

**[ REPUBLIC ACT NO. 8291, May 30, 1997 ]**

**AN ACT AMENDING PRESIDENTIAL DECREE NO. 1146, AS AMENDED, EXPANDING AND INCREASING THE COVERAGE AND BENEFITS OF THE GOVERNMENT SERVICE INSURANCE SYSTEM, INSTITUTING REFORMS THEREIN AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

SECTION 1. Presidential Decree No. 1146, as amended, otherwise known as the 'Revised Government Service Insurance Act of 1977,' is hereby further amended to read as follows:

"SECTION 1. *Title.* – The short title of this Act shall be: "The Government Service Insurance System Act of 1997."

"A. DEFINITIONS

"SEC. 2. *Definition of Terms.* – Unless the context otherwise indicates, the following terms shall mean:"

"(a) GSIS. - The Government Service Insurance System created by Commonwealth Act No. 186;

"(b) Board. - The Board of Trustees of the Government Service Insurance System;

"(c) Employer. - The national government, its political subdivisions, branches, agencies or instrumentalities, including government-owned or controlled corporations, and financial institutions with original charters, the constitutional commissions and the judiciary;

"(d) Employee or Member. - Any person, receiving compensation while in the service of an employer as defined herein, whether by election or appointment, irrespective of status of appointment, including barangay and sanggunian officials;

"(e) Active Member. - A member who is not separated from the service;

"(f) Dependents. - Dependents shall be the following: (a) the legitimate spouse dependent for support upon the member or pensioner; (b) the legitimate, legitimated, legally adopted child, including the illegitimate child, who is unmarried, not gainfully employed, not over the age of majority, or is over the age of majority but is incapacitated and incapable

of self-support due to a mental or physical defect acquired prior to age of majority; and (c) the parents dependent upon the member for support;

"(g) Primary beneficiaries. - The legal dependent spouse until he/she remarries and the dependent children;

"(h) Secondary beneficiaries. - The dependent parents and, subject to the restrictions on dependent children, the legitimate descendants;

"(i) Compensation. - The basic pay or salary received by an employee, pursuant to his election/appointment, excluding *per diems*, bonuses, overtime pay, *honoraria*, allowances and any other emoluments received in addition to the basic pay which are not integrated into the basic pay under existing laws;

"(j) Contribution. - The amount payable to the GSIS by the member and the employer in accordance with Section 5 of this Act;

"(k) Current Daily Compensation. - The actual daily compensation or the actual monthly compensation divided by the number of working days in the month of contingency but not to exceed twenty-two (22) days;

"(l) Average Monthly Compensation (AMC). - The quotient arrived at after dividing the aggregate compensation received by the member during his last thirty-six (36) months of service preceding his separation/retirement/disability/death by thirty-six (36), or by the number of months he received such compensation if he has less than thirty-six (36) months of service: *Provided*, That the average monthly compensation shall in no case exceed the amount and rate as may be respectively set by the Board under the rules and regulations implementing this Act as determined by the actuary of the GSIS: *Provided, further*, That initially the average monthly compensation shall not exceed Ten thousand pesos (P10,000.00), and premium shall be nine percent (9%) and twelve percent (12%) for employee and employer covering the AMC limit and below: and two percent (2%) and twelve percent (12%) for employee and employer covering compensation above the AMC limit;

"(m) Revalued average monthly compensation. - An amount equal to one hundred seventy percent (170%) of the first One thousand pesos (P1,000.00) of the average monthly compensation plus one hundred percent (100%) of the average monthly compensation in excess of One thousand pesos (P1,000.00);

"(n) Lump sum. - The basic monthly pension multiplied by sixty (60);

"(o) Pensioner. - Any person receiving old-age or permanent total disability pension or any person who has received the lump sum excluding one receiving survivorship pension benefits as defined in Section 20 of this Act;

"(p) Gainful Occupation. - Any productive activity that provided the

member with income at least equal to the minimum compensation of government employees;

"(q) Disability. - Any loss or impairment of the normal functions of the physical and/or mental faculty of a member which reduces or eliminates his/her capacity to continue with his/her current gainful occupation or engage in any other gainful occupation;

"(r) Total Disability. - Complete incapacity to continue with his present employment or engage in any gainful occupation due to the loss or impairment of the normal functions of the physical and/or mental faculties of the member;

"(s) Permanent Total Disability. - Accrues or arises when recovery from the impairment mentioned in Section 2(Q) is medically remote;

"(t) Temporary Total Disability. - Accrues or arises when the impaired physical and/or mental faculties can be rehabilitated and/or restored to their normal functions;

"(u) Permanent Partial Disability. - Accrues or arises upon the irrevocable loss or impairment of certain portion/s of the physical faculties, despite which the member is able to pursue a gainful occupation.

#### "B. MEMBERSHIP IN THE GSIS

"SEC. 3. *Compulsory Membership.* - Membership in the GSIS shall be compulsory for all employees receiving compensation who have not reached the compulsory retirement age, irrespective of employment status, except members of the Armed Forces of the Philippines and the Philippine National Police, subject to the condition that they must settle first their financial obligation with the GSIS, and contractual who have no employer and employee relationship with the agencies they serve.

"Except for the members of the judiciary and constitutional commissions who shall have life insurance only, all members of the GSIS shall have life insurance, retirement, and all other social security protection such as disability, survivorship, separation, and unemployment benefits.

"SEC. 4. *Effect of Separation from the Service.* - A member separated from the service shall continue to be a member, and shall be entitled to whatever benefits he has qualified to in the event of any contingency compensable under this Act.

#### "C. SOURCES OF FUNDS

"SEC. 5. *Contributions.* - (a) It shall be mandatory for the member and the employer to pay the monthly contributions specified in the following schedule:

Monthly Compensation	Percentage of Monthly	
	Member	Employer

I. Maximum Average Monthly Compensation (AMC) Limit and Below	9.0%	12.0%
II. Over the Maximum (AMC) Limit		
- Up to the Maximum AMC Limit	9.0%	12.0%
- In Excess of the AMC Limit	9.0%	12.0%

"Members of the judiciary and constitutional commissioners shall pay three percent (3%) of their monthly compensation as personal share, and their employers a corresponding three percent (3%) share for their life insurance coverage.

"(b) The employer shall include in its annual appropriation the necessary amounts for its share of the contributions indicated above, plus any additional premiums that may be required on account of the hazards or risks of its employees' occupation.

"(c) It shall be mandatory and compulsory for all employers to include the payment of contributions in their annual appropriations. Penal sanctions shall be imposed upon employers who fail to include the payment of contributions in their annual appropriations or otherwise fail to remit the accurate/exact amount of contributions on time, or delay the remittance of premium contributions to the GSIS. The heads of offices and agencies shall be administratively liable for non-remittance or delayed remittance of premium contributions to the GSIS.

"SEC. 6. *Collection and Remittance of Contributions.* – (a) The employer shall report to the GSIS the names of all its employees, their corresponding employment status, positions, salaries and such other pertinent information, including subsequent changes therein, if any, as may be required by the GSIS; the employer shall deduct each month from the monthly salary or compensation of each employee the contribution payable by him in accordance with the schedule prescribed in the rules and regulations implementing this Act.

"(b) Each employer shall remit directly to the GSIS the employees' and employers' contributions within the first ten (10) days of the calendar month following the month to which the contributions apply. The remittance by the employer of the contributions to the GSIS shall take priority over and above the payment of any and all obligations, except salaries and wages of its employees.

"SEC. 7. *Interests on Delayed Remittances.* – Agencies which delay the remittance of any and all monies due the GSIS shall be charged interests as may be prescribed by the Board but not less than two percent (2%) simple interest per month. Such interest shall be paid by the employers concerned.

"SEC. 8. *Government Guarantee.* – The government of the Republic of the Philippines hereby guarantees the fulfillment of the obligations of the

GSIS to its members as and when they fall due.

#### "D. BENEFITS

"SEC. 9. *Computation of the Basic Monthly Pension.* – (a) The basic monthly pension is equal to:

"1) thirty-seven and one-half percent (37.5%) of the revalued average monthly compensation; plus

"2) two and one-half percent (2.5 %) of said revalued average monthly compensation for each year of service in excess of fifteen (15) years: *Provided*, That the basic monthly pension shall not exceed ninety percent (90%) of the average monthly compensation.

"(b) The basic monthly pension may be adjusted upon the recommendation of the President and General Manager of the GSIS and approved by the President of the Philippines in accordance with the rules and regulations prescribed by the GSIS: *Provided, however*, That the basic monthly pension shall not be less than One thousand and three hundred pesos (P1,300.00): *Provided, further*, That the basic monthly pension for those who have rendered at least twenty (20) years of service after the effectivity of this Act shall not be less than Two thousand four hundred pesos (P2,400.00) a month.

"SEC. 10. *Computation of Service.* – (a) The computation of service for the purpose of determining the amount of benefits payable under this Act shall be from the date of original appointment/election, including periods of service at different times under one or more employers, those performed overseas under the authority of the Republic of the Philippines, and those that may be prescribed by the GSIS in coordination with the Civil Service Commission.

"(b) All service credited for retirement, resignation or separation for which corresponding benefits have been awarded under this Act or other laws shall be excluded in the computation of service in case of reinstatement in the service of an employer and subsequent retirement or separation which is compensable under this Act.

"For the purpose of this section the term service shall include full time service with compensation: *Provided*, That part time and other services with compensation may be included under such rules and regulations as may be prescribed by the GSIS.

#### "SEPARATION BENEFITS

"SEC. 11. *Separation Benefits.* – The separation benefit shall consist of: (a) a cash payment equivalent to one hundred percent (100%) of his average monthly compensation for each year of service he paid contributions, but not less than Twelve thousand pesos (P12,000.00) payable upon reaching sixty (60) years of age or upon separation, whichever comes later: *Provided*, That the member resigns or separates