSTEES AND COPIES THEREOF BE FURNISHED THE CONGRESS AND THE OFFICE OF THE PRESIDENT WITHIN FIVE (5) DAYS AFTER THE CLOSE OF EXAMINATION: PROVIDED, HOWEVER, THAT FOR EACH EXAMINATION THE SYSTEM SHALL PAY THE OFFICE OF THE INSURANCE COMMISSIONER AN AMOUNT EQUAL TO THE ACTUAL EXPENSES OF SAID OFFICE IN THE CONDUCT OF THE EXAMINATION, INCLUDING THE SALARIES OF THE EXAMINERS AND OF THE ACTUARY OF SUCH EXAMINATION FOR THE ACTUAL TIME SPENT.

"H. GENERAL [AND PENAL] PROVISIONS**"SEC. 49. DISPENSATION OF SOCIAL INSURANCE BENEFITS. - (A)**

THE SYSTEM SHALL PAY THE RETIREMENT BENEFITS TO THE EMPLOYEE ON HIS LAST DAY OF SERVICE IN THE GOVERNMENT: PROVIDED ALL REQUIREMENTS ARE SUBMITTED TO THE SYSTEM WITHIN A REASONABLE PERIOD PRIOR TO THE EFFECTIVE DATE OF THE RETIREMENT;

(B) THE SYSTEM SHALL DISCONTINUE THE PROCESSING AND ADJUDICATION OF RETIREMENT CLAIMS UNDER R.A. NO. 1616 EXCEPT REFUND OF RETIREMENT PREMIUM, AND R.A. NO. 910. INSTEAD, ALL AGENCIES CONCERNED SHALL PROCESS AND PAY THE GRATUITIES OF THEIR EMPLOYEES. THE BOARD SHALL ADOPT THE PROPER RULES AND PROCEDURES FOR THE IMPLEMENTATION OF THIS PROVISION.

"SEC. 50. DEVELOPMENT AND DISPOSITION OF ACQUIRED ASSETS. -

THE SYSTEM SHALL HAVE THE RIGHT TO DEVELOP AND DISPOSE OF ITS ACQUIRED ASSETS OBTAINED IN THE ORDINARY COURSE OF ITS BUSINESS, TO ADD VALUE TO, IMPROVE PROFITABILITY ON, AND/OR ENHANCE THE MARKETABILITY OF AN ACQUIRED ASSET. THE SYSTEM MAY FURTHER DEVELOP/RENOVATE THE SAME EITHER WITH ITS OWN CAPITAL OR THROUGH A JOINT VENTURE ARRANGEMENT WITH PRIVATE COMPANIES OR INDIVIDUALS.

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

NO INJUNCTION OR RESTRAINING ORDER ISSUED BY ANY COURT, COMMISSION, TRIBUNAL OR OFFICE SHALL BAR, IMPEDE OR DELAY THE SALE AND DISPOSITION BY THE SYSTEM OF ITS ACQUIRED ASSETS EXCEPT ON QUESTIONS OF OWNERSHIP AND NATIONAL OR PUBLIC INTEREST.

“SEC. [41] 51. *Government Assistance to the System.* - The System may call upon any employer for such assistance as may be necessary in the discharge of its duties and functions.

“I. [GENERAL AND] PENAL PROVISIONS

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

(b) Whoever shall obtain or receive any money or check invoking any provision of this Act or any agreement thereunder, without being entitled thereto with the intent to defraud any member, any employer, the System, or any third party, shall be punished by a fine of not less than Five hundred pesos (P500.00) not more than Five thousand pesos (P5,000.00) or by imprisonment of not less than six (6) months nor more than one (1) year, or both, at the discretion of the court.

(c) Whoever fails or refuses to comply with the provision of this Act or with the rules and regulations adopted by the System shall be punished by a fine of not less than Five hundred pesos (P500.00) nor more than Five thousand pesos (P5,000.00), or by imprisonment of not less than six (6) months nor more than one (1) year, or both, at the discretion of the court.

[(d) The treasurer, finance officer, cashier, disbursing officer, or other employee who fails or refuses or delays by more than three months, to deduct the contributions of the employee shall be punished by a fine of not less than One thousand

pesos nor more than Five thousand pesos, or by imprisonment of not less than one year nor more than five years, or both, at the discretion of the court and shall, moreover, be disqualified from holding public office and from practicing any profession or calling licensed by the Government.]

[e] (D) Any employee or member who receives or keeps fund or property belonging, payable or deliverable to the System and appropriates the same, or takes or misappropriates or uses the same to any purpose other than that authorized by this Act, or permits another person to take, misappropriate or use said fund or property by expressly consenting thereto, or through abandonment or negligence, or is otherwise guilty of the misappropriation of said Fund or property, in whole or in part, shall suffer the penalties provided in Article [two hundred seventeen] 217 of the Revised Penal Code.

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

(F) ANY OFFICIAL EXERCISING THE FUNCTIONS OF HIS OFFICE EITHER IN AN ACTING CAPACITY OR AS AN OFFICER-IN-CHARGE, WHO FAILS, REFUSES OR DELAYS THE PAYMENT, TURNOVER, REMITTANCE OR DELIVERY OF ALL GOVERNMENT SHARES ON PREMIUM CONTRIBUTIONS TO THE SYSTEM WITHIN THIRTY (30) DAYS FROM THE TIME SUCH ACCOUNTS ARE OR HAVE BECOME DUE AND DEMANDABLE SHALL BE PUNISHED WITH AN IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR NOR MORE THAN FIVE (5) YEARS AND A FINE OF NOT LESS THAN TEN THOUSAND PESOS (P10,000.00) NOR MORE THAN TWENTY THOUSAND PESOS (P20,000.00) AND SHALL, MOREOVER, BE DISQUALIFIED FROM

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

(G) THE PRESIDENT, GENERAL MANAGER, ADMINISTRATOR, CHAIRMAN OR ANY OFFICER EXERCISING THE FUNCTION OF THEIR OFFICE IN AN ACTING CAPACITY OR AS AN OFFICER-IN-CHARGE AS WELL AS THE MEMBERS OF THE BOARD OF TRUSTEES OR DIRECTORS OF ANY GOVERNMENT OWNED OR CONTROLLED CORPORATIONS, WHO FAILS, REFUSES OR DELAYS THE PAYMENT, TURNOVER, REMITTANCES, DELIVERY TO THE SYSTEM OF THE EMPLOYEE SHARE OR CONTRIBUTION DEDUCTED AS WELL AS THE EMPLOYER SHARE OR CONTRIBUTION WITHIN THIRTY (30) DAYS FROM THE TIME THE SAID SHARES OR CONTRIBUTIONS ARE OR HAVE BECOME DUE AND DEMANDABLE, SHALL BE PUNISHED WITH AN IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR NOR MORE THAN (5) YEARS AND A FINE OF NOT LESS THAN TEN THOUSAND PESOS (P10,000.00) NOR MORE THAN TWENTY THOUSAND PESOS (P20,000.00) AND SHALL, MOREOVER, BE DISQUALIFIED FROM HOLDING PUBLIC OFFICE AND FROM PRACTICING ANY PROFESSION OR CALLING LICENSED BY THE GOVERNMENT.

(H) THE GOVERNOR, MAYOR OF ANY PROVINCE, TOWN OR ANY POLITICAL DIVISION OR SUBDIVISION OF THE GOVERNMENT OR HEADS OF OTHER BRANCHES OF THE GOVERNMENT WHO FAILS, REFUSES OR DELAYS THE PAYMENT, TURNOVER, REMITTANCE OR DELIVERY OF ALL ACCOUNTS DUE THE SYSTEM, I.E., CONTRIBUTIONS, LOAN REPAYMENTS, AND OTHERS, WITHIN THIRTY (30) DAYS FROM THE TIME SUCH ACCOUNTS ARE OR HAVE BECOME DUE AND DEMANDABLE SHALL BE PUNISHED WITH AN IMPRISONMENT OF NOT LESS THAN ONE (1) YEAR NOR MORE THAN FIVE (5) YEARS AND A FINE OF NOT LESS THAN TEN THOUSAND PESOS (P10,000.00) NOR MORE THAN TWENTY THOUSAND PESOS (P20,000.00) AND

SHALL, MOREOVER, BE DISQUALIFIED FROM HOLDING PUBLIC OFFICE AND FROM PRACTICING ANY PROFESSION OR CALLING LICENSED BY THE GOVERNMENT.

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

(J) FOR THE CHARGES OR COMPLAINTS REFERRED TO IN PARAGRAPHS (F), (G) AND (H) OF THIS SECTION, THE LIABILITIES HEREIN SET FORTH SHALL BE CONSTRUED AS CONSENT BY THE GOVERNMENT TO BE SUED. HENCE, THE OFFICIALS MENTIONED IN PARAGRAPH (F), (G), (H) AND (I) OF THIS SECTION MAY NOT INVOKE THE DEFENSE OF NON-SUABILITY OF THE STATE.

(K) FAILURE OF THE MEMBERS OF THE G SIS BOARD, INCLUDING THE CHAIRMAN AND THE VICE-CHAIRMAN, TO COMPLY WITH THE PROVISIONS OF PARAGRAPH (V) OF SECTION 41 HEREOF, SHALL SUBJECT THEM TO IMPRISONMENT OF NOT LESS THAN SIX (6) MONTHS NOR MORE THAN ONE (1) YEAR OR A FINE OF NOT LESS THAN FIVE THOUSAND PESOS (P5,000.00) NOR MORE THAN TEN THOUSAND PESOS (P10,000.00) WITHOUT PREJUDICE TO ANY CIVIL OR ADMINISTRATIVE LIABILITY WHICH MAY ALSO ARISE THEREFROM.

(L) THE TREASURER, BUDGET OFFICER, ADMINISTRATIVE OFFICER, HEAD OF OFFICE OR ANY OFFICIAL RESPONSIBLE FOR THE INCLUSION OF APPROPRIATION FOR CONTRIBUTIONS TO THE SYSTEM WHO FAILS TO INCLUDE IN HIS BUDGET SUCH APPROPRIATION/AMOUNT FOR G SIS' CONTRIBUTION IN ANY ONE BUDGET YEAR SHALL BE PENALIZED WITH THE FINE OF NOT LESS THAN ONE THOUSAND PESOS (P1,000.00) BUT

NOT MORE THAN FIVE THOUSAND PESOS (P5,000.00) OR IMPRISONMENT OF NOT MORE THAN ONE (1) YEAR.

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

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

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

“SEC. [45] 55. *Exclusiveness of Benefits.* - Whenever other laws provide similar benefits for the same contingencies covered by this Act, the member who qualifies [for] TO the benefits shall have the option to choose which benefits will be paid to him. However, if the benefits provided by the law chosen are less than the benefits provided under this Act, the System shall pay only the difference. [Provided, however, That when the disability or death of an employee or member is work-connected as defined in Presidential Decree No. 626, as amended, he shall be entitled to the benefits therefor as provided herein, chargeable against the State Insurance Fund.]

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

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

“SEC. [48] 58. *Repealing Clause.* - All laws AND ANY OTHER LAW or parts of law[s] specifically inconsistent herewith [shall be considered amended or] ARE HEREBY repealed OR MODIFIED accordingly: PROVIDED, THAT THE RIGHTS UNDER EXISTING LAWS, RULES AND REGULATIONS VESTED UPON OR ACQUIRED BY AN EMPLOYEE WHO IS ALREADY IN THE SERVICE AS OF THE EFFECTIVITY OF THIS ACT SHALL REMAIN IN FORCE AND EFFECT: PROVIDED, FINALLY, THAT SUBSEQUENT TO THE EFFECTIVITY OF THIS ACT, A NEW EMPLOYEE OR AN EMPLOYEE WHO HAS PREVIOUSLY RETIRED OR SEPARATED AND IS REEMPLOYED IN THE SERVICE, SHALL BE COVERED BY THE PROVISIONS OF THIS ACT.

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

Approved,”

