



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management

Building I, General Solano Street, San Miguel, Manila



CIRCULAR LETTER

No. 2009-8

March 9, 2009

- TO : HEADS OF DEPARTMENTS AND AGENCIES OF THE EXECUTIVE BRANCH, INCLUDING GOVERNMENT-OWNED AND/OR -CONTROLLED CORPORATIONS (GOCCs), GOVERNMENT FINANCIAL INSTITUTIONS (GFIs), AND ALL OTHERS CONCERNED
- SUBJECT : CLARIFICATION ON THE AVAILMENT OF INCENTIVES UNDER EXECUTIVE ORDER NO. 366 OF AFFECTED PERSONNEL ON EXTENDED SERVICE
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1.0 Purpose

This Circular Letter is being issued to:

- 1.1 Clarify who among the affected personnel on extended service can avail of the incentives under the Rationalization Program as mandated by Executive Order (EO) No. 366 dated 04 October 2004, particularly Section 10 of said EO, and Sections 13.e and 14 of its Implementing Rules and Regulations (IRR) dated 11 May 2005; and
- 1.2 Reiterate the period of government service entitled to the incentive and the salary level to be used as basis for computing the same, as provided for under Section 14.b of said IRR and EO 637 dated 24 July 2007, respectively.

2.0 Clarification

- 2.1 Per Civil Service Commission (CSC) Memorandum Circular (MC) No. 27 dated 08 October 2001, the services rendered by personnel who have reached the compulsory retirement age of 65 and are on extended service based on a CSC Resolution *shall no longer be credited as part of government service*. Thus, personnel who are in this situation and whose position may be affected by the Rationalization Program are *not entitled* to avail of the Program incentives since *they are considered retired* from government service.

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- 2.2 Under the same CSC MC, the services rendered by personnel who have reached the compulsory retirement age of 65 and are on extended service for the purpose of completing the 15-year service requirement under the Government Service Insurance System (GSIS) Law, **shall be credited as part of government service**, but only for a **maximum period of one (1) year**. Personnel who are in this circumstance and who may be affected by the Rationalization Program, **may avail** of the Program incentives **within two (2) months from the approval of their agency Rationalization Plan**, provided the two-month period of availment shall coincide with the one-year period that their services are credited as part of government service.

Those who would opt to avail of the incentives prior to the completion of the GSIS requirement of 15 years of service shall be subject to existing GSIS retirement laws and rules.

- 2.3 Similarly, under said CSC MC and other jurisprudence on the matter, employees occupying coterminus/primarily confidential positions, and who reach the age of 65 years, are considered automatically extended in the service until the expiry date of their appointment or until their services are earlier terminated. The creditable service under automatic extension of service is only for a **maximum period of one (1) year**.

Therefore, personnel appointed to a coterminus/primarily confidential position which is affected under the Program, and who have reached the age of 65 years, **may also avail** of the Program incentives **within two (2) months from the approval of their agency Rationalization Plan**, provided the two-month period of availment shall coincide with the one-year period that their services are credited as part of government service.

- 2.4 Pursuant to Section 14.b of the IRR of EO 366, only the government service up to age 59 and a fraction thereof, shall be counted for purposes of the incentive. Government service starting at the age of 60 shall no longer be subject to the incentive.

Moreover, under EO 637, the incentives that would be received by an affected personnel who would opt to avail of the retirement benefit under Republic Act (RA) No. 660 or the applicable retirement, separation or unemployment benefit provided under RA 8291, and whose retirement/separation from government service would be effective starting 01 July 2007 or a later date, shall be computed using the **actual monthly salary** of said personnel **as of 30 June 2007**.

3.0 Responsibility Clause

It shall be the responsibility of the Department Secretaries and equivalent Agency Heads to strictly implement the provisions of the laws, rules and regulations indicated under this Circular Letter. In case of any violation of the same, the

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official authorizing such action shall be held responsible for whatever expenses the government incurred for not strictly following said issuances.

4.0 Applicability Clause

The provisions of this Circular Letter shall be applicable until revoked.


ROLANDO G. ANDAYA, JR.
Secretary