

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session  
**HOUSE BILL NO. 2906**



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**Introduced by Rep. Precious Hipolito Castelo**

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### **EXPLANATORY NOTE**

Retirees of local governments subsist on meager GSIS monthly pension. Unprecedented inflation rates make their domestic economic condition even worse. There has to be some other way to complement their pension funds. The GSIS pension system is something the national government has in place so that government retirees would continue to receive financial support even beyond employment. However, given the present economic situation, it is hardly able to sustain the basic needs of the retirees. There has to be more. There has to be a local counterpart.

Local governments should set up a local counterpart of the GSIS pension fund. From minimal member contributions and agency participation, employees retiring from government service should be accorded a retirement program other than the GSIS pension. To make the local pension fund substantial, the local government then should apportion even just a fraction of its revenues to serve as supplemental fund.

Local governments generate considerable revenues annually. In the case of Quezon City, the Commission on Audit in its 2015 annual financial report said that it had more than P16.365 billion in reported income.<sup>1</sup>

Local governments definitely have the wherewithal to bankroll their local retirement systems in the best interest of their retirees. In apportioning their substantial income, even a fraction of it would go a long way to augment the retirees' pension funds. This would be a win-win situation and would make for a vibrant regional economy considering that the public employees' are also prime contributors to the local government's annual revenue.

The immediate passage of this proposed measure is highly sought.

  
PRECIOUS HIPOLITO CASTELO

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<sup>1</sup> <http://www.philstar.com:8080/metro/2016/11/04/1640214/quezon-city-tops-list-revenue-earning-cities>

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**AN ACT**  
**ESTABLISHING PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) IN EVERY LOCAL GOVERNMENT UNIT**

*Be it enacted in the Senate and the House of Representatives of the Republic of the Philippines in Congress assembled*

SECTION 1. This Act shall be known as the "Local Retirement System Act."

SEC. 2. There shall hereby be created the Public Employees' Retirement System (PERS) in every Local Government Unit that will manage local pension benefits for public employees, retirees and their families.

SEC. 3. The amount necessary for the effective implementation of this Act shall be sourced from individual contributions of the members and the agencies for which they work with the percentage to be determined by local government actuaries. Provided, that supplemental funds shall likewise be apportioned from the Local government annual revenues to augment the local pension funds.

SEC. 4. The Secretary of the Department of Interior and Local Government shall promulgate the implementing rules and regulations for the effective implementation of the provisions of this Act.

SEC. 5. Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation inconsistent with the provisions of this Act is hereby repealed or amended accordingly.

SEC. 6. This Act shall take effect immediately upon its approval.

Approved,