

[REPUBLIC ACT No. 728, June 18, 1952]

AN ACT TO FURTHER AMEND THE GOVERNMENT SERVICE INSURANCE ACT, AS AMENDED BY REPUBLIC ACT NUMBERED SIX HUNDRED SIXTY, AND TO AMEND SECTION TWENTY-SIX OF THE LATTER ACT.

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

SECTION 1. Subsection (a) of section five of Commonwealth Act Numbered One hundred eighty-six, otherwise known as the Government Service Insurance Act, as amended by Republic Act Numbered Six hundred sixty, is 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:

"MONTHLY CONTRIBUTIONS OF PREMIUMS

Benefits	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, except as otherwise provided in this Act.
	3	3	Applicable in the case of a civilian employee already insured prior to June 16, 1951, unless he chooses to convert his old membership policy and be

			reinsured under a new one, in which case the first rate shall apply.
	5	0	Applicable in the case of a regular officer or an enlisted man.
	4	6	If employee's monthly salary is P200 or less.
II. Retirement insurance	5	5	If employee's monthly salary is more than P200, but his premium for this benefit shall not exceed P37.50 per month.

"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, elective officials, and regular officers and enlisted men, 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. 2. The first paragraph of section six of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 6. *Employer's premiums.*—Each employer shall include in its annual appropriation and remit to the System, in preference to other obligations except salaries and wages .of its employees, the necessary amounts for its corresponding shares of the premiums described in subsection (a) of section five, plus any extra premiums that may be required on account of the hazards or risks of its employees' occupations, plus the additional amounts, if any, required in the next following section: *Provided, however,* That if one's compulsory membership policy matures, the employer's premium for his life insurance shall cease until he acquires a new membership policy, which, however, shall be granted only upon satisfactory evidence of insurability: *And provided, finally,* That in case of

transfer of an employee from one employer to another, the former employer shall be relieved of paying further premiums for him, and the new employer, whether or not it has joined the System, shall assume the same, appropriating therefor the necessary amount."

SEC. 3. Subsection (a) of section seven of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 7. *Additional premiums.*—(a) For the amount of annuity corresponding to the services rendered by an employee prior to June sixteen, nineteen hundred fifty-one, his employer as of the date of his retirement shall pay under such rules and regulations as the System may prescribe the necessary additional amounts or premiums: *Provided*, That this obligation may not be paid in installments without the prior approval of the System if the employer is a corporation owned or controlled by the Government."

SEC. 4. Subsection (c) of section eight of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"(c) *Amount and kind of insurance.*—Membership insurance shall be term insurance of an amount equal to the employee's current annual salary, except in cases in which the System disapproves such kind of insurance and allows instead either an endowment or a pure endowment insurance: *Provided, however*, That this subsection shall not apply to any civilian employee who prior to June sixteen, nineteen hundred fifty-one, was already insured in the System nor a regular officer or an enlisted man. *And provided further*, That upon his request, a civilian employee may have his old membership insurance changed into a paid-up endowment insurance and be reinsured under another membership insurance on submission of satisfactory evidence of insurability unless such request be made within one year from June sixteen, nineteen hundred and fifty-one. Membership insurance of an elective official shall be, as he may select, either the term insurance described above or an endowment insurance whose amount shall be whatever the six *per centum* monthly premium will buy."

SEC. 5. Paragraph (3), subsection (a) of section eleven of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"(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 future annuity to be paid monthly: *Provided, however*, That there shall be no discount from the annuity for the first five years of those who are sixty-five years

of age or over on the date of approval of Republic Act Numbered Six hundred sixty."

SEC. 6. Subsections (c) and (e) of section twelve of Commonwealth Act Numbered One hundred eighty-six, as such section was inserted therein by Republic Act Numbered Six hundred sixty, are amended to read as follows:

"(c) Retirement shall be automatic and compulsory at the age of sixty-five years, if he has completed fifteen years of service and if he has not been separated from the service during the last three years of service prior to retirement; otherwise he shall be allowed to continue in the service until he shall have completed the required length of service unless he is otherwise eligible for disability retirement. This clause shall not apply to members of the judiciary and constitutional officers whose tenure of office is guaranteed. Upon specific approval of the President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court, as the case may be, an employee may be allowed to continue to serve in the Executive, Legislative, or Judicial Branch of the Government after the age of sixty-five years if he possesses special qualifications, and his services are needed. It shall be the duty of the employer concerned to notify each such employee under its direction of the date of his automatic separation from the service at least sixty-days in advance thereof.

"(e) If an employee who is not receiving the annuity mentioned in the next preceding subsection be reinstated in the service, he shall be given full credit for services rendered by him prior to his reinstatement for the purpose of determining the amount of annuity under section eleven hereof to which he may be entitled: *Provided, however,* That said credit shall not be given if the employee shall not refund to the System (1) the contributions for retirement insurance he received therefrom with interest of three *per centum per annum* compounded monthly from the date he received them up to the date of their payment, or (2) any gratuity or benefit he received under any pension or retirement plan of, an employer unless expressly exempted by law from refunding said gratuity or pension: *Provided, further,* That if separated before, and reinstated after, June sixteen, nineteen hundred fifty-one, only three-fourths of the services rendered prior to the said date shall be credited to the employee after complying with the condition stated above. No person shall be appointed or reinstated in the service if he is already fifty-seven years of age, unless the President of the Philippines, the President of the Senate, the Speaker of the House of Representatives, or the Chief Justice of the Supreme Court, as the case may be, determines that he possesses special qualifications and his services are needed."

SEC. 7. Section thirteen of Commonwealth Act Numbered One hundred eighty-six, as such section was inserted therein by Republic Act Numbered -Six hundred sixty, is amended to read as follows:

"SEC. 13. *Computation of service.*—The aggregate period of service which forms the basis for retirement and calculating the amount of annuity described in section eleven hereof shall be computed from the date of original employment, whether as a classified or unclassified employee in the service of an 'employer', including periods of service at different times and under one or more employers, and also periods of service performed overseas under the authority of the Republic of the Philippines and periods of honorable service in the Armed Forces of the Philippines prior to June sixteen, nineteen hundred fifty-one, and periods of honorable service in the Philippines under the authority of the United States Government if rendered prior to July four, nineteen hundred and forty-six: *Provided, however,* That in the case of an employee who is eligible for and receives retirement pay on account of military or naval service or on account of disability incurred therein, the period of service upon which such retirement pay is based shall be excluded: *Provided, also,* That periods of service rendered after June sixteen, nineteen hundred fifty-one during which premiums are not required shall be excluded, unless the premiums corresponding to said service be later on paid to the System with interest: *And provided, further,* That the period from January one, nineteen hundred and forty-two to February twenty-eight, nineteen hundred and forty-five and any period not exceeding one year at a time during which an officer or employee had been thereafter out of the service to the date of his reinstatement or reappointment before June sixteen, nineteen hundred fifty-one, shall be included for those who were in the service on December eight, nineteen hundred and forty-one, except those who were separated prior to the Japanese occupation, in the computation of total service, the annuity mentioned herein, and payment of premiums therefor. For the purpose of this section, the term 'service' shall include only full-time service with compensation: *Provided,* That the Board may include part-time and other services with compensation under such rules and regulations as it may prescribe."

SEC. 8. Section seventeen, originally fourteen, of Commonwealth Act Numbered One hundred eighty-six, as amended by Republic Act Numbered Six hundred sixty, is further amended to read as follows:

"SEC. 17. *General powers of the Board.*—The Board shall have the powers specified in this Act and the usual general corporate powers. It shall have the following powers and authority: (a) to adopt by-laws, rules and regulations for the administration of the System and the transaction of its business; (b) to adopt from time to time a budget of expenditures, including salaries of personnel and appropriate therefor the necessary amounts; (c) to set up its accounting unit and provide the necessary personnel therefor; (d) to invest its funds, directly or indirectly, in accordance with this Act; to discount pensions guaranteed under this Act at such rate of interest as it may prescribe, but not exceeding five *per centum per annum*, compounded annually; (e) to establish branches of the System whenever and wherever it may be expedient or necessary, fix their domiciles and in general prescribe the other complementary rules of