

A. Republic Act 8291 (GSIS Act of 1997)

effective June 24, 1997

Eligibility

1. You must have rendered **at least 15 years of service** and must be **at least 60 years old** upon retirement; and
2. You must *not* be a permanent total disability pensioner.

Retirement Benefit

There are two choices under this law.

Option 1: Lump sum and old-age (basic monthly) pension

This consists of the following:

- **Lump sum** – equivalent to your 60-month (or 5-year) **basic monthly pension (BMP)** payable at the time of retirement; and
- **BMP** – payable for life after the 5-year guaranteed period

Option 2: Cash payment and old-age (basic monthly) pension

This consists of the following:

- **Cash Payment** – equivalent to 18-month BMP payable upon retirement; and
- **Immediate BMP** – payable for life from the date of retirement.

Here is how BMP is computed.

where:

$$\mathbf{BMP = (0.025) (AMC + P700) (PPP)}$$

AMC = average monthly compensation
and PPP = periods with paid premiums.

Your AMC is computed as follows:

1. If your PPP is *less than 36 months*:

$$\text{AMC} = \frac{\text{Member's total compensation (with corresponding paid premiums) prior to unemployment/disability/death}}{\text{Actual number of months such compensation was received}}$$

2. If your PPP is *36 months or more*:

$$\text{AMC} = \frac{\text{Member's total compensation (with corresponding paid premiums) prior to unemployment/disability/death}}{36 \text{ months}}$$

Under this law, the BMP should not exceed 90% of the AMC.

Sample Computation of Benefit Under RA 8291

Basic Data

Name : Juan de la Cruz
Office : DepEd Pulang Lupa
Date of birth : June 20,1952
Date of entry in service : March 1,1978
Date of retirement : January 1, 2014
PPP : 31.86574
AMC : P23,805.55
RAMC (AMC + 700) : P24,505.55
Highest salary received : P25,000.00
Age at retirement : 61.52 years old

Computation

1. **BMP** = (0.025) (RAMC) (PPP)
= (0.025) (24,505.55) (31.86574)
= **P19,522.18**

2. Retirement benefit:

- Option 1: **5-year lump sum**
= (P19,522.18) (60 months)
= **P1,171,330.80**
BMP (P19,522.18) to start on January 1, 2019.
- Option 2: **18-month Cash Payment**
= (P19,522.18) (18 months)
= **P351,399.24**, plus immediate BMP starting January 1, 2014.

B. Presidential Decree 1146 (Pension or Cash Payment)

effective May 31, 1977

Eligibility

1. You must have rendered **at least 15 years of service** and must **at least be 60 years old** upon retirement; and
2. Your date of retirement or separation is **prior to June 24, 1997**.

Benefits

You are entitled to any of the two benefits discussed below depending on your age and length of service.

1. Pension

For pension payment, you can choose from two options.

Option 1: Annuity - the monthly pension paid annually for 5 years, after which, your BMP for life shall commence.

Option 2: Five-year lump sum - the amount to be received within the 5-year guaranteed period.

Your old-age pension is computed as follows:

$$\text{BMP} = (0.025) (\text{RAMC}) (\text{Total years of service})$$

where:

$$\begin{array}{ll} \text{RAMC} = 170\% \text{ AMC} & \text{or} & \text{RAMC} = \text{AMC} + \text{P140} \\ \text{(if AMC is not more} & & \text{(if AMC is more than P200} \\ \text{than P200)} & & \text{but less than P3,000)} \end{array}$$

(Under PD 1146, AMC should not be more than P5,000.)

2. Cash payment

If you are at least 60 years old and had at least 3 years but less than 15 years of government service, you are ineligible for retirement benefit under PD 1146. You may be entitled, however, to Cash Payment equivalent to 100% of your AMC multiplied by your PPP, as follows:

$$\text{Cash Payment} = (\text{AMC}) (\text{PPP})$$

C. Republic Act 1616 (Gratuity Benefit)

effective May 31, 1957

Among the five retirement laws, this is the only mode, dubbed “Take All,” that does not provide pension benefit to retirees.

Eligibility

1. You must have entered government service **before June 1, 1977**;
2. You must have rendered **at least 20 years of service** regardless of age and employment status; and
3. Your **last 3 years of service** prior to retirement must be continuous, except in cases of death, disability, abolition, or phase-out of position due to reorganization.

Benefits

If qualified, you are entitled to receive the following:

1. **Gratuity pay or benefit.** This is payable by your last employer. Its computation is based on your total length of service (converted into gratuity months), as follows:

Gratuity Months	Factor
First 20 years of service	X 1 month
21-30 years of service	X 1.5 months
In excess of 30 years of service	X 2 months

The total gratuity months shall be multiplied then by the highest compensation you received.

2. **Refund of retirement premiums.** These consist of your personal share with interest) and government share (without interest), both of which are payable by the GSIS.

D. Republic Act 660 (Magic 87)

effective June 16, 1951

Eligibility

1. You must have entered government service **before June 1, 1977**;
2. Your appointment status must be **permanent**;
3. Your **last 3 years of service** prior to retirement must be continuous, except in cases of death, disability, abolition, or phase-out of position due to reorganization; and
4. You must be **at least 52 years old** and meet the corresponding years of service (**YOS**) required for eligibility.

Under this law, your age when you retired (from age 52 to 57) and YOS should be equal to 87, hence, the “Magic 87” formula:

$$\text{Age} + \text{Service} = 87$$

Benefits

Your annuity under this law depends on your retirement age. It is detailed in the table below.

Retirement age	Benefit
63 and above	5-year lump sum
Below 63 but at least 60	<ul style="list-style-type: none">▪ Initial 3-year lump sum payable upon retirement; and▪ Subsequent 2-year balance payable at age 63
Below 60	Monthly pension paid annually – with discount

Note that after the 5-year guaranteed period, within which you obtained any of the above benefit, you shall be entitled to a monthly pension for life.

Your monthly pension under RA 660 is computed as follows:

$$R = P30.00 + [(2\% \times M) + (1.2\% \times P)] (A)$$

where:

R = Monthly pension at age 57

M = Number of years after June 16, 1951 (effectivity date of RA 660)

P = Number of years before June 16, 1951

A = Average monthly salary for the last 3 years

An actuarial adjustment factor, which varies with age, is used in computing annuity. The factors are shown in the table below.

Table of Actuarial Adjustment Factors

Age	52	53	54	55	56	57	58	59	60	61	62	63	64	65
Factor	0.87	0.89	0.92	0.94	0.97	1.00	1.03	1.06	1.08	1.11	1.15	1.16	1.20	1.24

Sample Computation of Benefit Under RA 660**Basic Data**

Name : Pedro Jose
 Office : DepEd Pulang Lupa
 Date of birth : June 20, 1947
 Date of entry in the government : March 1, 1973
 Date of retirement : January 1, 2009
 PPP : 31.86574
 Number of years after June 16, 1951 (M) : 31.86574
 Number of years before June 16, 1951 (P) : 0
 Average monthly salary (A) : P23,805.55
 Age at retirement : 61.52 years old

Computation**1. Monthly pension:**

$$\begin{aligned}
 R &= P30.00 + [(2\% \times M) + (1.2\% \times P)] (A) \\
 &= P30.00 + [(2\% \times 31.86574) + (1.2\% \times 0)] (23,805.55) \\
 &= P30.00 + (0.637315) (23,805.55) \\
 &= P30.00 + 15,171.63 \\
 &= \mathbf{P15,201.63}
 \end{aligned}$$

Then, get the actuarial factor at age 61.52 from the table of Actuarial Adjustment Factors : **1.13**

$$\begin{aligned}
 &= (R) (\text{Actuarial factor}) \\
 &= (P15,201.63) (1.13) \\
 &= \mathbf{P17,177.84}
 \end{aligned}$$

2. Since Mr. Jose is 61.52 years old upon retirement, he is entitled to the following:

- 3-year lump sum** (or 36 months) payable immediately on his retirement (January 2009):
 - = (Monthly pension) (36 months)
 - = (P17,177.84) (36)
 - = **P618,402.24**
- Subsequent 2-year lump sum** (or 24 months) payable at age 63 (June 20, 2010) upon request:
 - = (Monthly pension) (24 months)
 - = (P17,177.84) (24)
 - = **P412,268.16**
- Monthly pension** (P17,177.84) to start in January 2014

It is important to remember that if you are claiming for benefits other than retirement under RA 660, you should have made contributions for at least 5 years to qualify for such benefits.

E. Republic Act 7699 (The Portability Law)

effective May 1, 1994

RA 7699 is another retirement law that you can apply for only if:

1. You are not entitled for pension benefit from either or both the GSIS or Social Security System (SSS) because you are unable to meet the required periods of service or number of contributions; and
2. You have less than 120 months of SSS contributions or less than 180 months of creditable government service (GSIS) at the time of retirement. (In computing, there should be no overlapping of periods of service or contributions under the GSIS and SSS.)

The Portability Law provides for *totalization*, the process of adding up the period of creditable services or contributions under both SSS and GSIS for purposes of eligibility and computation of benefits.

The amount of benefit to be paid by the GSIS or SSS shall be proportionate to the services rendered or periods of contributions made to each of them.

Hence, all services you rendered or contributions you personally paid as a GSIS member, as well as those that were paid by your agency-employer, shall be considered in the computation and payment of GSIS benefits. The SSS, on the other hand, shall shoulder the portion corresponding to your services or contributions to that system.

Your benefit under this law is in the form of monthly pension payable at age 60.

Sample Computations of Benefit Under RA 7699

SAMPLE 1

Basic Data

Name	: Juan de la Cruz
Office	: DepEd Pulang Lupa
Position	: Teacher I
Date of birth	: March 21, 1940
Date of entry in government service	: March 1, 1987
Date of retirement/separation	: March 1, 1996
Period of employment in the private sector (under SSS)	: 7 years (December 10, 1979 to December 15, 1986)
PPP (under GSIS)	: 9 years
AMC	: P3,000.00
RAMC (AMC + P140)	: P3,140.00
Highest salary received	: P25,000.00
Age at retirement/separation	: 56 years old
Date processed	: January 16, 2014

Computation using the formula under **PD 1146**, the prevailing retirement law in 1996:

1. Compute first his **BMP** (to start at age 60, that is, March 21, 2000).

$$\begin{aligned}\mathbf{BMP} &= (0.025) (\text{RAMC}) (\text{Total years of service under GSIS}) \\ &= (0.025) (3,140.00) (9) \\ &= \mathbf{P706.50}\end{aligned}$$

(As a retiree under RA 7699, Mr. de la Cruz is excluded from pension increase and cash gift.)

2. Then, compute his **accrued benefit**:

Accrued period : March 21, 2000 (his 60th birthday) to January 31, 2014 (last month of BMP covered in the computation when his retirement benefit was processed, after which he shall receive his regular BMP of P706.50 starting February 2014)
: 157.3548387 months

$$\begin{aligned}\text{Accrued benefit} &= (\text{BMP}) (\text{Accrued period or months}) \\ &= (P706.50) (157.3548387) \\ &= \mathbf{P111,171.19}\end{aligned}$$

3. SSS shall compute and grant the benefit for his period of employment under SSS: from December 10, 1979 to December 15, 1986.

SAMPLE 2

Basic Data

Name : Pedro Jose
Office : DepEd Pulang Lupa
Date of birth : June 20, 1952
Date of entry in service : July 1, 1998

Under RA 7699 (Continued)

Date of retirement/separation : **January 1, 2009**
PPP : 10.5 years
AMC : P23,805.55
RAMC (AMC + P700) : P24,505.55
Highest salary received : P25,000.00
Age at retirement : 57.52 years old
Date processed : **January 16, 2014**

Computation using the formula under **RA 8291**, the prevailing retirement law when Mr. Jose retired in 2009:

1. Compute first his **BMP** (to start at age 60, that is, June 20, 2012).

$$\begin{aligned}\mathbf{BMP} &= (0.025) (\text{RAMC}) (\text{PPP}) \\ &= (0.025) (24,505.55) (10.5) \\ &= \mathbf{P6,432.68}\end{aligned}$$

(As a retiree under RA 7699, Mr. Jose is excluded from pension increase and cash gift.)

2. Then, compute his **accrued benefit**:

Accrued period : June 20, 2012 (his 60th birthday)
to January 31, 2014 (last month of BMP covered in the computation when his retirement benefit was processed, after which he shall receive his regular BMP of P706.50 starting February 2014)

: 19.33333 months

$$\begin{aligned}
 \text{Accrued benefit} &= (\text{BMP}) (\text{Accrued period or months}) \\
 &= (\text{P}6,432.68) (19.33333) \\
 &= \mathbf{\text{P}124,365.14}
 \end{aligned}$$

3. SSS shall compute and grant the benefit for his period of employment under SSS, if any, prior to his entry in government service.

Sample Computation of Benefit Under RA 660

Basic Data

Name	:	Pedro Jose
Office	:	DepEd Pulang Lupa
Date of birth	:	June 20, 1947
Date of entry in the government	:	March 1, 1973
Date of retirement	:	January 1, 2009
PPP	:	31.86574
Number of years after June 16, 1951 (M)	:	31.86574
Number of years before June 16, 1951 (P)	:	0
Average monthly salary (A)	:	P23,805.55
Age at retirement	:	61.52 years old

Computation

1. Monthly pension:

$$\begin{aligned}
 \mathbf{R} &= \text{P}30.00 + [(2\% \times \text{M}) + (1.2\% \times \text{P})] (\text{A}) \\
 &= \text{P}30.00 + [(2\% \times 31.86574) + (1.2\% \times 0)] (23,805.55) \\
 &= \text{P}30.00 + (0.637315) (23,805.55) \\
 &= \text{P}30.00 + 15,171.63 \\
 &= \mathbf{\text{P}15,201.63}
 \end{aligned}$$

Then, get the actuarial factor at age 61.52 from the table on page 19: **1.13**

$$\begin{aligned}
 &= (\text{R}) (\text{Actuarial factor}) \\
 &= (\text{P}15,201.63) (1.13) \\
 &= \mathbf{\text{P}17,177.84}
 \end{aligned}$$

2. Since Mr. Jose is 61.52 years old upon retirement, he is entitled to the following:

- **3-year lump sum** (or 36 months) payable immediately on his retirement (January 2009):
 - = (Monthly pension) (36 months)
 - = (P17,177.84) (36)
 - = **P618,402.24**
- **Subsequent 2-year lump sum** (or 24 months) payable at age 63 (June 20, 2010) upon request:
 - = (Monthly pension) (24 months)
 - = (P17,177.84) (24)
 - = **P412,268.16**
- **Monthly pension** (P17,177.84) to start in January 2014

It is important to remember that if you are claiming for benefits other than retirement under RA 660, you should have made contributions for at least 5 years to qualify for such benefits.

E. Republic Act 7699 (The Portability Law)

effective May 1, 1994

RA 7699 is another retirement law that you can apply for only if:

3. You are not entitled for pension benefit from either or both the GSIS or Social Security System (SSS) because you are unable to meet the required periods of service or number of contributions; and
4. You have less than 120 months of SSS contributions or less than 180 months of creditable government service (GSIS) at the time of retirement. (In computing, there should be no overlapping of periods of service or contributions under the GSIS and SSS.)

The Portability Law provides for *totalization*, the process of adding up the period of creditable services or contributions under both SSS and GSIS for purposes of eligibility and computation of benefits.

The amount of benefit to be paid by the GSIS or SSS shall be proportionate to the services rendered or periods of contributions made to each of them.

Hence, all services you rendered or contributions you personally paid as a GSIS member, as well as those that were paid by your agency-employer, shall be considered in the computation and payment of GSIS benefits. The SSS, on the other hand, shall shoulder the portion corresponding to your services or contributions to that system.

Your benefit under this law is in the form of monthly pension payable at age 60.

Sample Computations of Benefit Under RA 7699

SAMPLE 1

Basic Data

Name	: Juan de la Cruz
Office	: DepEd Pulang Lupa
Position	: Teacher I
Date of birth	: March 21, 1940
Date of entry in government service	: March 1, 1987
Date of retirement/separation	: March 1, 1996
Period of employment in the private sector (under SSS)	: 7 years (December 10, 1979 to December 15, 1986)
PPP (under GSIS)	: 9 years
AMC	: P3,000.00
RAMC (AMC + P140)	: P3,140.00
Highest salary received	: P25,000.00
Age at retirement/separation	: 56 years old
Date processed	: January 16, 2014

Computation using the formula under **PD 1146**, the prevailing retirement law in 1996:

1. Compute first his **BMP** (to start at age 60, that is, March 21, 2000).

$$\begin{aligned}\mathbf{BMP} &= (0.025) (\text{RAMC}) (\text{Total years of service under GSIS}) \\ &= (0.025) (3,140.00) (9) \\ &= \mathbf{P706.50}\end{aligned}$$

(As a retiree under RA 7699, Mr. de la Cruz is excluded from pension increase and cash gift.)

2. Then, compute his **accrued benefit**:

Accrued period : March 21, 2000 (his 60th birthday) to January 31, 2014 (last month of BMP covered in the computation when his retirement benefit was processed, after which he shall receive his regular BMP of P706.50 starting February 2014)
: 157.3548387 months

Accrued benefit = (BMP) (Accrued period or months)
= (P706.50) (157.3548387)
= **P111,171.19**

3. SSS shall compute and grant the benefit for his period of employment under SSS: from December 10, 1979 to December 15, 1986.

SAMPLE 2

Basic Data

Name : Pedro Jose
Office : DepEd Pulang Lupa
Date of birth : June 20, 1952
Date of entry in service : July 1, 1998
Date of retirement/separation : **January 1, 2009**
PPP : 10.5 years
AMC : P23,805.55
RAMC (AMC + P700) : P24,505.55
Highest salary received : P25,000.00
Age at retirement : 57.52 years old
Date processed : **January 16, 2014**

Computation using the formula under **RA 8291**, the prevailing retirement law when Mr. Jose retired in 2009:

1. Compute first his **BMP** (to start at age 60, that is, June 20, 2012).

BMP = (0.025) (RAMC) (PPP)
= (0.025) (24,505.55) (10.5)
= **P6,432.68**

(As a retiree under RA 7699, Mr. Jose is excluded from pension increase and cash gift.)

2. Then, compute his **accrued benefit**:

Accrued period : June 20, 2012 (his 60th birthday)
to January 31, 2014 (last month of BMP covered in the computation when his retirement benefit was processed, after which he shall receive his regular BMP of P706.50 starting February 2014)
: 19.33333 months

Accrued benefit = (BMP) (Accrued period or months)
= (P6,432.68) (19.33333)
= **P124,365.14**

3. SSS shall compute and grant the benefit for his period of employment under SSS, if any, prior to his entry in government service.