

SECOND DIVISION

[G.R. No. 232522, August 28, 2019]

**CARISSA E. SANTO, PETITIONER, VS. UNIVERSITY OF CEBU,
RESPONDENT.**

DECISION

LAZARO-JAVIER, J.:

The Case

This petition seeks to nullify the following dispositions of the Court of Appeals in CA-G.R. SP No. 09693:

1. Decision^[1] dated December 20, 2016 which affirmed the ruling of the National Labor Relations Commission (NLRC) finding that the computation of petitioner's optional retirement package under respondent's Faculty Manual is not subject to the computation prescribed under Article 287^[2] of the Labor Code, as amended by Republic Act No. 7641 (RA 7641) otherwise known as the "New Retirement Pay Law";^[3] and
2. Resolution^[4] dated May 30, 2017, denying petitioner's motion for reconsideration.

Antecedents

The facts are undisputed.

In May 1997, respondent University of Cebu hired petitioner Carissa E. Santo as a full-time instructor. During her employment, as such, she studied law and passed the 2009 Bar Examinations. She continued working for respondent until she got qualified for optional retirement under respondent's Faculty Manual, viz:

Optional Retirement

A permanent employee may, upon reaching his fifty-fifth (55th) birthday or after having completed at least fifteen (15) years of service, opt for an early retirement (which is a resignation with separation pay) considering that separation before reaching 15 years of full-time service does not entitle an employee to any separation pay, except that which is contributed by the University to PAG-IBIG), and shall be entitled to the retirement pay equivalent to a total of fifteen (15) days for every year of service based on the average monthly salary to the employee computed for the past three years.^[5] (emphasis supplied)

In April 2013, she applied for optional retirement; she was then only forty-two (42) years old but had already completed sixteen (16) years of service with respondent. The latter approved her application and computed her optional retirement pay at fifteen (15) days for every year of service per provisions of the Faculty Manual. She asserted, though, that her retirement pay should be equivalent to 22.5 days per year of service in accordance with Article 287^[6] of the Labor Code. Respondent refused to accept her computation. Thus, she initiated the complaint^[7] below for payment of retirement benefits under Article 287^[8] of the Labor Code, damages and attorney's fees against respondent.

For its part, respondent argued that petitioner was not covered by the Retirement Pay Law being less than sixty (60) years old at the time of her retirement.^[9]

Labor Arbiter's Ruling

By Decision^[10] dated July 28, 2014, Labor Arbiter Vitto A. Kintanar found that respondent's retirement package was less than what Article 287^[11] of the Labor Code prescribed, i.e., 22.5 days for every year of service^[12] viz:

WHEREFORE, premises considered, judgment is hereby rendered in favor of complaint against respondent UC ordering the latter to pay complainant her retirement benefits plus 10% thereof as Attorney's fees, in the total amount of P402,824.43 (P366,204.48 Retirement benefit + 36,620.40 Attorney's fees).

All others claims are dismissed for lack of merit.

SO ORDERED.^[13]

The NLRC's Ruling

On appeal, the NLRC reversed.^[14] It ruled that Article 287^[15] was not intended to benefit petitioner who voluntarily resigned not to rest in the twilight years of her life but to actively engage in the practice of the legal profession.^[16] Thus, petitioner was bound to accept whatever optional retirement benefits were provided under respondent's Faculty Manual. Nothing more. The NLRC ruled:

WHEREFORE, PREMISES CONSIDERED, respondents' appeal is given due course. The Decision of the Labor Arbiter is hereby **REVERSED, SET ASIDE and VACATED** and a new one entered ordering respondent University of Cebu to pay complainant the sum of P192,401.97 representing her optional retirement benefits plus whatever additional financial assistance it has offered the complainant. x x x.^[17]

The Proceedings Before the Court of Appeals

Aggrieved, petitioner went up to the Court of Appeals via Rule 65 of the Rules of Court. She maintained her reliance on Article 287 of the Labor Code as basis in the computation of her retirement package.^[18] Respondent, on the other hand, insisted

that the provision is not applicable to her.^[19]

The Court of Appeals' Ruling

By Decision^[20] dated December 20, 2016, the Court of Appeals affirmed.^[21] It found that respondent's Faculty Manual referred to the optional retirement benefit as "*resignation with separation pay*." It was a form of gratuity which respondent granted to its employees who wished to voluntarily terminate their services upon reaching the age of fifty-five (55) or after rendering at least fifteen (15) years of service.^[22] As such, the Court of Appeals ruled that it was different from the retirement benefits granted under Article 287^[23] of the Labor Code which were intended to help the employee enjoy the remaining years of his or her life after he or she had completely stopped working.^[24]

Petitioner moved for a reconsideration but the Court of Appeals denied the same through its Resolution dated May 30, 2017.^[25]

The Present Petition

Petitioner now seeks affirmative relief from the Court. She maintains that Article 287^[26] of the Labor Code should be applied in the computation of her retirement pay since the provision is more favorable to her than that provided under respondent's Faculty Manual.^[27]

In its Comment,^[28] respondent ripostes that the optional retirement benefit granted under its Faculty Manual is a form of resignation with separation pay and not the kind of retirement pay contemplated under Article 287^[29] of the Labor Code. It is a mere gratuity to its employees who voluntarily terminate their services upon reaching the age of fifty-five (55) or after rendering at least fifteen (15) years of service.^[30]

Issue

Did the Court of Appeals err in upholding the computation of petitioner's retirement benefit based on the Faculty Manual rather than Article 287^[31] of the Labor Code?

Ruling

The Faculty Manual provides for payment of optional retirement benefits

Retirement benefits are a form of reward for an employee's loyalty and service to an employer and are earned under existing laws, Collective Bargaining Agreements (CBA), employment contracts and company policies.^[32] It is the result of a bilateral act of the parties, a voluntary agreement between the employer and the employee

whereby the latter, after reaching a certain age or length of service, agrees to sever his or her employment with the former.^[33]

The optional retirement benefits granted under respondent's Faculty Manual squarely fits the definition, *viz*:

Retirement Pay

Compulsory Retirement

Retirement from the service of the University shall be compulsory upon the regular employee's attainment of his sixtieth (60) birthday or twenty (20) years of service, whichever comes first, provided: that depending on the exigency of the service, the University has the option to extend the service of the employee concerned beyond the retirement period on a year-to-year basis.

Upon retirement, an employee shall be entitled to the retirement pay in an amount equal to that which is required by law or that granted by the PAG-IBIG and the PERAA Retirement Plan, whichever is higher. x x x.

Optional Retirement

A permanent employee may, upon reaching his fifty-fifth (55th) birthday or after having completed at least fifteen (15) years of service, opt for an early retirement (which is a resignation with separation pay), considering that separation before reaching 15 years of full-time service does not entitle an employee to any separation pay, except that which is contributed by the University to PAG-IBIG) (sic), and **shall be entitled to the retirement pay equivalent to a total of fifteen (15) days for every year of service** based on the average monthly salary of the employee computed for the past three years.^[34]

Retirement Plan

The University has insured the retirement pay of its employees with the PERAA Retirement Plan and continued with the PAG-IBIG law (RA 7742). For purposes of computing the retirement pay, only the University's PERAA and PAG-IBIG contribution and its increments shall be considered, as mandated by DOLE's 1996 Guidelines for the Effective Implementation of RA 7641, the retirement pay law. In case the PERAA and PAG-IBIG retirement pay is higher than the computed retirement pay the institution grants herein, the employee gets the total amount granted by the retirement plan under PERAA and/or PAG-IBIG. **However, in case the retirement pay from PERAA and/or PAG-IBIG is lower than the institutional computation as mentioned above, the University shall provide the deficiency or difference as required by DOLE's 1996 Guidelines for the Effective Implementation of the Retirement Pay Law (RA 7641). This policy applies likewise to the computation of the early retirement pay.**^[35] (emphasis supplied)

Clearly, the Faculty Manual intends to grant retirement benefits to qualified employees. It entitles an employee to retire after fifteen (15) years of service or upon reaching the age of fifty-five (55) and accordingly collect retirement benefits. It even mandates compliance with RA 7641^[36] such that when the computation of its retirement plan is found to be lower than what the law requires, respondent is bound to pay the deficiency.

Respondent's claim -- that its optional retirement benefit is actually a form of separation pay to qualified employees who wish to resign is belied by its own company policy. This benefit clearly falls within the category of "Retirement Pay," specifically under "Optional Retirement." For sure, respondent is precluded from claiming otherwise.

In another vein, the conflict between respondent's own categorization of the benefit as "retirement pay," on the one hand, and its description of it as "*a resignation with separation pay*," on the other, could only be taken against respondent. For settled is the rule that ambiguities in a contract are interpreted against the party that caused the ambiguity.^[37]

Too, in controversies between a laborer and his master, doubts reasonably arising from the interpretation of agreements and writing should be resolved in the former's favor. The State policy is to extend the doctrine to a greater number of employees who can avail of the benefits under the law to give maximum aid and protection to labor.^[38]

The optional retirement under respondent's Faculty Manual, therefore, should not be taken as anything else but a retirement benefit within the ambit of Article 287^[39] of the Labor Code.

***Petitioner's
retirement
pay should
be computed
based on
Article 287 of
the Labor
Code***

We are confronted with two (2) retirement schemes here: 1) Article 287 of the Labor Code; and 2) Respondent's Faculty Manual. The riveting question is "*which retirement scheme applies to petitioner?*"

Article 287 of the Labor Code.

As amended by RA 7641, the provision bears two (2) types of retirements: 1) optional at age sixty (60); and 2) compulsory at age sixty-five (65). The law does not make a distinction as to the retirement benefits granted in either case. In both cases, the retirement benefit is equivalent to 1/2 month salary for every year of service, the 1/2 month being computed at 22.5 days^[40] provided the employee has worked with his or her employer for at least five (5) years prior to retirement, thus: