

[REPUBLIC ACT NO. 1573, June 16, 1956]

AN ACT TO AMEND COMMONWEALTH ACT NUMBERED ONE HUNDRED EIGHTY-SIX AS AMENDED BY REPUBLIC ACTS NUMBERED SIX HUNDRED SIXTY, SEVEN HUNDRED TWENTY-EIGHT AND ELEVEN HUNDRED TWENTY-THREE.

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

SECTION 1. Subsection (c) of section two of Commonwealth Act Numbered One hundred eighty-six, otherwise known as the Government Service Insurance Act, is hereby amended to read as follows:

"(c) 'Salary, pay, or compensation' shall be so construed as to exclude all bonuses, per diems, allowances and overtime pay, or salary, pay or compensation given in addition to the base pay of the position or rank as fixed by law or regulations."

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

"SEC. 4. *Scope of application of System.*—(a) Membership in the System shall be compulsory upon all regularly and permanently appointed employees, including judges of the Courts of First Instance and those whose tenure of office is fixed or limited by law, upon all teachers except only those who are substitutes; and upon all regular officers and enlisted men of the Armed Forces of the Philippines.

"(b) Membership in the System shall be optional for any employee who is not included in the next preceding subsection or who is otherwise excluded from compulsory membership by the provisions of this Act: *Provided*, That if he desires to come within the purview of this Act, he must notify the System in writing to that effect: *Provided, further*, That he complies with the requirements of the System and that he is in the government service when his insurance takes effect: *And provided, finally*, That after his admission into the System he shall be eligible to either life or retirement insurance benefits, or to both, for which the rates of premiums or contributions scribed in section five of this Act shall be paid by including the share otherwise payable by his employer which is hereby empowered, however, to pay for its share of the premiums on the insurance of employees described in this paragraph."

SEC. 3. Subsection (a) of section five of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 5. (a) *Rates of contributions or premiums.*—For the benefits described hereunder, each employee who is a member of the System and his employer shall pay the monthly rates of contributions or premiums specified in the following schedule:

		Percentage of monthly salary payable by		Remarks
		Employee	Employer	
I.	Life insurance	1	1	Applicable in the case of a civilian employee insured on or after June 16, 1951, but prior to September 30, 1956, unless he chooses to change his old membership policy and be re-insured under as new one, in which case the next succeeding rate shall apply.
		3	3	Applicable in the case of a civilian employee insured prior to June 16, 1951, or on or after September 30, 1956.
		5	0	Applicable in the case of an officer or an enlisted man of the Armed Forces.
II.	Retirement insurance	4	6	If employee's monthly salary is P200 or less.
		5	5	If employee's monthly salary is more than P200, but his premium for this benefit shall not exceed P37.50 per month.

"It shall be compulsory for each employer to pay its share of the premiums or contributions in accordance with the rates indicated above, unless it requests reduction of said rates and the System finds, after an examination of said employer's financial condition, that it cannot afford to pay said rates, in which case it shall pay only such rates of premiums or 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 such rules and regulations as the System shall adopt.

"Payment of premium for retirement insurance shall begin on the last day of June, nineteen hundred and fifty-one, or of the calendar month the employee entered the service, whichever is the later date; and that for life insurance shall begin on the last day of the calendar month preceding the month in which one's insurance takes effect: *Provided, however, That*

retirement premiums shall not be required of Justices of the Supreme Court and the Court of Appeals, officers and enlisted men of the armed forces, who are hereby excluded from said benefit.

"Unpaid premiums or contributions shall bear such rate of interest not exceeding six *per centum per annum* as the Board may prescribe."

SEC. 4. Subsection (a) of section seven of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 7. *Additional amounts or premiums.*—(a) For the amount of annuity corresponding to the services rendered by an employee prior to June sixteen, nineteen hundred and fifty-one, his employer as of the date of his retirement shall, under such rules and regulations as the System may prescribe, pay the necessary additional amounts or premiums: *Provided*, That in the case of a provincial treasurer, provincial auditor, municipal treasurer, or other official or employee whose appointment in the last employer which pays his salary is not made by said employer, the necessary additional premiums shall be paid by all previous employers in proportion to the length of service rendered to and salary received from each employer: *Provided, further*, That the share of each employer shall be withheld or deducted from its revenue or income and remitted to the System by the officials mentioned in the last paragraph of section twenty-four of this Act: *Provided, also*, That the share of a non-existing or a non-member employer shall be borne by the last employer: *And provided, finally*, That this obligation may not be paid in installments without the prior approval of the System if the employer that is liable for said obligation, partly or fully, is a corporation owned or controlled by the Government. In lieu of the apportionment of obligations specified above the Board of Trustees may adopt such manner of apportionment of said obligations or plan of payment thereof as it may deem just and equitable, after due consideration of the financial condition of the employer concerned."

The amendment to this subsection shall retroact as of June sixteen, nineteen hundred and fifty-one.

SEC. 5. Subsection (c) of section eight of the same Act, as amended, is hereby further amended to read as follows:

"SEC. 8. * * * (c) *Amount and kind of insurance.*—Membership insurance shall be in such form and under such terms and conditions as the Board may prescribe and the member may select: *Provided*, That upon his request a civilian employee who was insured on or after June sixteen, nineteen hundred and fifty-one but prior to September thirty, nineteen hundred and fifty-six, may have his old membership insurance changed into one which the Board may allow, subject to the rules and regulations it may adopt."

SEC. 6. Subsections (a) and (c) of section eleven of the same Act, as amended, are hereby further amended to read as follows:

"SEC. 11. (a) *Amount of annuity.*—Upon retirement after faithful and satisfactory service a member shall be automatically entitled to a life annuity guaranteed for at least five years and thereafter as long as he lives. The amount of the monthly annuity at the age of fifty seven years shall be twenty pesos, plus, for each year of service rendered after the approval of this Act, one and six-tenths *per centum* of the average monthly salary received by him during the last five years of service, plus, for each year of service rendered prior to the approval of this Act, if said service was at least seven years, one and two-tenths *per centum* of said average monthly salary: *Provided*, That this amount shall be adjusted actuarially if retirement be at an age other than fifty-seven years: *Provided, further*, That the maximum amount of monthly annuity at age fifty seven shall not in any case exceed two thirds of said average monthly salary or five hundred pesos, whichever is the smaller amount: *And provided, finally*, That retirement benefit shall be paid not earlier than one year after the approval of this Act. In lieu of this annuity, he may prior to his retirement elect one of the following equivalent benefits:

"(1) Monthly annuity during his lifetime;

"(2) Monthly annuity during the joint-lives of the employee and his wife or other designated beneficiary, which annuity, however, shall be reduced upon the death of either to one-half and be paid to the survivor;

"(3) For those who are at least sixty-five years of age, lump sum payment of present value of annuity for first five years and annuity thereafter to be paid monthly; and for those who are at least sixty years of age and have rendered thirty-three years of service or more, the present value of the annuity for the first five years to be paid in five equal annual installments, each payable at the beginning of each year, and the annuity thereafter to be paid monthly: *Provided*, That said lump sum payment or annual installments of annuity may be made to a retired employee only if the premiums paid by and for him are sufficient to cover said payment or payments: *Provided, further*, That it shall be compulsory for an employer to pay on the date of retirement, in preference to all other obligations, except salaries and wages of its employees, its share of at least the premiums required to permit an employee to enjoy this option.

"(4) Such other benefit as may be approved by the System.

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"(c) *Disability benefit.*—If he becomes permanently and totally disabled and his services are no longer desirable, he shall be discharged and paid his own contributions with interest of three *per centum per annum*, compounded monthly, if he has served less than five years; if he has served at least five years but less than fifteen years, he shall be paid also the corresponding employer's premiums, without interest, described in subsection (a) of section five hereof and if he has served at least fifteen years he shall be retired and be entitled to the benefit provided' under subsection (a) of this section. The Board is hereby empowered to fix and