



REPUBLIKA NG PILIPINAS

REPUBLIC OF THE PHILIPPINES

**KAGAWARAN NG EDUKASYON, KULTURA AT ISPORTS**  
**DEPARTMENT OF EDUCATION, CULTURE AND SPORTS**

DECS Complex, Meralco Avenue  
Pasig City, Philippines



Sama-Sama  
sa DECS

**Tanggapan ng Kalihim**  
**Office of the Secretary**

**JUN 22 2001**

DECS ORDER  
No. 27, s. 2001

**BASIC INFORMATION ON THE DIFFERENT RETIREMENT SCHEMES  
PROVIDED FOR UNDER RA 1616, RA 660, PD 1146 AND RA 8291**

To : Undersecretaries  
Assistant Secretaries  
Bureau Directors  
Regional Directors  
Directors of Services/Centers and Head of Units  
School Superintendents  
Presidents, State Colleges and Universities  
Vocational School Superintendents/Administrators

1. The enactment of RA No. 8291, otherwise known as the "Government Service Insurance System Act of 1997" which took effect on June 24, 1997 has revised the 20-year old charter of the GSIS, PD No. 1146 and affected its two amendatory laws namely, RA 660 and RA 1616.

2. As a result thereof, retirement options available for those who were in the service before June 1, 1997 are as follows:

- a) RA 8291 and PD 1146 – for those who have rendered at least fifteen (15) years of service and is at least sixty years of age upon retirement.
- b) RA 660 – for those who pass the "Magic 87" criteria, that is, when the length of service and age at retirement are summed up, the total is at least "87".
- c) RA 1616- for those who have rendered at least twenty (20) years of service.

For those who came into the service after May 31, 1997, the two options available to them are RA 8291 and PD 1146. Lastly, for those who came into the service on or after June 24, 1997, the only option open to them is RA 8291.

3. It is worthwhile to mention that in view of budget difficulties experienced by the DECS management, retirement schemes where GSIS is the paying agency assure retirees of immediate payment of their retirement benefits. Further, retirement schemes involving pension offer more advantages for retirees who are in reasonably good health.

4. But, for retirees who are experiencing poor health, or are unwilling to take risks or are in immediate need of large sums of money, they should consider the retirement options offered under RA 1616 but they should be forewarned that the payment of their gratuity benefits is contingent on the availability of funds. CY 2000 and 2001 appropriations for retirement benefits are only thirty-one per cent (31%) of CY 1999 appropriation.

5. For the benefit of the retiring DECS personnel who have not yet decided as to the retirement scheme they should avail of, below is the comparative table of information on salient features of benefits under the four retirement laws:

RA 660	RA 1616	PD 1146	RA 8291
<p>Upon completion of 30 years Service and attainment of age 57 years, the member shall have the Option to retire under the "Magic 87" formula as shown below:</p> <p>Age : 52 53 54 55 56 57 58 Service: 35 34 33 32 31 30 28</p> <p>Age : 59 60 61 62 63 64 65 Service: 26 24 22 20 18 16 15</p> <p>The maximum monthly pension for Those above 57 years of age shall be 80% of the Average Monthly Salary (AMS) received during the Last 3 years immediately preceding Retirement. Maximum pension for Those aged 57 and below shall be 75% of the AMS.</p> <p>1. Automatic Pension Available to those who are below 60 years old on date of retirement. The benefit is a monthly pension Guaranteed for a period of 5 years from the date of retirement. After the 5 year guaranteed period, the Retiree will receive a monthly pension for life</p> <p>2. Initial 3-Year Lump Sum Available to those who are at least 60 years old but less than 63 years old on the date of retirement. The subsequent 2 year lump sum shall be paid to the retiree on his 63<sup>rd</sup> birthday. After the 5 year guaranteed period, the</p>	<p>Gratuity Benefit (Lump sum to be paid by last Employer)</p> <p>Available to those who:</p> <ol style="list-style-type: none"> <li>1. have rendered at least 20 years of service regardless of employment status; and</li> <li>2. were in the service prior to May 31, 1977.</li> </ol> <p>The gratuity benefit shall be computed and paid by the last employer, subject to the availability of funds.</p> <p>The refund of the retiree's personal Contributions with Interest and the Corresponding Government Contributions without Interest shall be paid by the GSIS.</p> <p>The gratuity benefit is computed as follows: 1.0 month salary for the first 20 years of service 1.5 months salary for the next 10 years up to 30 years</p>	<p>1. Basic Monthly Pension</p> <p>Available to those who are 60 years of age with at least 15 years of service. The benefit is a basic monthly pension guaranteed for five years. After the 5 year period, the retiree will receive a basic monthly Pension for life.</p> <p>Lump sum payment. However, is discounted at the rate of 6%.</p> <p>The benefit of those who are less than 60 years of age on date of retirement shall be paid by the System on their 60<sup>th</sup> birthday. The BMP is computed as follows:</p> <p>BMP = 37.5% (RAMC) + 2.5% (RAMC) (Total Years of service - 15)</p> <p>If total service is more than 15 years, or BMP = 0.25 X total Service x RAMC</p> <p>The Revalued Average Monthly Compensation (RAMC) is computed as follows:</p>	<p>Available to those who:</p> <ol style="list-style-type: none"> <li>a) have rendered at Least 15 years of Service;</li> <li>b) are at least 60 Years old;</li> <li>c) not receiving a Monthly pension Benefit from permanent total disability.</li> </ol> <p>1. Lump Sum &amp; Old Age Pension</p> <p>Equivalent to 60 months of the Basic Monthly Pension (BMP) payable at the time of retirement, plus an old age pension benefit equal to the basic monthly pension payable monthly for life starting upon the expiration of the 5 years covered by the lump sum.</p> <p>OR</p> <p>2. Cash Payment and Basic Monthly Pension</p> <p>Equivalent to 18 times of the basic monthly pension plus monthly pension for life payable immediately.</p>

**RA 660**

retiree will receive a monthly pension for life

3. Five year Lump Sum available to those who are at least 63 years old on date of retirement. After the 5 year guaranteed period, the retiree will receive a monthly pension for life.

4. Disability Benefit

A member who becomes Permanently and totally disabled as determined by the System, with at least 15 years of service, shall be entitled to a monthly pension guaranteed for 5 years. After the five year guaranteed period, he shall receive a basic monthly pension for life.

Terminal leave, if any shall be paid by the last employer

**RA 1616**

2.0 months salary in excess of 30 years of service

multiplied by the highest salary Received

Unlimited amount of gratuity benefit but No pension

Terminal leave, if any shall be paid by the last employer

**PD 1146**

RAMC = AMC  
140 (constant)

The maximum BMP is 90% of Average Monthly Compensation (AMC), which is limited by law to P3,000.00, received during the last 3 years immediately preceding retirement or P2,700.00 (3,000 x 90%)

OR

2. Cash Payment (CP) Available to those who are 60 years old w/ less than 15 years of service. The cash payment is equal to 100% of the AMC for every year of service with an Employer.

The CP is computed as Follows:

CP = total service x AMC

For those who are less than 60 years of age on date of retirement, payment of the benefit shall be made on their 60<sup>th</sup> birthday.

Terminal leave, if any shall be paid by the last employer

**RA 8291**

The BMP is computed as follows:

a) If length of service is 15 years or less:

BMP = 37.5% x RAMC

b) If length of service (YOS) is more than 15 Years:

BMP = 37.5% x RAMC + 2.5% x RAMC x (YOS - 15)

but the BMP shall not exceed 90% of the AMC

The Revalued Average Monthly Compensation (RAMC) is computed as follows:

RAMC = AMC + 700

The Average Monthly Compensation is computed as follows:

a) If length of service is Less than 36 months

AMC = total compensation received Preceding unemployment (disability/death)

Actual number of Months members received such-compensation

OR

b) If length of service is 36 months or more:

AMC = Total Compensation received during The last 36 months of Service preceding Separation/retirement/ Disability/death

36

Terminal leave, if any shall be paid by the last employer

For further understanding of retirement schemes, below are definition of terms used in the preceding table.

AMC - Average Monthly Compensation  
AMS - Average Monthly Salary  
BMP - Basic Monthly Pension  
CP - Cash Payment  
RAMC - Revalued Average Monthly Compensation  
YOS - Years of Service

7. For further guidance, the provision of one (1) salary grade increase upon retirement provided in the Magna Carta, shall take effect on the last day of service of the retiring public school teachers. Therefore, this will only affect the computation of the gratuity benefit under RA 1616, while those under RA 660, PD 1146 and RA 8291 is negligible as basis for the benefit is the three-year average of the compensation received by the retiring school teacher.

8. Immediate dissemination of this Order is desired.

*Ramon C. Bacani*  
RAMON C. BACANI  
Undersecretary

References:

DECS Orders: Nos. 80, s. 1989 and 71, s. 1997

Allotment: 1—(D.O. 50-97)

To be indicated in the Perpetual Index  
under the following subjects:

EMPLOYEES  
OFFICIALS  
POLICY  
RETIREMENT  
SERVICE