

SENATE

S. NO. 132

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INTRODUCED BY SENATORS HERRERA, SOTTO III, LINA,  
JR., MACEDA, ROCO, ROMULO, OPLE, WEBB,  
MACAPAGAL-ARROYO, TATAD, ANGARA AND  
REVILLA

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AN ACT AMENDING ARTICLE 287 OF PRESIDENTIAL  
DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN  
AS THE LABOR CODE OF THE PHILIPPINES, BY  
PROVIDING FOR RETIREMENT PAY TO QUALIFIED  
PRIVATE SECTOR EMPLOYEES IN THE ABSENCE OF  
ANY RETIREMENT PLAN IN THE ESTABLISHMENT

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

1 SECTION 1. Article 287 of Presidential Decree No. 442, as  
2 amended, otherwise known as the Labor Code of the Philippines, is  
3 hereby amended to read as follows:

4 "ART. 287. *Retirement.* Any employee may be  
5 retired upon reaching the retirement age established in the  
6 collective bargaining agreement or other applicable  
7 employment contract.

8 "In case of retirement, the employee shall be entitled  
9 to receive such retirement benefits as he may have earned

1 under existing laws and any collective bargaining  
2 AGREEMENT and other agreements: *PROVIDED*,  
3 *HOWEVER*, THAT AN EMPLOYEE'S RETIREMENT  
4 BENEFITS UNDER ANY COLLECTIVE BARGAINING  
5 AND OTHER AGREEMENTS SHALL NOT BE LESS  
6 THAN THOSE PROVIDED HEREIN.

7 "IN THE ABSENCE OF A RETIREMENT PLAN  
8 OR AGREEMENT PROVIDING FOR RETIREMENT  
9 BENEFITS OF EMPLOYEES IN THE ESTABLISH-  
10 MENT, AN EMPLOYEE UPON REACHING THE AGE  
11 OF SIXTY (60) YEARS OR MORE MAY RETIRE AND  
12 SHALL BE ENTITLED TO RETIREMENT PAY EQUIVA-  
13 LENT TO AT LEAST ONE (1) MONTH SALARY FOR  
14 EVERY YEAR OF SERVICE, A FRACTION OF AT LEAST  
15 SIX (6) MONTHS BEING CONSIDERED AS ONE  
16 WHOLE YEAR.

17 "UNLESS THE PARTIES PROVIDE FOR BROADER  
18 INCLUSIONS, THE TERM 'MONTHLY SALARY'  
19 SHALL REFER TO THE BASIC SALARY OR WAGE  
20 PAID BY AN EMPLOYER TO AN EMPLOYEE FOR  
21 SERVICES RENDERED ON NORMAL WORKING DAYS  
22 AND HOURS BUT DOES NOT INCLUDE COST OF  
23 LIVING ALLOWANCES, PROFIT SHARING PAYMENTS,  
24 PREMIUM PAYMENTS, THIRTEENTH MONTH PAY  
25 OR OTHER MONETARY BENEFITS WHICH ARE NOT

1           CONSIDERED AS PART OF OR INTEGRATED INTO  
2           THE REGULAR SALARY OR WAGE OF THE  
3           EMPLOYEES.”

4           SEC. 2. Retail enterprises which employ ten (10) or less employ-  
5           ees shall be exempted from the coverage of this Act for a period of five  
6           (5) years from its effectivity.

7           SEC. 3. Nothing in this Act shall deprive any employee of  
8           benefits to which he may be entitled under existing laws and employment  
9           practices.

10          SEC. 4. This Act shall take effect fifteen (15) days after its  
11          complete publication in the *Official Gazette* or in at least two (2)  
12          national newspapers of general circulation, whichever comes earlier.

          Approved,



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