

... At Long Last!

REPUBLIC ACT 660, THE LONG AWAITED RETIREMENT LAW HAS COME!

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Republic Act 660 known as **The Retirement Insurance Benefit Law** has been approved. It provides for security in old age. Teachers can now rejoice and lift their praises to heaven. This law is the much-awaited answer to their prayers at a time when teachers are becoming desperate in their frantic effort to solve the problem of providing security for old age. Here are a few salient points in the law:

House Bill No. 1631, which has now become a law after the President of the Philippines has signed it, is an amendment to Commonwealth Act 186 entitled "An Act to create and establish a Government Service System, to provide for its administration, and to appropriate the necessary funds therefor," and provides **RETIREMENT INSURANCE AND FOR OTHER PURPOSES.**

1. What is this retirement insurance benefit?

Answer: As its name indicates, it is a material benefit coming to teachers after their retirement from active service when they reach old age. This is in addition to their life insurance which they now enjoy and for which they con-

tribute 3% of their monthly income, matched by the government share of 3%.

2. Who are entitled to the benefit of the retirement insurance?

Answer: All regular and permanently appointed employees, including those whose tenure of office is fixed or limited by law. All public school teachers except substitutes. Membership will be compulsory upon regularly and permanently appointed employees of a municipal government below first class only if and when said government has joined the System under such terms and conditions as the latter may prescribe. Membership in the System is optional with an elective official of both the National and local governments.

3. How much does a teacher contribute under this retirement insurance?

Answer: Section 5 of the law provides that 4% of a teacher's monthly salary shall be contributed to the System; the government sharing 6% in the case of those whose salary is ₱200.00 or less. In the case of those who are

getting more than ₱200.00 monthly salary, a contribution of 5% shall be made to the System, with the government paying its corresponding share of 5%. In no case will the premium paid to the System exceed ₱37.50 per month.

4. When does a teacher become insured under this retirement insurance?

Answer: On the last day of the third calendar month following the month this act was approved or the employee entered the service, whichever ever is the later date.

5. What age requirement and length of service are needed before one could retire under this Act?

Answer: One must be at least 57 years old and must have rendered 30 years of service.

6. When is the retirement benefit payable?

Answer: Not earlier than one year after the approval of this Act. Since the act was approved June 16, 1951, payment of the benefit will not commence until June 17, 1952. Life annuity is payable monthly for at least 5 years and thereafter as long as the insured lives. The maximum monthly annuity at the age of fifty-seven shall not in any case exceed two-thirds of said average monthly salary or five hundred pesos, whichever ever is the smaller amount.

7. How much does one get if he reaches 57 years and has rendered at least 30 years of service?

Answer: Section 11, Part II of the Act gives the following answer:

A teacher gets—

₱20.00 plus

1.6% of average monthly salary during the last 5 years;

1.2 of average monthly salary for each year of service rendered prior to the approval of the Act, if said service was at least 7 years;

1.2% of average monthly salary, if retirement be at an age other than 57 years. In no case will the benefit exceed 2/3 of the monthly salary of the insured.

To better understand this retirement benefit, let us give the following concrete example: Teacher X was 23 years old when he entered the government service as a teacher. His original appointment took effect on June 10, 1920. How much will he receive for his retirement under the date given above? Teacher X has to his credit 34 years, 3 years of which were served after the passage of the Act and 31 years were served before the passage of the law. (Let us assume that his monthly salary for the last 5 years of his service was ₱200.00)

₱200.00 multiplied by 1.6% equals ₱3.20. Multiply this by 3, because he served for 3 years after the passage of the Act, the product is ₱9.60.

₱200.00 multiplied by 1.2% equals ₱2.40. Multiply this by 31 years, the length of time teacher X had served prior to the approval of the act, the product is ₱74.40. All in all, teacher X gets ₱20.00, plus ₱9.60, plus ₱74.40, or a total of ₱104.00.

If teacher X does not want this kind of retirement, he can make the following elections:

- (a) Monthly annuity during the joint lives of the teacher and his wife or other designated beneficiary, which annuity shall be reduced by one-half upon the death of the spouse, to be paid to the survivor.
- (b) For those who are at least 65 years old, lump sum payment of present value of annuity for first 5 years and future annuity payable monthly.

There are other benefits payable to the insured subject to the approval of the Board, such as—

Survivors' benefit—

Upon death before one becomes eligible for retirement, his beneficiaries as recorded in the application for retirement annuity filed with the System shall be paid his own premiums with interest at 3% compounded monthly. If on his death he is eligible for retirement, then the automatic retirement annuity chosen by him previously shall be paid accordingly.

Disability benefit—If one becomes permanently disabled and his services are no longer needed, he shall be discharged and paid his own contributions with interest at 3%, compounded monthly if he has served less than 5 years. If he has served at least 5 years but less than 15 years, he shall also be paid the corresponding employer's (the government's share) premium without interest. If he has served 15 years, he shall be retired and be entitled to the bene-

fit provided under subsection (a) of this section. Upon dismissal for cause or on voluntary separation, he shall be entitled only to his own premiums and voluntary deposits, if any, plus interest at 3% per annum compounded monthly.

Any teacher entitled to benefit under this Act must be at least 57 years old and must have served for at least 30 years, the last three years being continuous, and he must have contributed for at least 5 years. Said contributions may, upon his request and approval by the Board, be deducted from his life annuity under such terms and conditions as the Board may prescribe.

If one has attained the age of 57 and has served less than 30 years, he may be allowed to retire provided that each year of decrease in year of service shall be compensated for by one-half year increase in age over 57 years.

If one is below 57 years and has rendered 30 years or more of service, the deficiency may be compensated for by one year of service above 30 years for every year of deficiency below 57. For example, one is 55 years and has rendered 32 years of service. The deficiency in age requirement may be offset by the excess of 2 years above 30 years of service.

RE LABORERS AND JANITORS—If one is a laborer or a janitor, the age mentioned above may be decreased by not more than 5 years at the discretion of the System. In all cases no one can retire under this act if he is below 52 years, or his total length of service is less than 15 years.

Second Congress of the Republic
of the Philippines
Second Session

S. No. 14

(REPUBLIC ACT NO. 611)

AN ACT FURTHER AMENDING SECTION TWO HUNDRED AND EIGHTY-SIX OF THE REVISED ADMINISTRATIVE CODE, AS AMENDED.

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

SECTION 1. Section two hundred and eighty-six of the Revised Administrative Code, as amended, is hereby further amended to read as follows:

"SEC. 286. *When vacation leave and sick leave may be taken.*—Vacation leave and sick leave shall be cumulative and any part thereof which may not be taken within the calendar year in which earned may be carried over to the succeeding years, but whenever any officer, employee, or laborer of the Government of the Philippines shall voluntarily resign or be separated from the service through no fault of his own, he shall be entitled to the commutation of all accumulated vacation and/or sick leave to his credit: *Provided*, That the total vacation leave and sick leave that can accumulate to the credit of any officer or employee shall, in no case, exceed five months: *Provided, further*, That the proper Department Head may in his discretion authorize the commutation of the salary that would be received during the period of vacation and sick leave of any appointed officer or employee or teacher or laborer of the Philippine Government and direct its payment on or before the beginning of such leave from the fund out of which the salary would have been paid: *Provided, furthermore*, That no person whose leave has been commuted following his separation from the service shall be reappointed or reemployed under the Government of the Philippines before the expiration of the leave commuted unless he first refunds the money value of the unexpired portion of the leave commuted."

SEC. 2. This Act shall take effect upon its approval.

Approved,

Department of Public Works and Communications
BUREAU OF POSTS
Manila

SWORN STATEMENT
(Required by Act No. 2580)

The undersigned, **MARCELINO BAUTISTA**, Editor of the **PHILIPPINE EDUCATOR**, published **monthly except May and June**, in **English** at **3 Bulusan, Sta. Mesa Heights, Quezon City**, after having been duly sworn in accordance with law, hereby submits the following statement of ownership, management, circulation, etc., which is required by Act. 2580, as amended by Commonwealth Act No. 201:

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