

(ARRANGEMENTS TO EXPEDITE PAYMENT OF RETIREMENT BENEFITS
UNDER COMMONWEALTH ACT No. 186, AS AMENDED)

SPECIAL
EXCERPT FROM THE MINUTES OF THE MEETING OF THE MUNICIPAL
BOARD OR COUNCIL OF ORMOG CITY, PHILIPPINES
HELD ON May 17, 1955.

PRESENT: Hon. RAFAEL M. MEJIA - - - - - Presiding Officer
" Guillermo T. Parrilla..... City Councilor
" Esteban C. Conajias..... " "
" Jorge S. Tan..... " "
" Usualdo F. Laguitan..... " "
" Teotimo Ocubillo..... " "
" Alvaro I. Gutierrez..... " "
ABSENT: His Honor, Teodulo C. Tandayag.... Actg City Mayor
" Hon. Cleto P. Evangelista..... City Councilor
" Porfirio Ayuvao..... " "

RESOLUTION No. 72

WHEREAS, under Commonwealth Act No. 186, as amended, employees who qualify for retirement are entitled to full payment of retirement benefits only if the corresponding premiums payable by and for them have been remitted to the Government Service Insurance System (GSIS);

WHEREAS, payment of these premiums is required because (1) it is from them that benefits are paid; (2) said premiums together with earnings from investment, are considered just enough to cover the benefits payable; and (3) for the GSIS to pay benefits to retired employees from the contributions of other employees who are still in the service would be unfair to the latter who may not be able to receive similar benefits when they retire in the future due to lack of funds;

WHEREAS, the premiums payable by an employer in behalf of a retired employee include not only the current premiums being paid after June 16, 1951, but also the additional premiums corresponding to services rendered prior to said date, in accordance with the following provision of Section 7(a) of the law mentioned above:

"Sec. 7. Additional premiums.—(a) For the amount of annuity corresponding to the services rendered by an employee prior to June sixteen, nineteen hundred fifty-one, his employer as of the date of his retirement shall pay under such rules and regulations as the System may prescribe the necessary additional amounts or premiums: x x x"

WHEREAS, the GSIS formerly paid retirement benefits in full, even if the corresponding premiums had not been received, expecting that said premiums would be paid by the offices or entities concerned; however, this practice was discontinued for the reason stated in GSIS Circular No. 57 dated July 15, 1954, which reads in part as follows:

"Contrary to expectation, however, most of the provinces, cities, municipalities, and government-owned or controlled corporations concerned have not paid the additional premiums mentioned above. As a matter of fact, there have accumulated as of April 30, 1954, accounts receivable for additional premiums on account only of those already retired in the total amount of P13,328,363.61 due from the said entities. Under the circumstances, the Board of Trustees of the System felt that it would constitute a breach of trust to employees who are still in the service if the System would continue to pay largely from their contributions the benefits due retiring employees corresponding to services rendered by them prior to June 16, 1951. Such practice would also lead to the inability and unreliability of the Retirement Insurance Fund to pay its obligations when they become due. x x x"

WHEREAS, the GSIS is willing to resume full payment of benefits to retired employees of an office or entity, provided that a satisfactory arrangement is made with it, which will assure collection of existing and future obligations for premiums payable in behalf of employees already retired and those who will retire in the future;

THEREFORE, on motion duly seconded:

BE IT RESOLVED, That the Province/City/Municipality of request, as it hereby requests, the GSIS to pay its retired employees and those who will retire in the future the full retirement benefits due them under Commonwealth Act No. 186, as amended; and, to insure payment of its obligations in behalf of its retired employees, it hereby—

(a) Acknowledges its outstanding obligations to the GSIS for retirement benefits advanced and those due and payable to its retired employees in the amount of pesos (P.....) as shown in the statement of account prepared by the GSIS on 8, 38.00

(b) Acknowledges its other obligations under Commonwealth Act No. 186, as amended, which may hereafter be payable in behalf of its retired employees and those who will retire in the future;

(c) Agrees to pay to the GSIS the obligations mentioned in paragraph (a) by annual amortizations within a period of fifteen years with interest at 4% per annum, the first amortization in the amount of pesos (P.....) being due on (Any unpaid amortization shall bear the same rate of interest from date due).

(d) Agrees to pay to the GSIS the obligations mentioned in paragraph (b), together with interest at 4% per annum if advanced by the GSIS, whenever certified by the latter, the certification to be made yearly;

(e) Authorizes the GSIS to draw draft against the deposit of the Provincial/City Treasurer of or debit his account in the Philippine National Bank or other depository covering the amortization mentioned in paragraph (c) and the other obligations mentioned in paragraph (d);

(f) Authorizes the Secretary of Finance to deduct from its internal revenue allotments the amounts mentioned in paragraph (c) and (d) and remit the same to the GSIS;

(Please see reverse side)

(In case of a municipality)

(g) Authorizes the Provincial Treasurer of to deduct from any deposit of its Municipal Treasurer or from any of its income or revenue the amounts deducted from the deposit of the Provincial Treasurer in the Philippine National Bank or other depository in accordance with paragraph (e);

RESOLVED FURTHER, That the ~~Provincial Governor~~/City/Mayor/~~Municipal Mayor~~ of the ~~Province~~/City Municipality of Ormoc be, as he is hereby, authorized to enter into an agreement or contract with the Government Service Insurance System to carry out the provisions of this resolution.

CERTIFICATE OF ADOPTION

We hereby certify that, at a meeting held by the Municipal Board/Council of Ormoc City on the 17th day of May, 1955, the foregoing resolution was approved by the affirmative votes of all the majority of all the members of said Board/Council whose signatures appear below:

Signature	Position
	Actg Vice Mayor-Providing Officer
	City Councilor
	City Councilor
	City Councilor
	City Councilor
	City Councilor
	City Councilor

ATTESTED:

.....
Secretary

ADDITIONAL CERTIFICATE IF FOREGOING RESOLUTION IS ADOPTED BY MUNICIPAL COUNCIL

I hereby certify in my capacity as Secretary of the Provincial Board of that the Provincial Board has approved the foregoing Resolution No. and by its Resolution No. the Board guarantees the punctual payment of the amortizations due and assumes the responsibility to make good such obligations from the municipal fund concerned, or from the provincial fund of the province, as temporary remedy, subject to prompt recovery from the revenue of the indebted municipality.

.....
Secretary, Provincial Board

CERTIFICATE OF PROVINCIAL OR CITY TREASURER

This is to certify that I fully agree with the contents of the above resolutions and hereby authorize the Philippine National Bank or other depository to pay from my deposit in said Bank or other depository the draft or bill to be presented by the GOVERNMENT SERVICE INSURANCE SYSTEM for the amounts authorized to be paid in said resolution on their corresponding due dates. The Province/City/Municipality of ORMOC is financially in a position to pay said amounts.

.....
Provincial City Treasurer

AGREEMENT

This agreement entered into this 18th day of May, 1955, by and between the Government Service Insurance System, through its General Manager, and the ~~Province~~/City Mayor/~~Municipal Mayor~~ of Ormoc City,

WITNESSETH:

1. That the ~~Province~~/City/Municipality of Ormoc agrees to pay in behalf of its retired employees, its obligations under Commonwealth Act No. 186, as amended, in accordance with the terms and conditions of the foregoing Resolution No. dated May 17, 1955, which is hereby made an integral part of this agreement.
2. That in consideration of faithful compliance with this agreement, the GSIS also agrees to pay the benefits due under the law to the retired employees of the aforesaid local government.

GOVERNMENT SERVICE INSURANCE SYSTEM

PROVINCE/CITY/MUNICIPALITY OF
ORMOC

By

G. S. LICAROS
Acting General Manager

By

.....
Actg. ~~Provincial Governor~~/City Mayor/
Municipal Mayor

SIGNED IN THE PRESENCE OF:

.....
JOSE G. JALANDRA
GSIS Field Representative