

GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS)

PHILIPPINES

The Government Service Insurance System (GSIS) provides social security coverage to employees in the public sector. It officially started its operations on 31 May 1937 with a life insurance program as its first service and was transformed into a more comprehensive social insurance scheme in 1951 with the addition of old-age, invalidity, and survivors' benefits. Over the years, milestone laws were enacted, including Republic Act (RA) 8291, otherwise known as the Government Service Insurance Act of 1997, which enhanced and improved the GSIS administered social security program for government workers. GSIS also administers the Employees' Compensation Program for public sector workers, which provides benefits for work-related disability, injury or death, and the General Insurance Fund, which offers insurance coverage for all properties with government insurable interest.

The governing and policy-making body of GSIS is the Board of Trustees whose members are appointed by the President of the Philippines.

Coverage

As of June 24, 1997, coverage is compulsory for all employees receiving compensation, regardless of employment status, who have not reached the mandatory retirement age of 65 at the time of election or appointment to the government service. Under RA 8291, the following employees in the government sector are not GSIS members: uniformed personnel from the Armed Forces of the Philippines, the Philippine National Police, the Bureau of Jail Management and Penology, and the Bureau of Fire Protection; contractual, casual, and other employees who have no employer-employee relationship with government; and community/local Barangay and Sanggunian officials who are not receiving fixed monthly compensation.

Types of Benefits and Qualifying Conditions

The social security benefit package provided by GSIS to public servants includes retirement, separation, life insurance, unemployment, disability, survivorship, and funeral.

The amount for each type of benefit is anchored on the basic monthly pension (BMP) defined as follows:

$$\begin{aligned} \text{BMP} &= 37.5\% \times \text{RAMC}^* \text{ if the service is 15 years or less} \\ &= 37.5\% \times \text{RAMC} + 2.5\% \times \text{RAMC} \times (\text{Total years of service} - 15 \text{ years}) \\ &\quad * \text{ if total service is more than 15 years.} \end{aligned}$$

But in no case shall the BMP exceed 90% of AMC*

*AMC = Average Monthly Compensation (Total monthly compensation received during the last 36 months of service divided by 36)

*RAMC = Revalued Average Monthly Compensation (P 700 +AMC)

Retirement Benefits

A member who has reached the age of 60 years and who has at least 15 years of creditable service rendered may retire from active service and receive the retirement benefits, provided the member is not receiving a monthly pension from permanent total disability.

The retirement benefit is either a lump sum equivalent to 60 months of BMP payable at the time of retirement plus an old-age pension benefit equal to the BMP payable for life starting upon the expiration of the five years covered by the lump sum, or a cash payment equivalent to 18 months times the BMP plus monthly pension for life payable immediately.

Separation Benefits

- 1) For members with at least three (3) years but less than fifteen (15) years of service:

A cash payment equivalent to one hundred percent (100%) of the AMC for every year of service the member has paid contributions (creditable service), but not less than twelve thousand pesos (P12,000 or USD242.37)), payable upon reaching sixty (60) years of age or upon separation, whichever comes later.

- 2) For members with at least fifteen (15) years of service and less than sixty years of age upon separation:
 - a) A cash payment equivalent to eighteen (18) times the BMP payable at the time of resignation or separation.
 - b) An old-age pension benefit equal to the BMP, payable monthly for life upon reaching the age of 60.

Life Insurance Benefits

GSIS administers two types of life insurance policy - Life Endowment Policy (LEP) and Enhanced Life Policy (ELP).

- a. **Life Endowment Policy (LEP)** - Old insurance cover issued to GSIS members who entered government service before 1 August 2003
 1. Maturity
 2. Cash Surrender Value
 3. Permanent Total Disability
 4. Death Benefit
 5. Accidental Death Benefit
 6. Sickness Income Benefit
 7. Annual Dividend

- b. **Enhanced Endowment Policy (ELP)** - Issued to new entrants in government service on or after 1 August 2003; to LEP holders who opted for conversion from LEP to ELP; and to those whose policy matured on or after 31 July 2003.
 1. Termination Value
 2. Death Benefit
 3. Annual Dividend

Disability Benefits

A disability may either be “permanent total,” “permanent partial” or “temporary total.”

- 1) Permanent Total Disability (PTD) benefits shall be granted if the disability caused complete, irreversible, and lifelong incapacity that permanently hinders the member to work or to engage in any gainful occupation, due to loss or impairment of normal functions of the mental and/or physical faculties of the member.
 - a) A member who becomes permanently and totally disabled while in active service and has paid at least 180 monthly contributions prior to his disability, shall be paid the permanent total disability benefit in the form of monthly income benefit equivalent to the basic monthly pension for life effective from the date of disability. In addition, the member shall receive cash payment equivalent to 18 times the basic monthly pension.

- b) A member who is separated from the service and has paid at least 36 monthly contributions within the 5-year period immediately preceding the disability or has paid a total of at least 180 months contributions prior to the disability, shall be entitled to basic monthly pension for life. Provided, however, that the following conditions shall be met:
- He/she is gainfully employed prior to the commencement of disability resulting in loss of income as evidenced by any incontrovertible proof thereof;
 - He/she is not a registered member of any social insurance institution;
 - He/she is nor receiving any other pension either from GSIS or another local or foreign institution or organization
- c) A separated member who becomes permanently and totally disabled with at least three (3) years of service but has not paid a total of at least 180 monthly contributions prior to the disability, shall be entitled only to cash payment benefit equivalent to 100% of Average Monthly Compensation (AMC) for every year of service with paid contributions but not less than Php12,000. Accordingly, he/she shall no longer receive separation benefit.

Survivorship Benefits

The benefits payable to the surviving qualified beneficiaries of the deceased member or pensioner who are either:

- 1) Primary - the legitimate spouse, until he/she remarries and the dependent children. In this regard, dependent children shall be the legitimate, legitimated and/or legally adopted child, including any illegitimate child, who is below 18 years of age, unmarried, not gainfully employed, or being more than 18 years of age but incapacitated and incapable of self-support due to mental or physical incapacity acquired prior to age of majority.
- 2) Secondary - are the dependent parents and legitimate descendants.

The beneficiaries/legal heirs of deceased members are entitled to receive the following survivorship benefits, whichever is applicable:

- 1) Basic Survivorship Pension (BSP) which is fifty percent (50%) of the Basic Monthly Pension (BMP), and Dependents' Pension equivalent to ten percent (10%) of the BMP for each child but not exceeding 5 counted from youngest to eldest with no substitution given to the surviving children.

- 2) Cash payment equivalent to eighteen (18) months BMP;
- 3) Cash payment equivalent to 100% of the AMC for every year of service with Periods with Paid Premiums (PPP) but not less than Twelve Thousand Pesos (P12,000.00)

Survivorship Benefits of Active Members:

Primary beneficiaries of deceased members who have at least 15 years of Periods with Paid Premiums (PPP) shall be entitled to survivorship and/or dependent pension benefits, plus cash payment equivalent to 18 x the BMP;

In the absence of primary beneficiaries, the secondary beneficiaries shall receive the cash payment equivalent to 18 x the BMP;

In the absence of primary and secondary beneficiaries, the legal heirs of the member shall receive the cash payment equivalent to 18 x the BMP.

Primary beneficiaries of a member who died while in active service with less than 15 years of Periods with Paid Premiums (PPP) shall be entitled to cash payment equivalent 100% of AMC for every year of PPP, but not less than P12,000.00.

Survivorship Benefits of Inactive Members

Primary beneficiaries of inactive members who have at least 15 years of PPP shall be entitled to survivorship and/or dependent pension only.

Primary beneficiaries of inactive members who have less than 15 years of PPP but with at least 3 years of PPP and were less than sixty (60) years old at the time of death, shall be entitled to cash payment equivalent to 100% of AMC for every year of PPP, but not less than P12,000.00.

Primary beneficiaries of inactive members who have less than 15 years of PPP but were at least 60 years of age at time of separation from the service and have received the corresponding separation benefit, shall not be entitled to receive survivorship benefits. However, if the member has not yet received the separation benefit within four years after his separation, the primary beneficiaries shall receive the cash payment equivalent to 100% of AMC for every year of PPP, but not less than P12,000.00.

Funeral Benefit

The amount of funeral benefit is P30,000 (USD 612) payable to the spouse or the legitimate child of a qualified deceased member or to any other person who can show incontrovertible proof of having borne the funeral expenses.

Unemployment Benefit

Unemployment benefit is a monthly cash payment equivalent to fifty percent (50%) of the average monthly compensation (AMC). It is paid when a permanent employee is involuntarily separated from service as a result of the abolition of his office or position, usually resulting from reorganization.

Funding the Benefits

In return for these benefits, the law mandates members and their agencies to remit, every month and without delay, premium contributions corresponding to their monthly compensation. The contribution rate is equal to 21% of the member's monthly compensation shared as follows: 9% for employees and 12% for employers.

Loan Privileges

GSIS offers several loans with affordable rates. These include the following:

- **Enhanced Consolidated Loan Plus** where regular active members who have at least 20 months of paid premiums may borrow a loan amount as much as three months' worth of one's salary. The loanable amount increases as the periods with paid premiums of members increases, such that, those with 15 years of periods with paid premiums (PPP) may borrow a 12-month salary loan while those with at least 25 years of PPP are eligible for a 14-month loan.
- **Policy Loan** is a loan facility that members may avail of from their GSIS life insurance policy.
- **Enhanced Emergency Loan** assists members working or living in areas that were declared as under a state of calamity.
- **Pension Loan** is a loan facility open to old-age pensioners with no outstanding service loans being amortized.
- **Pensioners' Emergency Loan** is for pensioners living in areas declared as under a state of calamity.

Additional Benefits

Inflation Adjustment of Pensions

Periodic adjustments of the monthly pension of all pensioners, including those allowing survivorship benefits, shall be done on the basis of what is sustainable and prudent for GSIS as recommended by its Actuary and approved by the President and General Manager and the Board.

Christmas Cash Gift for Pensioners

A one-month pension up to a pre-determined maximum amount is usually given to all pensioners during the Christmas season.

Milestone Benefits for Pensioners

Starting 2 September 2015 and thereafter, regular pensioners will be paid the following milestone benefit on their birthday: P20,000 to pensioners who will turn 90 years old; P30,000 to pensioners who will turn 95 years old; and P50,000 to pensioners who will turn 100 years old.

Cash Benefit

An annual cash benefit may be granted to all members of GSIS whose life insurance is in force for at least one (1) year, based on the records submitted by the employer. An Allocation Formula shall be determined and circularized by the GSIS for this purpose.