

**[ DBM NATIONAL BUDGET CIRCULAR NO. 429,  
September 30, 1993 ]**

**SEPARATION AND RETIREMENT BENEFITS OF NATIONAL  
GOVERNMENT AGENCY PERSONNEL DEVOLVED TO THE LOCAL  
GOVERNMENT UNITS**

*SECTION 1. Purpose* — This Circular is issued in compliance with Executive Order No. 503, dated January 22, 1992, which provides the rules and regulations implementing Republic Act No. 7160, otherwise known as the Local Government Code of 1991.

*SECTION 2. Coverage* — All Officials and employees of national government agencies (NGAs) affected by the devolution of powers, functions and responsibilities to the local government units (LGUs) pursuant to R.A. 7160.

*SECTION 3. Rules and Regulations* —

3.1 An official/employee to be devolved, who opts for retirement from the service shall be entitled, if qualified under existing laws, to receive retirement gratuities and other benefits accruing thereon.

3.2 An official/employee to be devolved who is not eligible for retirement, but opts to be separated from the service shall be entitled to separation pay equivalent to one (1) month salary for every year of service, plus proportionate amount for any fraction thereof over and above the monetary value of his accumulated leave credits, pursuant to existing laws

3.3 An official or employee who is devolved to the LGU under Section 7 of Rule XVI of the Omnibus Rules Implementing Book V of Executive Order No. 292 and other pertinent Civil Service Rules may, at the time of transfer, choose either of the following modes relative to his unused vacation and/or sick leave credits, to wit:

3.3.1 Have it commuted; or

3.3.2 Have it transferred to his new agency.

3.4 The payment of retirement benefits to an official/employee specified under Sub-Section 3.1 and 3.2 shall be assumed solely by the NGA concerned. Likewise, the payment of commuted leave credits under Sub-Section 3.3.1 shall be assumed by the NGA concerned.

3.5 An official or employee who is transferred to the LGU but who subsequently retires or is separated from the service shall be paid retirement benefits proportionately shared by the NGA and the LGU concerned based on the cumulative length of service in both agencies.