

[ **GSIS RESOLUTION NO. 46, May 23, 2013** ]

**POLICY AND PROCEDURAL GUIDELINES ON THE TREATMENT OF PREMIUM PAYMENTS OF MEMBERS BEYOND THE MANDATORY RETIREMENT AGE OF 65**

WHEREAS, the Board of Trustees issued Resolution No. 44 on 22 March 2012 adopting a policy that ensured the uniform treatment of members still in the service beyond the mandatory age of 65 years and whose agencies continued to remit retirement premiums in their behalf;

WHEREAS, the Senior Vice President, Corporate Services Group, was tasked to draft detailed guidelines to implement Board Resolution No. 44;

WHEREAS, the Senior Vice President, Corporate Services Group, in her Memorandum dated 17 May 2013, submitted and proposed the approval of the Policy and Procedural Guidelines on the Treatment of Premium Payments of Members Beyond the Mandatory Retirement Age of 65;

RESOLVED, to **APPROVE** and **CONFIRM** the *Policy and Procedural Guidelines on the Treatment of Premium Payments of Members Beyond the Mandatory Retirement Age of 65*, as proposed by the Senior Vice President of the Corporate Services Group;

RESOLVED FURTHER, that Board Resolution No. 44 dated 22 March 2012, is hereby **SUPERSEDED**.

A copy of the *Policy and Procedural Guidelines on the Treatment of Premium Payments of Members Beyond the Mandatory Retirement Age of 65* is hereto attached and made an integral part of this Resolution.

Attachment:

**Policy and Procedural Guidelines No. 230-13**

**PPG on the Treatment of Premium Payments of Members Beyond the Mandatory Retirement Age of 65**

**I. BACKGROUND/RATIONALE**

Under Board Resolution (BR) No. 44 dated 22 March 2012, the policy on the Treatment of Premium Payments of Members Beyond the Mandatory Retirement Age of 65 was approved. The policy complies with Section 13 (b) of RA 8291 that indicates 65 years old as the mandatory retirement age, unless the service is extended by appropriate authorities in accordance with the existing civil service rules and regulations.

In the course of the implementation of BR 44, the Operations Group saw the need to include non-presidential appointees whose services were extended pursuant to RA

8292 (Higher Education Modernization Act of 1997) and RA 9500 (University of the Philippines Charter of 2008).

Specific guidelines are hereby being issued to rectify errors or restore equity concerning members who continuously pay premiums even beyond 65 years old. Furthermore, these guidelines will serve as a guide for the uniform treatment and implementation of the policy embodied in BR 44.

**II. DEFINITION OF TERMS** The following terms shall be defined as:

- A. *Regular Members* – those who, together with the government agency to which they belong, are required to remit life and retirement premium contributions as mandated under Section 5 of RA 8291.
- B. *Continuance of Coverage of Membership* - GSIS shall continue to compulsorily collect monthly contributions from members who are already beyond 65 years old and who were allowed, under existing civil service rules and regulations, to continue in the service.
- C. *Optional Continuance of Membership* – members are given the option to continue their membership in GSIS and pay monthly contributions, even beyond the mandatory retirement age of 65.

**III. POLICIES**

**A. COVERAGE**

This PPG shall cover regular members who have remitted premium contributions to GSIS even beyond the mandatory retirement age of 65.

**B. GENERAL POLICY**

- 1. Remitted premiums beginning due month May 2012 for members who have reached the mandatory retirement age of 65 shall no longer be credited in the computation of the Total Length of Service (TLS) and Periods with Premium Payments (PPP), subject to the exceptions in Section III.C.1 and 2, and shall be returned to the members through the remitting agency, subject to Section III.E.1 and 2.
- 2. All premium contributions already collected prior to the cut-off date for services rendered beyond the mandatory retirement age of 65 and which have not yet been refunded shall be credited to the members' TLS and PPP, unless the member opts for the refund of these premium contributions.

**C. EXCEPTIONS**

- 1. GSIS shall continue to compulsorily cover and consequently collect monthly premium contributions from the following members who are already beyond age 65 but were allowed, under existing civil service rules and regulations, to continue in the service:
  - a. presidential appointees whose extension of service in the government has been approved by the Office of the President (OP) pursuant to Executive Order No. 136, s. 1999;
  - b. non-presidential appointees whose services were extended by the Civil Service Commission (CSC) pursuant to CSC Memorandum Circular No. 27, s. 2001, for the purpose of completing the fifteen (15) years of service required under RA 8291 to qualify for retirement benefits; or

- c. non-presidential appointees whose services were extended pursuant to RA 8292 (Higher Education Modernization Act of 1997) and RA 9500 (University of the Philippines Charter of 2008).
2. The following members shall be given the option to continue their membership in GSIS and pay monthly premium contributions, personal share by the member and government share by the agency, even beyond the mandatory retirement age of 65:
    - a. an official elected to public office before the age of 65 but who will reach the mandatory retirement age of 65 during his or her term. The elective official shall be allowed to continue paying premium contributions until the end of his or her term, including any period of re-election or election to another public office: Provided, That such period/s of re-election or election is/are continuous;
    - b. an official appointed by the President of the Philippines to public office before age 65 for a fixed term and a fixed monthly compensation but who will reach the mandatory retirement age during his or her tenure. The appointive official shall be allowed to continue paying premium contributions until the end of his or her tenure, including any periods of term extension or re-appointment to another office: Provided, That such period/s of extension or re-appointment is/are continuous; and
    - c. an official or employee who holds a co-terminus or highly confidential position who reaches the age of 65 years, and whose services are considered automatically extended until the expiration of the official's or employee's appointment or until the official's or employee's services are earlier terminated pursuant to CSC Memorandum Circular No. 27, s. 2001.

#### **D. EFFECT ON THE PERIOD WITH PREMIUM PAYMENTS (PPP)**

The following shall be included in the computation of the member's PPP:

1. years of service corresponding to premium contributions already collected prior to due month May 2012 which have not been refunded;
2. extended services under Section III C.1; and
3. services pertaining to continued membership in the GSIS under Section III.C.2 (Optional Continuance of Membership).

#### **E. REFUND OF PREMIUM CONTRIBUTIONS BEYOND AGE 65**

1. Refund of premium contributions shall be made to the following members:
  - a. Those who opt not to continue their membership in the GSIS after May 2012;
  - b. Those who were erroneously issued a life insurance policy at age 65 and informed to claim refund but did not comply; and
  - c. Those who were continuously covered after reaching age 65 but without a valid extension from the OP or CSC and may be either of the following:
    - 1) Members whose paid separation or retirement benefit did not include service periods with premium payments after age 65 and did not claim refund;

For example:

*Member A, a Master Teacher, was appointed as school principal at the age of 63 in 2007. In the exigency of the service, his appointment was extended by the Department of Education (DepEd) beyond the mandatory retirement age of 65 without valid extension from the CSC and DepEd continued to remit premiums to GSIS. He retired in 2012 at the age of 68. His last three (3) years of service was not included in his PPP nor was he able to receive refund for premiums paid after the mandatory retirement age of 65.*

2) Members whose claim for separation of retirement benefit was disapproved.

2. Refund of premium payments beyond age 65 shall be as follows:

- a. Personal share of member from the time the member reaches 65 years of age up to the last payment remitted; and
- b. Government share for the same period shall be refunded to the agency, provided that the agency has no arrears in remittances and that a reconciliation of the agency's account is made to ascertain its status prior to the refund.

3. Processing of refund shall be subject to filing of request by the member through the submission of a letter or Member's Request Form (MRF).

The re-processing of previously disapproved separation or retirement claim, as indicated in item E.2, shall commence upon the receipt of a duly accomplished Application for Retirement and Other Social Insurance Benefit Form. Submission of MRF is required for refund of premium payments made after reaching 65 years of age.

For example:

*Member B, a government accountant since 1996, retired from the service in 2011 at the age of 67. Her last two (2) years of service were not included in the TLS for her failure to submit an extension of appointment duly signed by the CSC. Thus, her application for retirement was disapproved for deficiency of two (2) years in her TLS but she was duly informed that she is qualified for a separation benefit. A re-filing of an Application for Retirement and Other Social Insurance Benefit Form is necessary for her to claim separation benefits. For premiums paid after the mandatory retirement age of 65, Member B should submit a letter request or MRF to facilitate processing of refund.*

## **F. EXTRACTION OF DATA**

For purposes of determining the number of affected members, the Technical Support Departments (TSDs) of the Operations Group shall conduct an annual extraction of data of members turning 65 in June of each year.

## **G. NOTIFICATION TO AFFECTED MEMBERS**