

[Commonwealth Act No. 187, November 14, 1936]

AN ACT TO PROVIDE FOR THE LIQUIDATION OF THE TEACHERS' RETIREMENT AND DISABILITY FUND, ESTABLISHED BY ACT NUMBERED THIRTY HUNDRED AND FIFTY, AS AMENDED, FOR THE DISPOSITION OF THE PROCEEDS THEREOF, AND THE PAYMENT OF A REDUCED PENSION IN LIEU OF THE PENSION THEREIN PROVIDED.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. The Teachers' Retirement and Disability Fund as established by Act Numbered Thirty hundred and fifty, as amended, is hereby liquidated as of November first, nineteen hundred and thirty-six, and the provisions of said Act, as amended, are hereby declared inoperative as of November first, nineteen hundred and thirty-six.

SEC. 2. The Government Service Insurance Board constituted under the provisions of the Government Insurance Act is hereby authorized and directed to effect forthwith the liquidation of the Teachers' Retirement and Disability Fund so as to determine the actual net worth thereof on November first, nineteen hundred and thirty-six, taking into account only all current liabilities up to said date. From and after November first, nineteen hundred and thirty-six, the pensions payable from the said Fund shall continue in the same amounts as at present, only until December thirty-first, nineteen hundred and thirty-six, and thereafter they shall be for the reduced amount as may be fixed under the provisions of this Act.

SEC. 3. For the purpose of determining the reduced pensions that shall be payable from and after January first, nineteen hundred and thirty-seven, from the Fund herein liquidated, the Government Service Insurance Board shall first charge against the net worth of the Fund as determined according to section two hereof after deducting therefrom the pensions payable until December thirty-first, nineteen hundred and thirty-six, the following:

- a. The payment to contributors to the said Fund who are still in the service of an amount equivalent to the full amount contributed by them plus interest up to November first, nineteen hundred and thirty-six, at the rate of four per centum per annum, compounded annually, together with the Government contributions, without interest, corresponding thereto: Provided, however, That from the amount which such contributors are entitled to receive hereunder, there shall be deducted, if they remain in the service, such amount as may be necessary to pay in advance one year premium on the compulsory membership insurance corresponding to them under the provisions of the Government Service Insurance Act: And provided, further, That any excess of said amount over and above the premiums above stated, shall be paid to the contributor in cash, either in full or in installments to be determined by the Board, and in the latter case all deferred payments shall earn interest at the rate of four per centum per annum, compounded annually, but the same may be commuted and cashed in any financial institution owned or controlled by the Government by discounting the principal thereof at a rate not to exceed

one per centum per annum.

- b. The payment to contributors to the said Fund who are already out of the service on account of retirement or to their beneficiaries, in case of death, of an amount equivalent to the difference between the total pensions received by them prior to November first, nineteen hundred and thirty-six, together with the reduced pensions to be received by them hereunder, and the total of their contributions up to said date, with interest at the rate of four per centum per annum, compounded annually, together with the Government contribution corresponding thereto, without interest, or the payment of the whole amount of such contributions (in case of resignation or death), if the contributor is entitled to such refund under the provisions of the Teachers' Retirement and Disability Act, even though no claim has been filed therefor: Provided, however, That the Government Service Insurance Board, after considering the financial situation of the party concerned, shall determine whether such refund shall be paid in full upon such liquidation, or in installments to be fixed by said Board, and in the latter event, all deferred payments shall earn interest at the rate of four per centum per annum compounded annually, but the same may be commuted and cashed by any financial institution owned or controlled by the Government by discounting the principal thereof at a rate not to exceed one per centum per annum.

The balance of the net worth of the Fund after deducting the charges provided in the preceding paragraphs shall constitute the Pension Reserve, which shall be entitled to proportionate earnings of the system. It shall form the basis for the determination of the amount of the reduced pensions to be paid from and after January first, nineteen hundred and thirty-seven: Provided, however, That if upon a referendum to be submitted by the Government Service Insurance Board to all the beneficiaries of the said Fund on or before December fifteenth, nineteen hundred and thirty-six, seventy-five per centum of the number of said beneficiaries should approve the continuation of the pensions in their present amount for a period not exceeding one year, and the balance of said Fund applicable to the payment of said pensions should still be sufficient therefor, the reduction of the pensions to be received by the said beneficiaries may be deferred to such later date, not later than November first, nineteen hundred and thirty-seven, and the pensions payable thereafter shall be subjected to reductions on account of such deferment

Such reduced pensions shall be fixed at the same rate as the pensions heretofore in force less the following percentages thereof for every calendar year a retired member has been receiving pensions up to December thirty-first, nineteen hundred thirty-six:

- a. Two per centum for monthly pensions over one hundred pesos;
- b. One per centum for monthly pensions of thirty-one pesos to one hundred pesos;
- c. None for monthly pensions of thirty pesos or less; Provided, however, That no retired member shall be paid pensions for a period longer than twenty years from the date of his retirement except indigents in which case they shall continue to receive after such period a monthly pension-not to exceed thirty pesos.

The dependents of a retired member who dies before the expiration of twenty years from the date of his retirement shall continue to receive a pension under the same