



GSIS

Maaasahan
ng Lingkod-Bayan

**RETIREMENT
AND OTHER
SOCIAL
INSURANCE
BENEFITS**

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This brochure primarily discusses the retirement benefit for members of the Government Service Insurance System (GSIS), as well as other social insurance benefits.

The GSIS hopes that through this information tool, you, as a GSIS member, will get a clear understanding of the various benefits that you are entitled to receive under the law.

If you are a retiring government employee, this handout will equip you with valuable information on the retirement options available to you.

There are five different retirement modes you can choose from depending on your age and length of service. You may be eligible in all but you can only select one.

Enjoy reading!

GSIS Mandate

Created by Commonwealth Act No. 186, the GSIS is a social insurance institution that provides a defined benefit scheme under the law. It insures its members against the occurrence of certain contingencies in exchange for their monthly premium contributions.

GSIS members are entitled to an array of social security benefits, such as life insurance benefits, separation or retirement benefits, and disability benefits.

The GSIS is also the administrator of the General Insurance Fund by virtue of RA 656 or the Property Insurance Law. It provides insurance coverage to government assets and properties that have government insurable interests.

Membership

GSIS members are classified into two types:

1. **Regular members** – government employees receiving fixed monthly compensation while in the service of a government agency (their employer) by virtue of an appointment or election to public office and regardless of status of appointment.

The employees' share in the life insurance and retirement contributions of regular members is 9% of their basic salary while the employers' share is 12% of the same. This is mandated under Section 5 of RA 8291 or the GSIS Charter.

The breakdown of contributions of regular members and their employers is shown as follows:

Social Insurance Contribution	Percentage* of Contribution	Breakdown of the Contribution	
		Life Insurance	Retirement
Personal (employee) share	9%	2%	7%
Government (employer) share	12%	2%	10%
Total	21%	4%	17%

** of the basic monthly salary*

2. **Special members** – government employees who, based on the Constitution or by virtue of a special law or charter, are covered under retirement schemes that are separate from the GSIS, funded by their own agency or by the National Treasury, and recognized by the Department of Budget and Management (DBM).

Special members are required to remit life insurance premiums only equivalent to 3% of their basic salary. Members of the judiciary and constitutional commissions fall under this category.

The contribution of special members and their employers is shown as follows:

Social Insurance Contribution	Percentage* of Contribution (life insurance only)
Personal (employee) share	3%
Government (employer) share	3%
Total	6%

**of the basic monthly salary*

Members may also be classified as follows:

1. **Active members** – GSIS members, whether regular or special, who are in the government service.
2. **Inactive members** – members who have been separated from the service by resignation, retirement, disability, dismissal, or retrenchment.

Under RA 8291, the following are *not* GSIS members:

1. **Uniformed personnel** of Armed Forces of the Philippines (AFP), Philippine National Police (PNP), Bureau of Jail Management and Penology (BJMP), and Bureau of Fire Protection (BFP), as well as forest rangers of Department of Environment and Natural Resources (DENR) and members of the Philippine Coast Guard; and
2. **Contractual employees** who have no employer-employee relationship with their agencies.

Life Insurance Coverage

The GSIS administers two types of life insurance policy – Life Endowment Policy (LEP) and Enhanced Life Policy (ELP).

The benefits given under LEP and ELP are summed up in the table below.

Life Endowment Policy	Enhanced Life Policy
Maturity benefit	<i>(No maturity benefit)</i>
1. Cash surrender value (CSV)	1. Termination value (TV), which is 25% of monthly life insurance premium paid
2. Waiver of premiums due to permanent total disability (PTD)	<i>(No waiver of premiums due to PTD)</i>
3. Death benefit	2. Death benefit
4. Accidental death benefit	<i>(No accidental death benefit)</i>
5. Annual dividend	3. Annual dividend
6. Policy loan (50% of CSV)	4. Policy loan (90% of TV)

The above benefits are discussed in detail in the pages that follow.

A. Life Endowment Policy

Coverage

LEP is the old insurance coverage issued to GSIS members who entered the government service before August 1, 2003.

New entrants in the government service (on or after August 1, 2003) are now covered by ELP.

LEP Benefits

If you are a LEP holder, you are entitled to the following benefits:

1. **Maturity benefit** – the amount payable upon maturity of the endowment policy as defined in the policy contract or the certificate of coverage and is equivalent to the original amount of insurance, plus the supplementary and less all outstanding obligations.

Supplementaries are amounts added to the original amount of insurance resulting from an increase in the salary of the member with the corresponding increase in the premiums payable on the plan. The amount of the supplementary is computed based on the amount of increase in annual salary, the attained age of the member at the time of increase, and the insurance factor corresponding to the plan of insurance of the member.

This benefit is a life insurance claim. As such, it has no prescription period under RA 8291.

2. **Cash surrender value** – the cash value of the policy earned during the term of the insurance and is payable to members, less all outstanding obligations, when they resign or separate from the service before the maturity of the insurance or when they incur permanent total disability(PTD).

This benefit has no prescription period under RA 8291.

3. **Waiver of premiums due to PTD.** Premiums that may become due and payable during the period of the PTD shall be deemed waived and considered paid.

PTD is caused by an injury or disease that results in complete, irreversible, and lifelong incapacity to work or to engage in any gainful occupation. ***Since the PTD benefit has a prescription period under***

RA 8291, application for such should be filed within 4 years from the date of disability.

4. **Death benefit** – the amount payable to designated beneficiaries or, in their absence, to legal heirs upon the member’s death due to natural causes prior to the maturity of insurance or during its continuance.

This benefit is a life insurance claim. As such, it has no prescription period under RA 8291.

5. **Accidental death benefit** – additional benefit equivalent to the amount of death benefit (or total gross amount of the face value of the compulsory life insurance) if the member’s death is due to accident, as determined by the System and in conformity with its policies. This benefit is also dubbed “double indemnity” for eligible members.

Section 11.9.1 of RA 8291 states:

“The GSIS shall pay the accidental death benefit upon receipt of written notice within Thirty (30) days from the date of death of the member and due proof that such death resulted, directly and independently of all other causes, from bodily injury and while his/her insurance is in force, and that said death was caused solely by external, violent, and accidental means and not intentionally caused or provoked by the member, and occurred within Ninety (90) days from the date of the accident. ”

6. **Annual dividend** – the sum of money paid to GSIS policyholders whose life insurance has been in force for at least 1 year based on records submitted by the employer, subject to amount and conditions recommended by the GSIS Actuary Office and approved by the GSIS Board of Trustees.

Eligible members may still request payment of back dividends that were unclaimed in previous dividend years by filling out a Member’s Request Form.

7. **Policy loan** – equivalent to **50%** of the cash value of the policy that could be borrowed by the member.

B. Enhanced Life Policy

Coverage

You are covered by ELP under any of the following conditions:

1. You are a government employee who entered the service after **July 31, 2003**;
2. Your LEP has matured after **July 31, 2003**. (You will be issued a new ELP);
3. You are a regular GSIS member whose LEP has lapsed due to nonpayment of life insurance premiums but continue to be in active service. (You will be issued a new ELP); or
4. You are a regular GSIS member who opted to convert your existing LEP into ELP.

ELP Benefits

1. **Termination value** – the accumulated amount earned based on premium payment while the ELP is in force. It is equivalent to 25% of the monthly life insurance premium paid, which can be withdrawn upon separation or retirement.
2. **Death benefit** – equivalent to the last annual salary multiplied by 1.5. Compared to LEP, ELP has higher death benefit as this is focused more on the financial support to the family and beneficiaries of the deceased member.
3. **Annual dividend** based on the termination value and earnings of the Social Insurance Fund.
4. **Policy loan** equivalent to **90%** of the termination value.

Retirement Modes

There are five different retirement laws to choose from. As a retiring government employee, you may select an option that is applicable to your age and length of government service.

The five laws and the effectivity date of each are shown (from the most recent), as follows:

Retirement Law	Effectivity Date
RA 8291 (GSIS Act of 1997)	June 24, 1997
RA 7699 (The Portability Law)	May 1, 1994
PD 1146 (Pension or Cash Payment)	May 31, 1977
RA 1616 (Gratuity Benefit)	May 31, 1957
RA 660 (Magic 87)	June 16, 1951

The retirement laws are presented here from the most to the least availed of.

A. Republic Act 8291 (GSIS Act of 1997) effective June 24, 1997

Eligibility

1. You must have rendered ***at least 15 years of service*** and must be ***at least 60 years old*** upon retirement; and
2. You must *not* be a permanent total disability pensioner.

Retirement Benefit

There are two choices under this law.

Option 1: Lump sum and old-age (basic monthly) pension

This consists of the following:

- **Lump sum** – equivalent to your 60-month (or 5-year) **basic monthly pension (BMP)** payable at the time of retirement; and
- **BMP** – payable for life after the 5-year guaranteed period

Option 2: Cash payment and old-age (basic monthly) pension

This consists of the following:

- **Cash Payment** – equivalent to 18-month BMP payable upon retirement; and
- **Immediate BMP** – payable for life from the date of retirement.

Here is how BMP is computed.

$$\text{where: } \mathbf{BMP = (0.025) (AMC + P700) (PPP)}$$

AMC = average monthly compensation
and **PPP = periods with paid premiums.**

Your AMC is computed as follows:

1. If your PPP is *less than 36 months*:

$$\text{AMC} = \frac{\text{Member's total compensation (with corresponding paid premiums) prior to unemployment/disability/death}}{\text{Actual number of months such compensation was received}}$$

2. If your PPP is *36 months or more*:

$$\text{AMC} = \frac{\text{Member's total compensation (with corresponding paid premiums) prior to unemployment/disability/death}}{36 \text{ months}}$$

Under this law, the BMP should not exceed 90% of the AMC.

Sample Computation of Benefit Under RA 8291

Basic Data

Name	:	Juan de la Cruz
Office	:	DepEd Pulang Lupa
Date of birth	:	June 20,1952
Date of entry in service	:	March 1,1978
Date of retirement	:	January 1, 2014
PPP	:	31.86574
AMC	:	P23,805.55
RAMC (AMC + 700)	:	P24,505.55
Highest salary received	:	P25,000.00
Age at retirement	:	61.52 years old

Computation

$$\begin{aligned} 1. \text{ BMP} &= (0.025) (\text{RAMC}) (\text{PPP}) \\ &= (0.025) (24,505.55) (31.86574) \\ &= \mathbf{P19,522.18} \end{aligned}$$

2. Retirement benefit:

- Option 1: **5-year lump sum**
= (P19,522.18) (60 months)
= **P1,171,330.80**
BMP (P19,522.18) to start on January 1, 2019.
- Option 2: **18-month Cash Payment**
= (P19,522.18) (18 months)
= **P351,399.24**, plus immediate BMP starting January 1, 2014.

Separation Benefit

If you are ineligible for retirement benefit under RA 8291 because you did not meet the required age (at least 60 years old) or service (at least 15 years), you may be entitled to separation benefit in the form of Cash Payment payable at age 60.

If you meet only the service requirement of 15 years, however, you are also entitled to pension payable at age 60 on top of the 18 times of your BMP payable upon separation.

Your Cash Payment is computed as follows:

Condition	Computation	When Benefit Is Payable
Age: Below 60 PPP: At least 3 but less than 15 years	= (100% AMC) (PPP)	At age 60
Age: Below 60 PPP: At least 15 years	= 18 BMP	Upon separation; BMP for life to start at age 60
Age: At least 60 PPP: At least 3 but less than 15 years	= (100% AMC) (PPP)	Immediately

Since separation benefit has a prescription period, application should be filed within 4 years from the time of separation from government service.

B. Presidential Decree 1146 (Pension or Cash Payment) effective May 31, 1977

Eligibility

1. You must have rendered **at least 15 years of service** and must **at least be 60 years old** upon retirement; and
2. Your date of retirement or separation is **prior to June 24, 1997**.

Benefits

You are entitled to any of the two benefits discussed below depending on your age and length of service.

1. Pension

For pension payment, you can choose from two options.

Option 1: Annuity - the monthly pension paid annually for 5 years, after which, your BMP for life shall commence.

Option 2: Five-year lump sum - the amount to be received within the 5-year guaranteed period.

Your old-age pension is computed as follows:

$$\text{BMP} = (0.025) (\text{RAMC}) (\text{Total years of service})$$

where:

$$\begin{array}{ll} \text{RAMC} = 170\% \text{ AMC} & \text{or} \\ \text{(if AMC is not more than P200)} & \text{RAMC} = \text{AMC} + \text{P140} \\ & \text{(if AMC is more than P200 but less than P3,000)} \end{array}$$

(Under PD 1146, AMC should not be more than P3,000.)

Sample Computation of Benefit Under PD 1146

Basic Data

Name : Pedro Jose
Office : DepEd
Position : Teacher 1
Date of birth : March 21, 1940
Date of retirement : March 21, 1996
PPP : 20.22146
AMC : P3,000.00
RAMC (AMC + P140) : P3,140.00
Highest salary received : P25,000.00

Computation

1. **BMP** = (0.025) (RAMC) (Total years of service)
= (0.025) (3,140.00) (20.22146)
= **P1,587.38 ***
(*Note: Effective January 1, 2013, the minimum pension for old-age and RA 8291 disability pensioners is P5,000.00.)

2. Retirement benefit:

Option 1: Annuity = (P1,587.38) (12 months)
= **P19,048.56**

Option 2: Accrual period : March 21, 2000 to March 20, 2005 (or 60 months)

5-year lump sum = (P1,587.38) (60 months)
= **P95,242.80**

BMP (P1,587.38) to start on April 1, 2005.

2. **Cash payment**

If you are at least 60 years old and had at least 3 years but less than 15 years of government service, you are ineligible for retirement benefit under PD 1146. You may be entitled, however, to Cash Payment equivalent to 100% of your AMC multiplied by your PPP, as follows:

$$\text{Cash Payment} = (\text{AMC}) (\text{PPP})$$

C. Republic Act 1616 (Gratuity Benefit) effective May 31, 1957

Among the five retirement laws, this is the only mode, dubbed “Take All,” that does not provide pension benefit to retirees.

Eligibility

1. You must have entered government service ***before June 1, 1977***;
2. You must have rendered ***at least 20 years of service*** regardless of age and employment status; and
3. Your ***last 3 years of service*** prior to retirement must be continuous, except in cases of death, disability, abolition, or phase-out of position due to reorganization.

Benefits

If qualified, you are entitled to receive the following:

1. **Gratuity pay or benefit.** This is payable by your last employer. Its computation is based on your total length of service (converted into gratuity months), as follows:

Gratuity Months	Factor
First 20 years of service	X 1 month
21-30 years of service	X 1.5 months
In excess of 30 years of service	X 2 months

The total gratuity months shall be multiplied then by the highest compensation you received.

2. **Refund of retirement premiums.** These consist of your personal share (with interest) and government share (without interest), both of which are payable by the GSIS.

Sample Computation of Benefit Under RA 1616

Basic Data

Name : Juan de la Cruz
 Office : DepEd Pulang Lupa
 Date of birth : June 20, 1947
 Date of entry in the government : March 1, 1973
 Date of retirement : January 1, 2009
 PPP : 31.86574
 AMC : P23,805.55
 RAMC (AMC + P700) : P24,505.55
 Highest salary received : P25,000.00
 Age at retirement : 61.52 years old

Under RA 1616 (*Continued*)

Computation

1. **Gratuity months:**

20 years	x 1	= 20.00
10 years	x 1.5	= 15.00
1.86574 years	x 2	= 3.7315
Total gratuity months =		38.7315

2. **Gratuity benefit:**

= (Gratuity months) (Highest salary received)
= (38.7315) (P25,000.00)
= P968,287.50

D. Republic Act 660 (Magic 87)

effective June 16, 1951

Eligibility

1. You must have entered government service ***before June 1, 1977***;
2. Your appointment status must be ***permanent***;
3. Your ***last 3 years of service*** prior to retirement must be continuous, except in cases of death, disability, abolition, or phase-out of position due to reorganization; and
4. You must be ***at least 52 years old*** and meet the corresponding years of service (**YOS**) required for eligibility.

Under this law, your age when you retired (from age 52 to 57) and YOS should be equal to 87, hence, the “Magic 87” formula:

$$\text{Age} + \text{Service} = 87$$

Benefits

Your annuity under this law depends on your retirement age. It is detailed in the table below.

Retirement age	Benefit
63 and above	5-year lump sum
Below 63 but at least 60	<ul style="list-style-type: none"> ▪ Initial 3-year lump sum payable upon retirement; and ▪ Subsequent 2-year balance payable at age 63
Below 60	Monthly pension paid annually – with discount

Note that after the 5-year guaranteed period, within which you obtained any of the above benefit, you shall be entitled to a monthly pension for life.

Your monthly pension under RA 660 is computed as follows:

$$R = P30.00 + [(2\% \times M) + (1.2\% \times P)] (A)$$

where:

R = Monthly pension at age 57

M = Number of years after June 16, 1951 (effectivity date of RA 660)

P = Number of years before June 16, 1951

A = Average monthly salary for the last 3 years

An actuarial adjustment factor, which varies with age, is used in computing annuity. The factors are shown in the table below.

Age	52	53	54	55	56	57	58	59	60	61	62	63	64	65
Factor	0.87	0.89	0.92	0.94	0.97	1.00	1.03	1.06	1.08	1.11	1.15	1.16	1.20	1.24

Sample Computation of Benefit Under RA 660

Basic Data

Name	:	Pedro Jose
Office	:	DepEd Pulang Lupa
Date of birth	:	June 20, 1947
Date of entry in the government	:	March 1, 1973
Date of retirement	:	January 1, 2009
PPP	:	31.86574
Number of years after June 16, 1951 (M)	:	31.86574
Number of years before June 16, 1951 (P)	:	0
Average monthly salary (A)	:	P23,805.55
Age at retirement	:	61.52 years old

Computation

1. Monthly pension:

$$\begin{aligned} R &= P30.00 + [(2\% \times M) + (1.2\% \times P)] (A) \\ &= P30.00 + [(2\% \times 31.86574) + (1.2\% \times 0)] (23,805.55) \\ &= P30.00 + (0.637315) (23,805.55) \\ &= P30.00 + 15,171.63 \\ &= \mathbf{P15,201.63} \end{aligned}$$

Then, get the actuarial factor at age 61.52 from the table on page 19: **1.13**

$$\begin{aligned} &= (R) (\text{Actuarial factor}) \\ &= (P15,201.63) (1.13) \\ &= \mathbf{P17,177.84} \end{aligned}$$

2. Since Mr. Jose is 61.52 years old upon retirement, he is entitled to the following:

- **3-year lump sum** (or 36 months) payable immediately on his retirement (January 2009):
 - = (Monthly pension) (36 months)
 - = (P17,177.84) (36)
 - = **P618,402.24**

Under RA 660 (*Continued*)

- **Subsequent 2-year lump sum** (or 24 months) payable at age 63 (June 20, 2010) upon request:
 - = (Monthly pension) (24 months)
 - = (P17,177.84) (24)
 - = **P412,268.16**
- **Monthly pension** (P17,177.84) to start in January 2014

It is important to remember that if you are claiming for benefits other than retirement under RA 660, you should have made contributions for at least 5 years to qualify for such benefits.

E. Republic Act 7699 (The Portability Law) effective May 1, 1994

RA 7699 is another retirement law that you can apply for only if:

1. You are not entitled for pension benefit from either or both the GSIS or Social Security System (SSS) because you are unable to meet the required periods of service or number of contributions; and
2. You have less than 120 months of SSS contributions or less than 180 months of creditable government service (GSIS) at the time of retirement. (In computing, there should be no overlapping of periods of service or contributions under the GSIS and SSS.)

The Portability Law provides for *totalization*, the process of adding up the period of creditable services or contributions under both SSS and GSIS for purposes of eligibility and computation of benefits.

The amount of benefit to be paid by the GSIS or SSS shall be proportionate to the services rendered or periods of contributions made to each of them.

Hence, all services you rendered or contributions you personally paid as a GSIS member, as well as those that were paid by your agency-employer, shall be considered in the computation and payment of GSIS benefits. The SSS, on the other hand, shall shoulder the portion corresponding to your services or contributions to that system.

Your benefit under this law is in the form of monthly pension payable at age 60.

Sample Computations of Benefit Under RA 7699

SAMPLE 1

Basic Data

Name	: Juan de la Cruz
Office	: DepEd Pulang Lupa
Position	: Teacher I
Date of birth	: March 21, 1940
Date of entry in government service	: March 1, 1987
Date of retirement/separation	: March 1, 1996
Period of employment in the private sector (under SSS)	: 7 years (December 10, 1979 to December 15, 1986)
PPP (under GSIS)	: 9 years
AMC	: P3,000.00
RAMC (AMC + P140)	: P3,140.00
Highest salary received	: P25,000.00
Age at retirement/separation	: 56 years old
Date processed	: January 16, 2014

Under RA 7699 (Continued)

Computation using the formula under **PD 1146**, the prevailing retirement law in 1996:

1. Compute first his **BMP** (to start at age 60, that is, March 21, 2000).

$$\begin{aligned}\mathbf{BMP} &= (0.025) (\text{RAMC}) (\text{Total years of service under GSIS}) \\ &= (0.025) (3,140.00) (9) \\ &= \mathbf{P706.50}\end{aligned}$$

(As a retiree under RA 7699, Mr. de la Cruz is excluded from pension increase and cash gift.)

2. Then, compute his **accrued benefit**:

Accrued period : March 21, 2000 (his 60th birthday) to January 31, 2014 (last month of BMP covered in the computation when his retirement benefit was processed, after which he shall receive his regular BMP of P706.50 starting February 2014)
: 157.3548387 months

$$\begin{aligned}\text{Accrued benefit} &= (\text{BMP}) (\text{Accrued period or months}) \\ &= (\text{P706.50}) (157.3548387) \\ &= \mathbf{P111,171.19}\end{aligned}$$

3. SSS shall compute and grant the benefit for his period of employment under SSS: from December 10, 1979 to December 15, 1986.

SAMPLE 2

Basic Data

Name	: Pedro Jose
Office	: DepEd Pulang Lupa
Date of birth	: June 20, 1952
Date of entry in service	: July 1, 1998

Under RA 7699 (Continued)

Date of retirement/separation	: January 1, 2009
PPP	: 10.5 years
AMC	: P23,805.55
RAMC (AMC + P700)	: P24,505.55
Highest salary received	: P25,000.00
Age at retirement	: 57.52 years old
Date processed	: January 16, 2014

Computation using the formula under **RA 8291**, the prevailing retirement law when Mr. Jose retired in 2009:

1. Compute first his **BMP** (to start at age 60, that is, June 20, 2012).

$$\begin{aligned}\mathbf{BMP} &= (0.025) (\text{RAMC}) (\text{PPP}) \\ &= (0.025) (24,505.55) (10.5) \\ &= \mathbf{P6,432.68}\end{aligned}$$

(As a retiree under RA 7699, Mr. Jose is excluded from pension increase and cash gift.)

2. Then, compute his **accrued benefit**:

$$\begin{aligned}\text{Accrued period} &: \text{June 20, 2012 (his 60th birthday)} \\ &\quad \text{to January 31, 2014 (last month of BMP covered in} \\ &\quad \text{the computation when his retirement benefit was} \\ &\quad \text{processed, after which he shall receive his regular} \\ &\quad \text{BMP of P706.50 starting February 2014)} \\ &: 19.33333 \text{ months} \\ \text{Accrued benefit} &= (\text{BMP}) (\text{Accrued period or months}) \\ &= (P6,432.68) (19.33333) \\ &= \mathbf{P124,365.14}\end{aligned}$$

3. SSS shall compute and grant the benefit for his period of employment under SSS, if any, prior to his entry in government service.

Case Study on Retirement Benefit

Member's Name : **JANET N. REVILLA**
Office : DepEd Pulang Lupa
Position : Clerk III
Date of birth : March 21, 1951
Date of entry in service : July 1, 1976
Date of retirement : **July 1, 2014**
PPP : 36.24322610
AMC : P25,471.03
RAMC (AMC + P700) : P26,171.03
Highest salary received : P26,868.00
Age at retirement : 63 years old

Question: How much is Ms. Revilla's retirement benefit?

Under RA 8291

1. Compute first her basic monthly pension (**BMP**):

$$\begin{aligned}\mathbf{BMP} &= (0.025) (\text{RAMC}) (\text{PPP}) \\ &= (0.025) (26,171.03) (36.24322610) \\ &= \text{P}23,713.06\end{aligned}$$

The maximum BMP, however, should not exceed 90% of her AMC (P25,471.03), which is P22,923.93.

Hence:

$$\mathbf{BMP = \underline{P22,923.93}}$$

2. Then, compute her **retirement benefit**:

- Option 1: 5-year lump sum
= (BMP) (60 months)
= (P22,923.93) (60)
= **P1,375,435.80**

BMP (**P22,923.93**) to start on July 1, 2019

- Option 2: 18-month Cash Payment
 - = (BMP) (18 months)
 - = (P22,923.93) (18)
 - = **P412,630.74**, plus immediate BMP (**P22,923.93**) starting July 1, 2014.

Aside from receiving retirement benefit, a retiree is also entitled to *cash surrender value* (CSV). Upon retirement, all loan balances may be deducted from the CSV. These loans, except policy loan, may also be deducted from the *retirement benefit* (and hence paid in full or in installment basis under CLASP).

Under PD 1146

PD 1146 is no longer applicable to her. Why? To qualify for retirement benefit under this law, Ms. Revilla's date of retirement (or separation from the service) should be *prior to June 24, 1997*.

Assuming, however, that she retired or were separated prior to June 24, 1997 (say, **June 23, 1997**), she would have been entitled to receive such benefit for having rendered more than 15 years of service (that is, from her entry on July 1, 1976).

1. Given the above employment data of Ms. Revilla in 1997, compute first her **BMP**:
 - **AMC**: P7,286.72
(Note, however, that under PD 1146, the maximum AMC is P3,000.00)
So: P3,000.00
 - **RAMC**:
= AMC + 140
= P3, 140.00
 - **Total years of service** (from July 1, 1976 to June 23, 1997):
20.9985987

Hence:

$$\begin{aligned}\mathbf{BMP} &= (0.025) (\text{RAMC}) (\text{Total years of service}) \\ &= (0.025) (3,140) (20.9985987) \\ &= \mathbf{P1,648.39}^*\end{aligned}$$

(*Note: Effective January 1, 2013, the minimum pension for all old-age pensioners and for RA 8291 disability pensioners is **P5,000.00**.)

2. Compute her two options for **retirement/separation benefit**, which is payable at age 60:
 - Option 1: Immediate BMP
 - From March 21, 2011 (her 60th birthday) to December 31, 2012: **P1,648.39**
 - Effective January 1, 2013: **P5,000.00** (new minimum pension)
 - Option 2: 5-year lump sum
 - = (BMP) (60 months)
 - = (P1,648.39) (60 months)
 - = **P98,903.40**
 - BMP (**P5,000.00**) to start on March 21, 2016

Under RA 1616

1. Compute first her **gratuity months**:

20 years	x 1	= 20.00
10 years	x 1.5	= 15.00
8.00548 years	x 2	= 16.01096
		Total gratuity months= 51.01096
2. Then, compute her **gratuity benefit**:
 - = (Gratuity months) (Highest salary received)
 - = (51.01096) (P26,868.00)
 - = **P1,370,562.47**

This gratuity benefit is payable by Ms. Revilla's last employer (DepEd). The GSIS, for its part, shall refund her premium contributions – personal share (with interest) and employer share (without interest).

Under RA 660

1. Compute first her **monthly pension (R)**:

$$R = P30.00 + [(2\% M) + (1.2\% P)] (A)$$

where:

R = Monthly pension at age 57

M = Number of years after June 16, 1951

P = Number of years before June 16, 1951

A = Average monthly salary for the last 3 years

$$\begin{aligned} &= 30.00 + [(2\% \times 36.24322610) + (1.2\% \times 0)] (25,471.03) \\ &= 30.00 + (0.72486452) (25,471.03) \\ &= 30.00 + 18,463.05 \\ &= P18,493.05 \end{aligned}$$

Then, get the actuarial factor at age 63 from the *Table of Actuarial Adjustment Factors*: **1.1**

Hence:

$$\begin{aligned} R &= (R) (\text{Actuarial factor}) \\ &= (P18,493.05) (1.1) \\ &= \underline{\underline{P20,342.35}} \end{aligned}$$

2. Then, compute her **retirement benefit** (age 63):

5-year lump sum (or 60 months):

= (Monthly pension or R) (60 months)

= (P20,342.35) (60)

= **P1,220,541.00**

Monthly pension (**P20,342.35**) to start on July 1, 2019

Under RA 7699 (Portability Law)

Ms. Revilla may *only* apply for retirement benefit under this law if:

1. She is *not* entitled for pension benefit from the GSIS because she is unable to meet the periods of service or number of

contributions required under all the laws described above *but* has rendered services in the private sector and paid corresponding contributions to the Social Security System (SSS) that, when added up, will make her eligible for retirement and pension benefit; and

2. She has less than 180 months of PPP at the time of retirement. [In computing, there should be no overlapping of periods of service or contributions under the GSIS and the SSS, if any.]

Other Social Insurance Benefits

A. Survivorship Benefit

In the event of your death, your surviving spouse may file for basic survivorship pension (**BSP**), which is equivalent to **50%** of the BMP that you are entitled to. The maximum BSP should not exceed Step 8 of the current salary of an undersecretary under the Salary Standardization Law.

Payment of BSP to your spouse shall be discontinued in case he or she remarries, cohabits, or engages in a common-law relationship.

Your surviving children below 18 years old shall also be entitled to receive dependent's pension (**DP**) equivalent to **10%** of your BMP and payable until they reach the age of majority (18 years old). The grant of DP covers only five children (counted from the youngest), without substitution.

Since May 2011, the 4-year prescription period for this benefit has been relaxed. The GSIS is now treating an application for funeral benefit by the member's heir or beneficiary as "constructive filing" of application for survivorship benefit.

B. Funeral Benefit

Funeral benefit is intended to help defray the expenses incidental to the

burial and funeral of the deceased member, pensioner, or retiree under any of the five retirement laws.

Your beneficiary is entitled to receive funeral benefit if your death occurs:

1. When you are an active member;
2. When you are already separated from the service, had more than 15 years of service, and are entitled to future pension benefit;
3. Within the 5-year guaranteed period after you retired under RA 8291;
4. When you are already an old-age pensioner (not a survivorship pensioner) or a disability pensioner with more than 15 years of service;
5. When you were at least 60 years old when you retired or when you opted to retire under RA 1616 (even if RA 8291 was already in effect);
or
6. When you retired under RA 1616 prior to the effectivity of RA 8291 and had at least 20 years of service (regardless of your age when you retired).

Funeral benefit, worth P20,000.00, is paid to only one of the following persons according to order of priority:

1. Your legitimate spouse;
2. Your legitimate child who shouldered the funeral expenses – if you are a member, pensioner, or gratuitant; or
3. Any person who spent for the funeral, with valid proofs of expenses.

For retired uniformed members of PNP, BJMP and BFP, the amount of funeral benefit is fixed at P10,000.00.

Since this benefit has a prescription period, application should be filed within 4 years from the member's death.

C. Unemployment Benefit

You can avail of the unemployment benefit if you are:

1. A former permanent government employee who has paid the required integrated contributions (employer and employee share) for 12 months under RA 8291, and
2. Involuntarily separated from the service due to abolition of your office or position, or due to reorganization.

The benefit is in the form of monthly Cash Payment equivalent to 50% of your AMC. The duration of the benefit depends on the length of your service and ranges from 2 months up to 6 months. It is paid according to the following schedule:

Length of Service	Benefit Duration
1 year but less than 3 years	2 months
3 or more years but less than 6 years	3 months
6 or more years but less than 9 years	4 months
9 or more years but less than 11 years	5 months
11 or more years but less than 15 years	6 months

Application for this benefit should be filed within 4 years from the time of involuntary separation from government service. It shall be deducted from future separation or retirement benefit.

D. Disability Benefit (Nonwork-Related)

Disability refers to any loss or impairment of the normal functions of physical or mental faculties, which permanently or temporarily prevents a member to continue with work or to engage in any other gainful occupation, resulting in loss of income or diminished earning capacity.

As soon as you submit the application for disability benefit, the GSIS shall determine the nature of your disability and the corresponding benefit based on the duration of your incapacity to work and actual loss of income. Established medical standards will also serve as basis in the evaluation.

Actual loss of income refers to number of days when you went on leave of absence without pay (LWOP), which is reckoned immediately from the date of your disability and the period of entitlement based on medical evaluation.

Your disability shall *not* be compensable if:

1. It is a result of or due to your grave misconduct; participation in riots; gross and inexcusable negligence; influence of drugs or alcohol; or willful intention to injure or kill yourself or another; or
2. You incurred your LWOP after the duration of entitlement to the benefit.

It is also important to note that any applicable disability benefit shall be suspended under any of the following conditions:

1. You were reemployed;
2. You recovered from your disability, as determined by the GSIS, whose decision shall be final and binding;
3. You failed to present yourself for medical examination when required by GSIS; or
4. You are receiving other pension either from GSIS or another local or foreign institution.

There are basically three types of disability benefit: permanent total; permanent partial; and temporary total.

Since this benefit has a prescription period under RA 8291, application should be filed within 4 years from the date of disability.

Permanent Total Disability

Permanent total disability (PTD) is an injury or disease that results in any of the following:

1. Complete loss of sight of both eyes;
2. Loss of 2 limbs at or above the ankle or wrist;
3. Permanent complete paralysis of 2 limbs;
4. Brain injury resulting in incurable imbecility, insanity, or other irreversible conditions; or
5. Other cases as may be determined by the GSIS.

PTD benefit may be granted if your disability caused complete, irreversible, and lifelong incapacity that permanently hinders you to work or to engage in any gainful occupation, resulting in loss of income. The benefit is effective from the date of disability.

Condition	Benefit
1. Has PPP of at least 3 years but not more than 15 years prior to separation from the service	(100% AMC)(PPP), not to exceed P12,000
2. In active service: Has at least 15 years of service	1. BMP x 18; and 2. BMP (to start immediately upon retirement)
3. In active service; Has less than 15 years of service	BMP (to start immediately upon retirement)
4. Separated from the service but had 36 monthly contributions within the 5-year period immediately preceding the PTD , or has paid contributions for 15 years and is gainfully employed prior to separation from the service	BMP (to start from the date of disability)

Permanent Partial Disability

Permanent partial disability (PPD) results from the complete and permanent loss of the use of any of the following (which hinders you to work for a limited period of time): any finger; any toe; one arm; one hand; one foot; one leg; one or both ears; hearing of one or both ears; sight of one eye; or such other cases as may be determined by the GSIS.

You are entitled to PPD benefit (in the form of Cash Payment) if you meet any of the following conditions, whether you are in or separated from the service:

1. You have paid 36 monthly contributions within 5 years immediately preceding the PPD, or
2. You have paid at least 180 monthly contributions.

The Cash Payment is computed as follows:

$$\text{Cash Payment} = (\text{BMP}) (\text{Number of PPD months}) \\ (\text{as recommended by the GSIS medical evaluator})$$

Temporary Total Disability

Temporary total disability (TTD) accrues or arises when impaired physical or mental faculties can be rehabilitated or restored to their normal functions, but such disability has resulted in temporary incapacity to work or to engage in any gainful occupation.

You are entitled to TTD benefit (or sickness income benefit - SIB) under the following conditions:

1. You are in the service; or
2. You were separated from the service but have rendered at least 3 years of service and have paid at least 6 monthly contributions within 12 months immediately preceding the TTD.

The SIB ranges from P165 per day to a maximum of P475 per day, or 75% of the daily wage, whichever is lower. It is paid in the form of daily income benefit (**DIB**), which is computed as follows:

$$\text{DIB} = (\text{Monthly salary}/22 \text{ working days}) (75\%)$$

The DIB is guided by the following conditions:

1. The duration of the disability or sickness must not exceed 120 days.
2. In extensive, serious, or exceptional cases, the benefit may be extended up to a maximum of 240 days.

E. Christmas Cash Gift and Pension Increase

You shall be entitled to Christmas cash gift equivalent to a one-month pension (but not to exceed the maximum limit approved by the GSIS Board of Trustees) and pension increase if you:

1. Are an old-age and disability pensioner under RA 660, PD 1146, or RA 8291;
2. Have been a regular pensioner for 5 years after you retired under Option 2 of RA 8291. (This requirement took effect on January 1, 2006); or
3. Have been a regular pensioner for 5 years starting at age 60 after you were separated from the service with 18-month lump sum.

You are *not* entitled to the benefit, however, if you are:

1. An old-age pensioner with less than 15 years of PPP when you retired; or
2. An employee compensation or survivorship pensioner.

Frequently Asked Questions on Dividends

When does GSIS give dividends?

According to Section 25 of RA 8291, “An annual dividend may be granted to all members of the GSIS whose life insurance is in force for at least one (1) year in accordance with a dividend allocation formula to be determined by the GSIS.”

Dividends come from the life insurance premium contribution of members – not from their retirement premiums.

Who are entitled or qualified to receive dividends?

Only members with active policies are entitled to dividends. The following are *not* entitled to dividends:

1. Members whose policies (LEP) matured during the year;
2. Members whose policies lapsed during the year;
3. Members whose policies were terminated due to death, retirement, or separation from service during the year; and
4. Members who have defaulted in their salary and consolidated loans for at least 12 months or have unpaid premiums for at least 12 months as of the date of reckoning.

Is the grant of dividends dependent on the financial performance of the fund?

Yes. The grant of dividends is dependent on the financial performance of the Social Insurance Fund.

NOTES

Lined writing area with horizontal rules.



GSIS

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GSIS benefits are now paid via eCard!

The proceeds of the following
GSIS's claims* are now credited
to the account of the payee
who owns a GSIS electronic card
(eCard) or unified multipurpose
identification (UMID)card:

Retirement
Cash surrender value
Maturity
Preneed
Disability
Death claim
Burial benefit
Accidental death benefit
Refund of overpayments



*Except employee compensation (EC) claims



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