



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF BUDGET AND MANAGEMENT
BONCODIN HALL, GENERAL SOLANO STREET, SAN MIGUEL, MANILA



CIRCULAR LETTER

No. 2018 - 4
January 24, 2018

TO : All Heads of Departments/Agencies/State Universities and Colleges and Other Offices of the National Government, Budget Officers; Heads of Accounting Units, COA Auditors, Heads of Modified Disbursement System-Government Servicing Banks (MDS-GSBs) and All Others Concerned

SUBJECT : **Modified Guidelines for the Payment of Retirement Gratuity and Terminal Leave (RG/TL) Benefits**

- 1.0 Pursuant to Budget Circular No. 2013-1, dated April 12, 2013 (Guidelines Prescribing the Documentary Requirements and Procedures in Processing/Payment of Retirement Benefits of Government Employees) and Circular Letter No. 2011-15, dated December 26, 2011 (Validity of Notice of Cash Allocation (NCA)) the following are being observed in the issuance and crediting of NCAs for the payment of RG/TL benefits:
 - 1.1 NCAs for the purpose shall be credited to Special MDS Sub-Accounts effective upon issuance; and
 - 1.2 Shall be valid up to the last working day of the following month.
- 2.0 In line with the policy of maximizing the use of the available resources in FY 2018 and reducing the number of existing MDS sub-accounts, operating units (OUs) are directed to use their **Regular MDS-Sub Accounts** for payment of RG/TL benefits effective February 1, 2018.
 - 2.1 The validity of NCAs issued for RG/TL shall thus be from the date of issuance of the NCA until the end of the quarter said NCA was issued.
 - 2.2 All OUs concerned shall make the necessary coordination with their respective MDS Government Servicing Banks for the closing of their Special MDS Sub-Account.
- 3.0 All NCAs issued for RG/TL benefits prior to February 1, 2018 shall still follow the lapsing of one month after issuance.
- 4.0 It is understood that all OUs shall use the Advice to Debit Account (ADA) mode of payment in the settlement of RG/TL benefits.
- 5.0 All provisions of existing circulars and other issuances inconsistent with this Circular are hereby rescinded/repealed and/or modified accordingly.

- 6.0 Except as expressly repealed, or by necessary implication, modified by this Circular, the existing provisions regarding the documentary requirements for the processing of requests for payment of RG/TL Benefits, shall remain in full force and effect.
- 7.0 This Circular shall be effective immediately and remain to be in force unless otherwise repealed/amended.

5 C S
BENJAMIN E. DIOKNO
Secretary *gn*

