

**[ REPUBLIC ACT NO. 3796, June 22, 1963 ]**

**AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT  
NUMBERED THREE HUNDRED AND FORTY, OTHERWISE KNOWN  
AS THE ARMED FORCES RETIREMENT LAW, AS AMENDED.**

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

SECTION 1. Section two of Republic Act Numbered Three hundred and forty is hereby amended to read as follows:

"SEC. 2. When an officer or enlisted man is retired under the provisions of Section one above, he shall, at his option, receive a gratuity equivalent to one month of his base and longevity pay on the date of retirement for every year of service such gratuity to be payable in one lump sum, or an annual retirement pay equivalent to two and a half per cent of the annual base and longevity pay received by him on the date of retirement for each year's active service rendered but not exceeding seventy-five per cent of the total base and longevity pay received by him on the date of retirement: *Provided, however,* That such retirement pay shall be subject to adjustment based on the prevailing scale of base pay of officers and enlisted men in the active service, such retirement pay to be payable in equal monthly installments: *Provided, further,* That this rate of retirement pay shall not be applicable to officers or enlisted men separated from the service through the action of classification or efficiency boards and courts martial, or as a result of their own misconduct or resignation except as provided in Section eight (d) of this Act. Nothing in the section shall be construed as authorizing payment of any differential in retirement pay to retired officers and enlisted men as a result of any increases in the scale of salary of officers and enlisted men in the active service prior to the approval of this Act."

SEC. 2. Section six of the same Act, as amended, is further amended to read as follows:

"SEC. 6. When called for active service, retired officers and enlisted men shall receive the full pay of their rank or grade. While on inactive status, they, including their wives or widows and minor children at the time of retirement, shall be entitled to the same privileges as officers and enlisted men in the active service, to include medical and dental care, hospitalization and other privileges: *Provided, however,* That the