



REPUBLIC OF THE PHILIPPINES
Department of Budget and Management
Malacañang, Manila

BUDGET CIRCULAR

No. 2013 - 1

April 12, 2013

TO : All Heads of Departments, Agencies, Bureaus, Offices, Commissions, State Universities and Colleges; Budget Officers; Heads of Accounting Units; and Other Government Instrumentalities Concerned Including Government-Owned/Controlled Corporations (GOCCs) and Local Government Units (LGUs)

SUBJECT: Guidelines Prescribing the Documentary Requirements and Procedures in Processing/Payment of Retirement Benefits of Government Employees

1.0 Background

Republic Act (R.A.) No. 10154 (series of 2011) provides for the early release of retirement benefits to government retirees. Under said law, all agencies of the government are directed to ensure that retiring government employees shall be paid their retirement benefits within a period of thirty (30) days from the actual date of retirement.

The Civil Service Commission (CSC) issued Resolution No. 1300237 dated January 30, 2013 providing for the Implementing Rules and Regulations (IRR) of R.A. No. 10154, which took effect on March 17, 2013.

The Department of Budget and Management (DBM), in its effort to facilitate the submission and processing of payment of retirement benefits, is instituting measures to conform with the objectives of R.A. No. 10154 and its IRR.

2.0 Purpose

This Circular is therefore being issued to:

- 2.1 Provide guidelines that shall ensure the prompt processing of agency requests for release of funds to cover payment of retirement benefits;
- 2.2 Prescribe a standard checklist of documentary requirements to support claims for retirement benefits to be submitted to DBM;
- 2.3 Delineate the responsibilities of retiring government employees, employer-agencies and DBM in the expeditious processing of claims for retirement benefits; and

- 2.4 Reiterate the modes of payment for terminal leave (TL)/retirement gratuity (RG) either thru issuance of: (i) Modified Disbursement System (MDS) Checks; or (ii) Advice to Debit Account (ADA).

3.0 Coverage

- 3.1 This circular shall cover the release of retirement benefits of retiring government employees, as follows:

- 3.1.1 TL benefits of retiring government employees;

- 3.1.1.1 Regardless of appointment status, i.e., casual, contractual and permanent employees in all branches, agencies and/or instrumentalities of the government including GOCCs which are financially unable to pay the retirement benefits of its retired employees pursuant to Executive Order No. 77, s. of 2012; and

- 3.1.1.2 Devolved to LGUs pursuant to NBC 429/429A.

- 3.1.2 RG benefits of retiring government employees, which include those of:

- 3.1.2.1 Uniformed personnel of the Department of the Interior and Local Government (Bureau of Fire Protection, Bureau of Jail Management and Penology and Philippine National Police), the Department of Environment and Natural Resources (National Mapping and Resource Information Authority) and Department of Transportation and Communications (Philippine Coast Guard);

- 3.1.2.2 Justices and judges of the Judiciary and the Ombudsman, Solicitor General and Government Corporate Counsel.

- 3.1.2.3 Chairpersons and Members of Constitutional Commissions, such as Commission on Election, Commission on Audit, and Civil Service Commission;

- 3.1.2.4 Chairpersons and Members of Commission on Human Rights, Professional Regulation Commission, National Labor Relations Commission (NLRC) and the Energy Regulatory Commission (ERC); and

- 3.1.2.5 NG officials entitled to the difference between the RG granted under special retirement laws and the amount paid by the GSIS, such as: National Prosecution Service, NLRC, and the Public Attorney's Office.

4.0 Exclusions

- 4.1 Payment of retirement benefits of retiring personnel of the Armed Forces of the Philippines who shall apply for compulsory retirement and optional or early retirement as authorized by law, consistent with Section 4 of the IRR of R.A. No. 10154; and

- 4.2 Payment of pensions of retired government employees which shall be covered by a separate issuance.

5.0 General Guidelines

- 5.1 Consistent with the IRR of RA No. 10154, agency submission and processing of documentary requirements, release of funds for the purpose, and actual payment of TL/RG benefits shall be completed within the **prescribed period**.

5.1.1 **Not later than one hundred twenty (120) days** prior to the effective date of retirement, the **retiring-government employee** shall submit a written expression of intent to retire. Thereafter, the retiring-employee shall submit all documentary requirements prescribed by the employer-agency **not later than one hundred (100) days** prior to the effective date of retirement.

5.1.2 **Not later than ninety (90) days** prior to the effective date of retirement of the employee, the **employer-agency** shall:

5.1.2.1 Ascertain the completeness, authenticity, accuracy and consistency of data reflected in the documentary requirements, as well as in computing the amount of TL/RG claims.

5.1.2.2 Indicate (stamp-mark) the date of submission of complete documents in the Retirement Application Form in clear bold marks, countersigned by the proper receiving and validating employee.

5.1.2.3 Coordinate with other concerned agencies, e.g., GSIS, Ombudsman and facilitate the needed clearances of their retiring employees.

5.1.2.4 Submit to DBM the Special Budget Request/s (SBR) for release of funds to cover such retirement benefits chargeable against the Pension and Gratuity Fund (PGF) together with the following:

5.1.2.4.1 Documents listed in the prescribed Checklist of Documentary Requirements shown as **Annex A**; and

5.1.2.4.2 List of Actual Retirees to be Paid (LARP) format of which is prescribed under **Annex B** of this Circular. The LARP shall contain the following information:

- Names of the actual retirees, categorized into compulsory or optional;
- Name of GSB (Branch, Address)/Savings Account Number;
- Position Title/Rank at retirement date;
- Unique Position Item Number;

- Dates of birth, original appointment and retirement;
- Highest Monthly Salary per Notice of Salary Adjustment (NOSA);
- Gross amount of retirement claim, deductions and net amount due;
- TLB based on number of leave credits earned; and
- RGB based on total creditable services and number of gratuity months.

5.1.3 **Not later than ten (10) days** upon receipt of SBR, together with the documentary requirements from employer-agency, the **DBM** shall:

5.1.3.1 Verify the computation, ascertain whether the grant and amount of retirement benefits are in accordance with law, and release the required funds to the employer-agency.

5.1.3.2 However, DBM shall be allowed an **additional ten (10) days** if initial findings indicate that a more comprehensive legal due diligence is needed.

5.1.4 Within the remaining period prescribed under R.A. No. 10154 and its IRR, the **employer-agency**, upon receipt of funds from DBM, shall record and effect the payment of the retirement benefits to the retiring employees concerned.

5.2 For agencies provided budget allocation for payment of retirement benefits under their agency specific budgets, e.g. Congress of the Philippines, among others, shall also comply with the documentary requirements prescribed in this Circular. Payment of their benefits shall be charged against their **built-in appropriations** for the purpose.

5.3 In the case of GOCCs which are financially unable to pay retirement benefits, the SARO and NCA to pay the retirement benefits of their personnel shall be based on SBR, LARP and supporting documents per Annex A. The amounts shall be released as subsidy through the Bureau of the Treasury, following the usual budgetary procedures in the release of funds for GOCCs.

5.4 In the case of retiring personnel devolved to LGUs, the SARO and NCA to pay their retirement benefits, based on SBR submitted by the LGU-employer duly supported with the requirements enumerated under Annex A, shall be released as subsidy through the DBM, following the usual budgetary procedures in the release of funds for LGUs.

6.0 The DBM shall include in the annual national budget, funding requirements for retiring employees based on the list of retirees submitted by employer-agencies. For FY 2014, in

order for DBM to determine the required appropriation level for retirement benefits, agencies are required to submit to DBM, their list of prospective retirees for the budget year during budget preparation, using **Budget Preparation (BP) Form 206** prescribed in National Budget Memorandum No 117.

7.0 SPECIFIC GUIDELINES

7.1 The agency shall submit the following to DBM:

- 7.1.1 SBR for TL/RG benefits to be supported by the required documents per **Annexes A and B**. NGAs/GOCCs shall submit their requests for payment of TL/RG benefits to the concerned Budget and Management Bureau in DBM-CO, except Regional Offices (ROs)/Implementing Units of DepEd, DOH, DPWH, TESDA and CHED; SUCs and LGUs which shall submit to their counterpart DBM-ROs.
- 7.1.2 Separate LARPs according to the mode of payment opted by the retiree. Retirees shall be given the option to choose their preferred mode of payment, either thru **MDS check** or thru **Direct Payment** (thru ADA) to the retirees' bank accounts, i.e., Savings/Current/ATM maintained with any branch of the MDS-Government Servicing Bank (GSB) of the agency.

Each page of the LARP shall be taken as an independent list, duly totaled and certified by agency officials concerned, as follows:

Agency Head

"I hereby attest to the veracity and accuracy of the names of the listed retirees and their corresponding retirement benefit claims, as well as the completeness and authenticity of the supporting documents submitted by the retirees concerned to this Office."

Head of Agency Accounting Unit

"I hereby warrant that this list containing the names of actual retirees to be paid and their corresponding retirement claims was prepared in accordance with existing budgeting, accounting and auditing rules and regulations."

- 7.1.3 To facilitate the processing of release documents for retirement benefits, agencies are advised not to include in the SBR and LARP requests for payment of TL benefits of resigned/separated employees as these are not covered by R.A. 10154.

7.2 The DBM shall:

- 7.2.1 Upon receipt of SBR, check all documentary requirements against the Checklist of Documentary Requirements per Annex A.
- 7.2.2 Based on the evaluated SBR, issue the SARO/NCA for TL/RG benefits chargeable against the PGF within ten days from agency submission.

7.2.2.1 The amount of release shall be gross of the retiree's deductions indicated in the LARP.

7.2.2.2 The following procedures shall be observed if the DBM recommended amount is not equal to the amount requested:

- ❖ The DBM recommended amount shall be indicated in the last column of the LARP. The DBM Director concerned shall certify the approved amounts at the lower portion of said column of the LARP;
- ❖ Release document shall include copy of the LARP; and
- ❖ Retirement claims which require legal action may be made separately in order not to delay the payment of claims which are found in order. In this case, the BMB/RO concerned shall attach a certified true copy of the LARP to the subsequent SARO/NCA issued for the purpose.

7.2.3 Issue NCA corresponding to the SARO issued, for credit to the **agency's Special MDS Account**. The original LARP shall be an attachment to the NCA issued to the MDS-GSB of the agency.

7.3 The employer-agency shall:

7.3.1 Upon receipt of the SARO, obligate the amount of retirement benefits approved/released by the DBM. Once obligated, the agency shall commence the disbursement within 30 days from the actual date of retirement of the retiree.

7.3.2 Issue individual MDS checks for those who opt to be paid thru this mode, including retirees maintaining accounts outside the agency's MDS-GSB.

7.3.3 Issue only one (1) ADA, if practicable, equivalent to the total amount per LARP for retirees who opted for direct payment. The following procedures shall be observed in issuing the ADA, format shown in **Annex C**.

7.3.4 Authorize the MDS-GSB to debit its Special MDS Account using the ADA. The ADA shall be signed by the same officials authorized to sign the MDS checks of the agency. Attach to the ADA, copy of the LARP supported to the NCA issued. However, if the ADA contains lesser names than that listed in the LARP (e.g. non-inclusion or deferment of payment to certain retirees), the names of concerned retirees in the LARP shall be crossed-out by the agency.

7.3.5 Take charge of the settlement of the retiree's outstanding accountabilities with government institutions which shall be paid out of his/her TL/RG benefits covered by the released SARO/NCA.

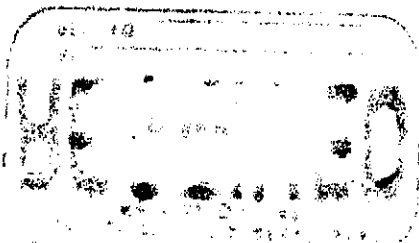
7.4 The MDS-GSB, upon receipt of the NCA and LARP from DBM, shall credit the same to the agency's Special MDS Account.

- 7.4.1 Upon receipt of the ADA from the agency, the MDS-GSB shall effect payment, not earlier than 24 working hours but not later than 48 working hours after receipt of the ADA, to the retiree's savings/current/ATM account, consistent with the names of retirees indicated in the LARP attached to the NCA.
- 7.4.2 The MDS-GSB shall, on the next banking day after effecting the direct payments in favor of the retirees indicated in the LARP, provide the agency concerned, a copy of the duly validated/posted ADA (i.e., machine validation shown in the lower portion of the LARP).
- 7.5 In the case of deceased employees, the concerned employer-agency shall pay these benefits **to their heirs**. The following additional requirements shall support the SBR:
- 7.5.1 Copy of the death certificate of retiree;
- 7.5.2 Judicial or Extra Judicial Settlement of Estate; and
- 7.5.3 Copy of the decision of the agency's legal office/adjudication board identifying the legal heirs of the deceased, **in the case of uniformed personnel**. The legal heirs identified in the document shall be the only payees to be honored by the MDS-GSB.
- 7.6 In the event that a retiree/employee **dies** after the SARO/NCA has been issued and his claim for payment of TL/RG benefits is still being processed by the employer-agency, the latter shall pay these benefits **to the heirs**. The payment of the same, shall be honored by the MDS-GSB provided the documents cited under Items 7.5.1 to 7.5.3 above are submitted by the employer-agency to the GSB.
- 7.7 In case of change/correction of names of retirees due to **typographical errors**, the following procedures provided under C.L. Nos. 2001-14 and 2002-17 are reiterated:
- 7.7.1 The agency head shall be the sole authority in approving any correction in the list of retirees and in certifying the consistency in identity of the retirees;
- 7.7.2 Corrections shall be made through a letter authority to the MDS-GSB to be signed by the agency's authorized signatories in the ADA form.

8.0 Repealing Clause

All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded/repealed and/or modified accordingly.

9.0 This Circular shall take effect immediately.



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FLORENCIO B. ABAD
Secretary

CHECKLIST OF DOCUMENTARY REQUIREMENTS TO SUPPORT REQUEST FOR RELEASE OF FUNDS	Please Check <input checked="" type="checkbox"/>
A. TERMINAL LEAVE/RETIREMENT GRATUITY (TL/RG) BENEFITS	
1. List of Actual Retirees To Be Paid reflecting the names of retirees, retirement mode/law, the respective current or savings account number opened/maintained with the same GSB as that of agency, position title, unique position item number, dates of birth/original appointment/retirement, highest monthly salary, and amount of retirement benefits to be paid.	
RETIREES UNDER R.A. 1616	
2. Duly Accomplished Retirement Application Form	
3. Certified true copy of the updated Service Record and Latest Notice of Salary Adjustment (with Certification of inclusive dates of Leave Without Pay (LWOP); if any)	
4. Letter of Intent to Retire	
5. Approved Application Letter for Retirement	
6. Statement of Leave Credits Earned certified by the Human Resource Management Officer (HRMO)	
7. NSO Marriage Certificate - for change of name of married women	
8. GSIS Clearance/Approval	
9. Latest Notice of Salary Adjustment	
FOR DEVOLVED PERSONNEL TO LGUs	
<i>In addition to the requirements enumerated under 1 to 9 above:</i>	
1. Letter Request of concerned devolved personnel	
2. Endorsement of LGU Executive, as employer	
3. Appointment Paper as a devolved employee	
4. Updated Leave Card of Concerned employee, reflecting the transferred leave credits upon devolution and balance as of retirement date, certified by the HRMO of the present LGU employer	
RETIREES UNDER R.A. No. 910	
<i>In addition to the requirements enumerated under 1 to 9 above:</i>	
1. Certification on the Other Allowances/benefits authorized to be included in the computation of RG	
2. Statement of Amount Paid by GSIS for the Officials under special retirement laws	
DECEASED RETIREES/EMPLOYEES - PAYABLE TO THE DECLARED HEIRS	
<i>In addition to the requirements enumerated under 1 to 9 above:</i>	
1. Copy of the deceased retiree/employee's death certificate	
2. Marriage Contract	
3. Judicial or Extra Judicial Settlement of Estate (duly notarized)	
4. Copy of decision of the agency's legal office/adjudication board identifying the legal heirs of the deceased, in the case of uniformed personnel.	
5. Affidavit of Burial Claim (for PNP only)	
B. INCENTIVE BENEFITS PER EO 77 (RATIONALIZATION PLAN)	
<i>In addition to the requirements enumerated under 1 to 9 above:</i>	
1. Copy of Approved Rationalization Plan	
2. List of affected personnel and corresponding amount required for TLB and Incentive Benefits	
C. GOCCs REQUIRING SUBSIDY TO PAY THEIR TL/RG REQUIREMENTS	
<i>In addition to the requirements enumerated under 1 to 9 above:</i>	
1. Copy of latest Financial Statements showing proof of inability to pay incentives	
2. Certification of No Available Funds	

List of Actual Retirees To Be Paid
Terminal Leave and Retirement Gratuity Benefits

NCA No. _____
Date of Issue _____
LARP Batch No. _____

Department:				Agency/Operating Unit:										
Name of Retiree/ Retirement Law	Name of GSB (Branch, Address)/Savings Account Number	Rank/ Position at Retirement Date	Unique Position Item Number	Date (Mo/Day/Year)			Highest Monthly Salary (Per NOSA)	Amount					DBM Recommendation	
				Birth	Original Apointment	Retirement		Retirement Gratuity	Terminal Leave	Total	Deduction * if any	Net Amount		
A. Compulsory Under R.A. No. _____ (8291, 1616, 660)														
1.														
2.														
3.														
Sub-Total														
B. Optional Under R.A. No. _____ (8291, 1616, 660)														
1.														
2.														
3.														
Sub-Total														
Grand Total														

I hereby warrant that this list containing the names of actual retirees to be paid and their corresponding retirement claims was prepared in accordance with existing budgeting, accounting and auditing rules and regulations.

Certified Correct:

Head of Accounting Unit

I hereby attest to the veracity and accuracy of the names of the listed retirees and their corresponding retirement benefit claims, as well as the completeness and authenticity of the supporting documents submitted by the retirees concerned to this Office.

Approved:

Head of Agency or Authorized Official

Approved:

DBM-BMB/RO Director

* Deduction shall cover unpaid obligations of retirees covering unpaid loans to various government agencies (such as GSIS, ETC.) and property accountabilities with the mother agency.

The total deductions shall be netted out from the gross amount of the retirees' separation benefits.

DEPARTMENT: _____
AGENCY: _____

ADVICE/AUTHORITY TO DEBIT ACCOUNT

Debit Memo No. [] Date []

To: [(MDS-GSB Servicing Bank of the Agency)]

Please Debit:
MDS Sub-Account Number []

and Credit the account of:
(For two (2) or more retirees, please see attached list)

Retiree's Name []

Current Acct./Savings Acct. Number []

to cover payment for:

[] Retirement Gratuity Benefits _____

[] Terminal Leave Benefits _____

TOTAL _____

in the amount of _____ ()

(Amount in Words)

Authorized Signatories:

ERASURE INVALIDATES THIS DOCUMENT