

[EXECUTIVE ORDER NO. 590-A, January 31, 2007]

AMENDING EXECUTIVE ORDER NO. 590 DATED 15 DECEMBER 2006 ON THE DEACTIVATION OF THE ARMED FORCES OF THE PHILIPPINES RETIREMENT AND SEPARATION BENEFITS SYSTEM BY 31 DECEMBER 2006, DIRECTING THE TRANSFER OF ITS ASSETS IN TRUST TO A GOVERNMENT FINANCIAL INSTITUTION, AND FOR OTHER PURPOSES

WHEREAS, the Armed Forces of the Philippines ("AFP") Retirement and Separation Benefits System ("RSBS") was established under Presidential Decree No. 361 (PD 361) issued on 30 December 1973 to provide for a funding system for the payment of retirement and separation benefits provided under existing laws to military personnel of the AFP;

WHEREAS, under Section 5 of PD 361, as amended by Presidential Decree No. 1656 issued on 21 December 1979, the funds of RSBS shall be allowed to grow to be able to provide perpetually the fund requirement necessary to cover the retirement and separation benefits due to military personnel on a self-sustaining basis: Provided, that prior to the time when perpetual self-sufficiency of the funds of the RSBS is attained as determined by actuarial evaluation, the yearly requirement for retirement and separation benefits of military personnel as provided under existing laws shall be funded out of the annual appropriations for the AFP;

WHEREAS, based on the earlier evaluation and study of the actuarial life and financial status of RSBS, it was projected to attain self-sufficiency by the year 2058 and is projected to have an actuarial life of 32 years or until the year 2090;

WHEREAS, after an exhaustive study and evaluation of the present financial and actuarial status of RSBS, the Secretaries of the Department of National Defense (DND), Department of Finance (DOF), and the Department of Budget and Management (DBM), together with the Chief of Staff, Armed Forces of the Philippines (CSAFP), have jointly recommended the deactivation and winding down of the RSBS on the ground that RSBS will not be able to attain self-sufficiency and its continued operations will be to the detriment of its members and the country.

WHEREAS, in order to ensure that the funds of RSBS shall be preserved for the refund of the contributions of members and to meet all other obligations of RSBS as they become due, it is necessary to deactivate the operations of RSBS in an efficient and orderly manner;

WHEREAS, there is a need to amend Executive Order No. 590 dated 15 December 2006 to further hasten the accomplishment of the objectives of the deactivation of the RSBS.

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order: