

Information on the Retirement Laws

By Salvador L. Bautista

Q. 1. How many retirement laws do we now have, and how do they affect the teachers in so far as eligibility to retire and benefits are concerned?

A. We now have the following:

Rep. Act 660 — which provides for Optional form of retirement upon one's having reached 57 years old with a total service credit of 30 years; Automatic and Compulsory form of retirement upon one's reaching the age of 65 years and with at least 15 years service;

Rep. Act 728 — which provides for the rate and form of premiums payment;

Rep. Act 1123 — which provides for another form of Optional retirement at age 60 years, and with 33 years service; and lastly,

Rep. Act 1616 — which provides for 30 and 20 years service, regardless of age, as additional form of Optional retirement.

Q. 2. How does the new law, Rep. Act 1616 affect the teachers? What advantage, if any, has that Act over the other retirement Acts? Is it better, say, than 660 or 1123? Please explain.

A. For those who could not qualify to retire under Rep. Act 660 or 1123, they now can retire upon their having served 30 or 20 years, regardless of age. Those who, for some valid or compelling reasons, would want to retire now but could not be eligible to retire under the other Acts, can do so now, provided they have served 20 or 30 years.

Q. 3. Some years ago, we expressed our desire by writing, to retire under the Osmeña Act, Rep. Act 2589. We are still in the service, and we would like now to change our mind. Could we avail ourselves to retire under the provisions of say Acts 660, 1123 or 1616. In other words, can we still choose?

A. Those who have already established their rights to retire under the Osmeña Act come within the jurisdiction of the Bureau of Civil Service. They were given up to December 31, 1952 to choose by writing, under which Act they prefer to retire. In other words, the 'preferment' as between one or the other was set on December 31, 1952.

Q. 4. For purposes of retirement under Rep. Act 660, what leave or leaves of absence is counted as part of the aggregate period of service?

A. Only "leave of absence without pay due to illness for not to exceed one year" — is counted as part of the aggregate period of service, provided the employee concerned pays his and the employer's contribution for the retirement premium corresponding that period.

Q. 5. For those retiring at age 65 years old with 15 years service, is "offsetting" allowed, that is, a younger age of retirement may be permitted provided that each year decrease — may be compensated by one year increase, or vice-versa? Is this possible?

A. No. Only those retiring under the Optional form, that is 57 years old or less with 30 years or more service is "offsetting" allowed.

Q. 6. What is the "minimum" age and service required, before one is qualified to retire under Act 660?

A. If he is only 52 years old and his total service is less than 15 years, he is not qualified to retire.

Q. 7. If upon death and before he becomes eligible for retirement, what benefits, if any, will his beneficiaries get?

A. The beneficiaries as recorded in the application for retirement annuity filed in the System shall be paid his own premiums with interest of 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.

Q. 8. Supposing he is dismissed for cause, or separated voluntarily, what happens then?

A. He is entitled only to his own premiums plus interest of 3% per annum compounded monthly.

Q. 9. When was the Retirement Act 660 passed by Congress and when did it take effect?

A. Passed by Congress and took effect June 16, 1951.

Q. 10. Supposing, by reason of disqualification, say due to very poor eyesight, dizzy spells, suffering from TB disease, rheumatic or becomes invalid, or he is suffering from a lingering illness, and therefore, is unable to perform satisfactorily and efficiently the duties of his position, can he be retired under any of the laws? What benefits will he get?

A. He can retire under the Total and Permanent disability proviso of Act 660. He is given (if his ap-

plication for retirement is approved) cash allowances from time to time during his lifetime and as long as the disability subsists.

Q. 11. What papers must one need to file in this kind of retirement?

A. Prepared GSIS Forms I, II, III.

Q. 12. What happens if an employee stays longer in office and continue serving, although his date of retirement has already been set and approved? Will he be paid for his "over service"?

A. On the contrary, he will be asked to refund whatever salary he has received due to the "over service". This refund can only be excused upon proper dispensation from the President of the Philippines.

Q. 13. Can a retired employee who is not 65 years old receive lump sum payment for 5 years? In other words, are there instances where an employee retiring below 65 years old, be allowed to receive lump sum payment for 5 years?

A. In certain special, meritorious cases, a retiring employee may be paid lump sum payment for 5 years, but in this case, the approval or recommendation of the President is necessary. Upon his recommendation, usually, the Board of Trustees of the GSIS, approves such a meritorious and deserving cases, as exemption to the general rule.

Q. 14. Will you please make a summary of the provisions of the retirement laws, and their benefits to prospective retiring teachers.

Act 660 — Optional

57 years old with 30 years service — Monthly annuity for life.

Act 1123 — Optional

60 years old with 33 years service — Lump sum payment yearly for first 5 years; life annuity thereafter.

(61- 62- 63- 64 years old w/24 years service) — Monthly annuity for life.

Act 660 — Automatic and Compulsory

65 years old (absolute requirement) with at least 15 years service — Lump sum payment for first 5 years; monthly life annuity thereafter.

(If one gets sick or incapacitated to work due to physical disability, but has at least 15 years of service) — He can be retired under the Total and Permanent disability. Cash allowances are paid to him from time to time during his lifetime and as long as the disability lasts. If his condition improves and he recovers from his disability, his pension stops.

How to compute the Benefits of Acts 660 and 1123:

(a) *Prior service*, that is, From Original date of Appointments, to June 15, 1951;

(b) *After service*, that is, From June 16, 1951 to Date of Retirement;

1. Original date of Appointment, to June 15, 1951, multiplied by 1.2%

2. From June 16, 1951, to Date of Retirement, multiplied by 1.6%

Add the two, then multiply the same by the average monthly salary received for the last 5 years; then Add ₱20.00.

Act 1616 — Optional (For those who could not qualify to retire under 660 or 1123)

It provides 30 and 20 years service, regardless of age.

(30 years) *Computation of Benefit:*

(a) Original date of Appointment, to June 15, 1951, multiplied by 1.2%.

(b) From June 16, 1951, to Date of Retirement: Refund of accumulated personal and government share of premiums, multiplied by 0.25 interest.

Add the two. This is a Monthly annuity for life.

(20 years)

(a) Refund of personal premiums ONLY, with 3% interest compounded monthly;

(b) Earned vacation and sick leave.

(c) He will be paid, in addition, a gratuity of not more than 24 months or the equivalent of one month gratuity for each year of service.

Note: (b) and (c) are to be paid by Employer or the BPS.

Q. 15. Is it in Cash?

A. Undoubtedly, Yes. But it depends on the availability of funds.

16. Q. It seems that the annuity that one gets if he retires under 20 years is greater than what one gets under 30 years of service, in that, while, under the 20 years, he is given, in addition, a gratuity for one month pay for every year of service not to exceed 24 months; while under 30 years, he is not given any?

A. Apparently, Yes. But in truth, the one who has rendered 30 years will receive greater benefit than the one with only 20 years service, because of his longer years of service.

Q. 17. Please explain the different benefits to choose from.

A. They are: (a) Monthly annuity during lifetime. The employee intends to enjoy the benefit alone; (b) monthly annuity during the joint-lives of the employee and his wife or other designated beneficiary, which annuity, will be reduced to one-half, upon death of either. If you want to transmit the benefits, say, to your children, choose this one; (c) This benefit is available only to employees who retire at age 65 years or over; and (d) This benefit is available only to employees who retire at age 60 years or over with at least 33 years service.