

## SECOND DIVISION

**[ G.R. No. 186560, November 17, 2010 ]**

**GOVERNMENT SERVICE INSURANCE SYSTEM, PETITIONER, VS.  
FERNANDO P. DE LEON, RESPONDENT.**

### DECISION

**NACHURA, J.:**

Before this Court is a Petition for Review on *Certiorari* under Rule 45 of the Rules of Court. Petitioner Government Service Insurance System (GSIS) seeks the nullification of the Decision<sup>[1]</sup> dated October 28, 2008 and the Resolution<sup>[2]</sup> dated February 18, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 101811.

Respondent Fernando P. de Leon retired as Chief State Prosecutor of the Department of Justice (DOJ) in 1992, after 44 years of service to the government. He applied for retirement under Republic Act (R.A.) No. 910, invoking R.A. No. 3783, as amended by R.A. No. 4140, which provides that chief state prosecutors hold the same rank as judges. The application was approved by GSIS. Thereafter, and for more than nine years, respondent continuously received his retirement benefits, until 2001, when he failed to receive his monthly pension.<sup>[3]</sup>

Respondent learned that GSIS cancelled the payment of his pension because the Department of Budget and Management (DBM) informed GSIS that respondent was not qualified to retire under R.A. No. 910; that the law was meant to apply only to justices and judges; and that having the same rank and qualification as a judge did not entitle respondent to the retirement benefits provided thereunder. Thus, GSIS stopped the payment of respondent's monthly pension.<sup>[4]</sup>

Respondent wrote GSIS several letters but he received no response until November 9, 2007, when respondent received the following letter from GSIS:

Dear Atty. De Leon:

This is in response to your request for resumption of pension benefit.

It appears that you retired under Republic Act No. 910 in 1992 from your position as Chief State Prosecutor in the Department of Justice. From 1992 to 2001, you were receiving pension benefits under the said law. Beginning the year 2002, the Department of Budget and Management through then Secretary Emilia T. Boncodin already refused to release the funds for your pension benefit on the ground that Chief State Prosecutors are not covered by R.A. 910. This conclusion was later on affirmed by Secretary Rolando G. Andaya, Jr. in a letter dated 6 June 2006.

In view of these, you now seek to secure benefits under Republic Act No. 660 or any other applicable GSIS law.

We regret, however, that we cannot accede to your request because you have chosen to retire and in fact have already retired under a different law, Republic Act No. 910, more than fifteen (15) years ago. There is nothing in the GSIS law which sanctions double retirement unless the retiree is first re-employed and qualifies once again to retire under GSIS law. In fact, Section 55 of Republic Act No. 8291 provides for exclusivity of benefits which means that a retiree may choose only one retirement scheme available to him to the exclusion of all others.

Nonetheless, we believe that the peculiarities of your case is a matter that may be jointly addressed or threshed out by your agency, the Department of Justice, and the Department of Budget and Management.

Very truly yours,

(signed)  
CECIL L. FELEO  
Senior Vice President

Social Insurance Group<sup>[5]</sup>

Respondent then filed a petition for *mandamus* before the CA, praying that petitioner be compelled to continue paying his monthly pension and to pay his unpaid monthly benefits from 2001. He also asked that GSIS and the DBM be ordered to pay him damages.<sup>[6]</sup>

In the assailed October 28, 2008 Decision, the CA resolved to grant the petition, to wit:

**WHEREFORE**, the petition is **GRANTED**. The GSIS is hereby ordered to pay without delay petitioner Atty. Fernando de Leon, his monthly adjusted pension in accordance with other applicable law not under RA 910. It is also ordered to pay the back pensions which should also be adjusted to conform to the applicable law from the time his pension was withheld.

**SO ORDERED.**<sup>[7]</sup>

The CA found that GSIS allowed respondent to retire under R.A. No. 910, following precedents which allowed non-judges to retire under the said law. The CA said that it was not respondent's fault that he was allowed to avail of the benefits under R.A. No. 910; and that, even if his retirement under that law was erroneous, respondent was, nonetheless, entitled to a monthly pension under the GSIS Act. The CA held that this was not a case of double retirement, but merely a continuation of the payment of respondent's pension benefit to which he was clearly entitled. Since the error in the award of retirement benefits under R.A. 910 was not attributable to

respondent, it was incumbent upon GSIS to continue defraying his pension in accordance with the appropriate law which might apply to him. It was unjust for GSIS to entirely stop the payment of respondent's monthly pension without providing any alternative sustenance to him.<sup>[8]</sup>

The CA further held that, under R.A. No. 660, R.A. No. 8291, and Presidential Decree (P.D.) No. 1146, respondent is entitled to a monthly pension for life. He cannot be penalized for the error committed by GSIS itself. Thus, although respondent may not be qualified to receive the retirement benefits under R.A. No. 910, he is still entitled to a monthly pension under R.A. No. 660, P.D. No. 1146, and R.A. No. 8291.<sup>[9]</sup>

Petitioner GSIS is now before this Court, assailing the Decision of the CA and the Resolution denying its motion for reconsideration.

GSIS admits that respondent received monthly pensions from August 1997 until December 2001. Thereafter, the DBM refused to remit the funds for respondent's pension on the ground that he was not entitled to retire under R.A. No. 910 and should have retired under another law, without however specifying which law it was.<sup>[10]</sup> It appears that the DBM discontinued the payment of respondent's pension on the basis of the memorandum of the Chief Presidential Legal Counsel that Chief Prosecutors of the DOJ are not entitled to the retirement package under R.A. No. 910.

Because of the discontinuance of his pension, respondent sought to convert his retirement under R.A. No. 910 to one under another law administered by GSIS.<sup>[11]</sup> However, this conversion was not allowed because, as GSIS avers, R.A. No. 8291 provides that conversion of one's retirement mode on whatever ground and for whatever reason is not allowed beyond one year from the date of retirement.

GSIS assails the CA's Decision for not specifying under which law respondent's retirement benefits should be paid, thus making it legally impossible for GSIS to comply with the directive.<sup>[12]</sup> It then raises several arguments that challenge the validity of the appellate court's decision.

GSIS argues, first, that the CA erred in issuing a writ of *mandamus* despite the absence of any specific and clear right on the part of respondent, since he could not even specify the benefits to which he is entitled and the law under which he is making the claim.<sup>[13]</sup>

Second, GSIS alleges that it had refunded respondent's premium payments because he opted to retire under R.A. No. 910, which it does not administer. Thus, GSIS posits that the nexus between itself and respondent had been severed and, therefore, the latter cannot claim benefits from GSIS anymore.<sup>[14]</sup>

Third, GSIS contends that the CA erred in concluding that respondent would not be unjustly enriched by the continuation of his monthly pension because he had already benefited from having erroneously retired under R.A. No. 910. GSIS points out that it had refunded respondent's premium contributions. When the Chief Presidential Legal Counsel concluded that respondent was not entitled to retire

under R.A. No. 910, it was implicit recognition that respondent was actually not entitled to the P1.2 million lump sum payment he received, which he never refunded.<sup>[15]</sup>

Fourth, GSIS points out that the CA erred in concluding that respondent was not seeking conversion from one retirement mode to another. It reiterates that R.A. No. 8291 expressly prohibits conversion beyond one year from retirement. To compel GSIS to release respondent's retirement benefits despite the fact that he is disqualified to receive retirement benefits violates R.A. No. 8291, and would subject its officials to possible charges under R.A. No. 3019, the Anti-Graft and Corrupt Practices Act.

Fifth, GSIS contends that respondent is not entitled to the retirement benefits under R.A. No. 8291 because, when he retired in 1992, the law had not yet been enacted. The retirement laws administered by GSIS at that time were R.A. No. 660, R.A. No. 1616, and P.D. No. 1146.

Lastly, GSIS argues that the writ of *mandamus* issued by the CA is not proper because it compels petitioner to perform an act that is contrary to law.

Respondent traverses these allegations, and insists that he has a clear legal right to receive retirement benefits under either R.A. No. 660 or P.D. No. 1146.<sup>[16]</sup> He claims that he has met all the conditions for entitlement to the benefits under either of the two laws.<sup>[17]</sup> Respondent contends that the return of his contributions does not bar him from pursuing his claims because GSIS can require him to refund the premium contributions, or even deduct the amount returned to him from the retirement benefits he will receive.<sup>[18]</sup> He also argues that resumption of his monthly pension will not constitute unjust enrichment because he is entitled to the same as a matter of right for the rest of his natural life.<sup>[19]</sup>

Respondent accepts that, contrary to the pronouncement of the CA, he is not covered by R.A. No. 8291. He, therefore, asks this Court to modify the CA Decision, such that instead of Section 13 of R.A. No. 8291, it should be Section 12 of P.D. No. 1146 or Section 11 of R.A. No. 660 to be used as the basis of his right to receive, and the adjustment of, his monthly pension.

Furthermore, respondent argues that allowing him to retire under another law does not constitute "conversion" as contemplated in the GSIS law. He avers that his application for retirement under R.A. No. 910 was duly approved by GSIS, endorsed by the DOJ, and implemented by the DBM *for almost a decade*. Thus, he should not be made to suffer any adverse consequences owing to the change in the interpretation of the provisions of R.A. No. 910. Moreover, he could not have applied for conversion of his chosen retirement mode to one under a different law within one year from approval of his retirement application, because of his firm belief that his retirement under R.A. No. 910 was proper - a belief amply supported by its approval by GSIS, the favorable endorsement of the DOJ, and its implementation by the DBM.<sup>[20]</sup>

The petition is without merit.

Initially, we resolve the procedural issue.

GSIS contends that respondent's petition for *mandamus* filed before the CA was procedurally improper because respondent could not show a clear legal right to the relief sought.

The Court disagrees with petitioner. The CA itself acknowledged that it would not indulge in technicalities to resolve the case, but focus instead on the substantive issues rather than on procedural questions.<sup>[21]</sup> Furthermore, courts have the discretion to relax the rules of procedure in order to protect substantive rights and prevent manifest injustice to a party.

The Court has allowed numerous meritorious cases to proceed despite inherent procedural defects and lapses. Rules of procedure are mere tools designed to facilitate the attainment of justice. Strict and rigid application of rules which would result in technicalities that tend to frustrate rather than to promote substantial justice must always be avoided.<sup>[22]</sup>

Besides, as will be discussed hereunder, contrary to petitioner's posture, respondent has a clear legal right to the relief prayed for. Thus, the CA acted correctly when it gave due course to respondent's petition for *mandamus*.

This case involves a former government official who, after honorably serving office for 44 years, was comfortably enjoying his retirement in the relative security of a regular monthly pension, but found himself abruptly denied the benefit and left without means of sustenance. This is a situation that obviously cries out for the proper application of retirement laws, which are in the class of social legislation.

The inflexible rule in our jurisdiction is that social legislation must be liberally construed in favor of the beneficiaries.<sup>[23]</sup> Retirement laws, in particular, are liberally construed in favor of the retiree<sup>[24]</sup> because their objective is to provide for the retiree's sustenance and, hopefully, even comfort, when he no longer has the capability to earn a livelihood. The liberal approach aims to achieve the humanitarian purposes of the law in order that efficiency, security, and well-being of government employees may be enhanced.<sup>[25]</sup> Indeed, retirement laws are liberally construed and administered in favor of the persons intended to be benefited, and all doubts are resolved in favor of the retiree to achieve their humanitarian purpose.<sup>[26]</sup>

In this case, as adverted to above, respondent was able to establish that he has a clear legal right to the reinstatement of his retirement benefits.

In stopping the payment of respondent's monthly pension, GSIS relied on the memorandum of the DBM, which, in turn, was based on the Chief Presidential Legal Counsel's opinion that respondent, not being a judge, was not entitled to retire under R.A. No. 910. And because respondent had been mistakenly allowed to receive retirement benefits under R.A. No. 910, GSIS erroneously concluded that respondent was not entitled to any retirement benefits at all, not even under any other extant retirement law. This is flawed logic.

Respondent's disqualification from receiving retirement benefits under R.A. No. 910 *does not mean that he is disqualified from receiving any retirement benefit under any other existing retirement law.*