

[REPUBLIC ACT NO. 4968*, June 17, 1967]

AN ACT AMENDING FURTHER COMMONWEALTH ACT NO. 186 AS AMENDED

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

SECTION 1. Subparagraph (e) of the first paragraph of Section two of Commonwealth Act Numbered One hundred eighty-six, as amended, is further amended to read as follows:

"(e) 'Life Insurance' shall mean any form of insurance on life authorized herein, such as limited payment life, endowment, etc. 'Retirement Insurance' shall mean any form of insurance on retirement as authorized herein. Benefits granted by this Act by virtue of such life or retirement insurance shall not be considered as compensation or emolument."

SEC. 2. Subsection (a) of Section four of the same Act, as amended, is hereby further amended to read as follows: "(a) Membership in the System shall be compulsory upon all appointive officers and employees in the executive, legislative, and judicial branches of the government, including those whose tenure of office is fixed or limited by the Constitution or by law; upon all regular employees of the Philippine Tuberculosis Society and the Philippine National Red Cross, and other employees of the government-owned or controlled corporations: upon all regular officers and enlisted men of the Armed Forces of the Philippines; and upon all elective officials receiving compensation as defined in this Act: *Provided* That casual, substitute, or temporary employees and substitute or temporary teachers shall be hereby covered for purposes of term insurance for two thousand seven, hundred and fifty pesos If appointed for a period of not less than two months: the term insurance to be effective in the month next following the month in which the premium prescribed in Section five hereof has been paid: *And provided, further,* That said casual, substitute or temporary employees and substitute or temporary teachers shall not be covered by the retirement insurance plan provided for in this Act: *Provided, finally,* That the term 'appointive officer and employee' as used herein shall include those extended permanent appointments and provisional 'appointments as used in the civil service law but excluding those without any kind of civil service eligibility when so required.

SEC. 3. Subsection (a) of Section five of the same Act is hereby further amended to read as follows:

"SEC. 5. (a) *Rates of contribution or premiums.*—For the benefits described hereunder, each official or employee who is a member of the System and his employer shall pay the monthly rates of contributions or premiums specified In the following schedule:

Percentage of Monthly Salary Payable By:			
	Employee	Employer	
I. Life Insurance	1	1	Applicable in the case of a civilian Employees insured on or after June 16, 1951, but prior to September 30, 1956, unless he chooses to change his old membership policy and be reinsured under a new one, in which case the next succeeding rate shall apply.
	3	3	Applicable in the case of a civilian employee insured prior to June 16, 1951, or on or after September 30, 1956.
	5	5	Applicable in the case of an officer or an enlisted man of the Armed Forces.
	P12.00	P12.00	Fixed annual premium rates regardless of age and salary, applicable to an employee insured under term insurance renewable yearly.
II. Retirement Insurance	4.5	7.5	If employee's monthly salary is P200.00 or less.
	5.5	6.5	If employee's monthly salary is more than P200.00 but his premium for this benefit shall not exceed P56.00 per month.

"It shall be compulsory for each employer to pay its share of the premiums or contributions in accordance with the rates indicated above, unless it requests reduction of said rates and the System finds, after an examination of said employer's financial condition, that it cannot afford to pay said rates, in which case it shall pay only such rates of premiums or contributions as the System may consider within its capacity to pay. In case of such reduction, the benefits payable to the member and/or his beneficiaries shall be adjusted actuarially in accordance with such rules and regulations as the System shall adopt. "Payment of premium for retirement insurance shall begin on the last day of June, nineteen hundred and fifty-one or of the calendar month the employee entered the service or became covered by his retirement plan, whichever is the later date, and that for life insurance shall begin on the last day of the calendar month preceding the month in which one's insurance takes effect: *Provided, however,* That retirement premiums shall not be required of Justices of the Supreme Court and the Court of Appeals, and Judges of the Courts of First Instance, Agrarian Relations, Industrial Relations, Tax Appeals and Juvenile and Domestic Relation Courts, officers and enlisted men of the Armed Forces of the Philippines who are hereby excluded from said benefit. "Unpaid premiums or contributions shall bear such rate of interest not exceeding six per centum per annum as the Board may prescribe."

SEC. 4. Subsection (a) of Section seven of the same Act is hereby further amended to read as follows:

"SEC. 7. *Additional amounts or premiums.*— (a) For the amount of annuity corresponding to the services rendered by an employee prior to June sixteen, nineteen hundred and fifty-one, the National Government shall pay the necessary additional amounts or premiums as may be determined by the System, which shall be paid in equal annual amortizations at the rate of seventeen million three hundred thousand pesos beginning with the year nineteen hundred and sixty-seven for a period of fifty years or until the said additional amounts or premiums shall have been fully paid which amounts of seventeen million three hundred thousand pesos is hereby set aside and appropriated out of any funds in the National Treasury. "The increase in the additional amounts or premiums for the annuity corresponding to the services rendered prior to the approval of this amendatory Act due to increase in retirement benefits provided for in this amendatory Act, as may be determined by the System, shall likewise be paid by the National Government in equal yearly amortizations for a period of forty years, in the same manner as provided for in the next preceding paragraph, such amortization to commence not earlier than ten years from the date of approval of this amendatory Act. The sums necessary for this purpose are deemed appropriated in accordance with Section twenty-seven of this Act."

SEC. 5. Subsections (a), (b) and (c) of Section eleven , of the same Act, as amended, are hereby further amended to read as follows:

"SEC. 11 (a). *Amount of annuity.*—Upon retirement after faithful and satisfactory service a member shall be automatically entitled to a life annuity guaranteed for at least five years and thereafter as long as he lives. The amount of the monthly annuity at the age of fifty-seven years shall be thirty pesos, plus for each year of service after the sixteenth of June, nineteen hundred and fifty-one, two *per centum* of the average monthly salary received by him during the last three years of, service, plus for each year of service rendered prior to the sixteenth of June, nineteen hundred and fifty-one, one and two-tenths *per centum* of said average monthly salary: *Provided*, That this amount shall be adjusted actuarially if retirement be at an age other than fifty-seven years: *Provided, further*, That the maximum amount of monthly annuity at age fifty-seven shall not in any case exceed three fourths of said average monthly salary; *And provided, finally*, That retirement benefit shall be paid not earlier than one year after the approval of this Act In lieu of this annuity, he may prior to his retirement elect one of the following equivalent benefits:

"(1) Monthly annuity during his lifetime;

"(2) Monthly annuity during the joint-lives of the employee and his or her spouse guaranteed for at least five years, which annuity, however, shall, upon the death of either and after the