**MALACAÑANG**
M a n i l a

**PRESIDENTIAL DECREE No. 361 December 30, 1973**

**PROVIDING FOR AN ARMED FORCES RETIREMENT ANDSEPARATION BENEFITS SYSTEM**

WHEREAS, pursuant to Proclamation No. 1081, dated September 21, 1972 and Proclamation No. 1104, dated January 17, 1973, martial law is in effect throughout the land;

WHEREAS, it is to the best interest of the country that the welfare of those who serve in the Armed Forces of the Philippines after their retirement or honorable separation be insured;

WHEREAS, since the enactment of Republic Act No. 340, which is the law providing for retirement and separation benefits of the Armed Forces of the Philippines and all the latter's amendments, no separate fund or scheme to insured payment of said benefits has ever been established resulting in complete reliance upon the yearly appropriations;

WHEREAS, in the course of time since World War II, the ranks of retired servicemen have swelled, entailing a staggering sum every year which drains a substantial portion of the appropriations for the Armed Forces of the Philippines;

WHEREAS, it is now time that a funding system or scheme be established to guaranty the continuous financial support to the AFP military retirement system;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, in my capacity as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972 and Proclamation No. 1104, dated January 17, 1973, do hereby decree the creation of an Armed Forces Retirement and Separation Benefits System, in accordance with the following:

**Section 1.** An Armed Forces Retirement and Separation Benefits System, referred to in this Act as "System", for payment of retirement and separation benefits provided and existing laws to military members of the Armed Forces of the Philippines and such similar laws as may in the future be enacted applicable to commissioned officers and enlisted personnel of the Armed Forces of the Philippines is hereby established.

**Section 2.** The System shall be funded as follows:

(a) Appropriations and contributions;

(b) Donations, gift, legacies, bequest and others to the System;

(c) All earnings of the System which shall not be subject to any tax whatsoever.

**Section 3.** The sum of two hundred million pesos shall be paid to the System in four equal annual payments out of funds of the Treasury, the first remittance to make in the month of July, nineteen hundred and seventy-four.

**Section 4.** Officers and enlisted personnel in the active service shall contribute to the System an amount equivalent to four per cent (4%) of their monthly base and longevity pay, which contribution shall be deducted from their pay from the Armed Forces of the Philippines and paid to the System: Provided, however, That any officer or enlisted person who is due for compulsory retirement or is optionally retirable and actually elects to retire within one year from the approval of this Act, shall no longer be required to contribute to the System: Provided, further, That any officer or enlisted person who is separated through no fault of his own and is not eligible for either retirement or separation benefits shall upon his separation, be refunded in one lump sum all his actual contributions to the System plus interest at the rate of four per cent (4%).

**Section 5.** Retirement and/or separation gratuity payments in favor of persons already retired at the time of the effectivity of this Act as well as those who under the preceding section are not required to contribute to the system shall be included in and funded out of the annual appropriations for the Armed Forces of the Philippines: Provided, however, That in case the total cash requirement covering such retirement and/or gratuity payments exceed one hundred million pesos in any year, the excess shall be borne out of the funds of the System: Provided, further, That the preceding proviso shall take effect after four years from the approval of this Act.

**Section 6.** The System shall be administered by the Chief of Staff of the Armed Forces of the Philippines through and agency, group, committee or board, which may be created and organized by him and subject to such rules and regulations governing the same as he may, subject to the approval of the Secretary of National Defense, promulgate from time to time: Provided, however, That investment of funds of the System shall be decided by the Chief of Staff of the Armed Forces of the Philippines with the approval of the Secretary of National Defense.

**Section 7.** This Act shall take effect upon its approval.

Done in the City of Manila, this 30th day of December, in the year of Our Lord, nineteen hundred and seventy-three.

MALACAÑANG
MANILA

PRESIDENTIAL DECREE NO. 1909

FURTHER AMENDING PRESIDENTIAL DECREE NO. 361 ESTABLISHING THE ARMED FORCES OF THE PHILIPPINES RETIREMENT AND SEPARATION BENEFITS SYSTEM.

WHEREAS, pursuant to Presidential Decree No. 361, the Armed Forces of the Philippines Retirement and Separation Benefits System (AFP-RSBS) was established for the purpose of providing a self-reliant funding scheme which will guarantee continuous financial support to the AFP retirement plan;

WHEREAS, under prevailing laws and implementing regulations, certain groups of retired military personnel, particularly those who retired prior to September 10, 1979, are classified into various categories depending upon the respective dates of their retirement or separation from the active service, thereby inevitably resulting in inequities in the receipt of retirement pension;

WHEREAS, there is a necessity to upgrade the pension of the above-mentioned retired military personnel to enable them to meet the escalating cost of living and to equalize the entitlement to retirement pension of all military personnel and their beneficiaries;

WHEREAS, the inclusion of the group of retired military personnel mentioned in the AFP-RSBS will facilitate the equalization of retirement benefits previously stifled by enormous budgetary or funding constraints;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution do hereby decree:

SECTION 1. Any provision of law, rule or regulation to the contrary notwithstanding, all military personnel who retired from the active service prior to September 10, 1979 and are receiving annual retirement pension from the Armed Forces of the Philippines shall be considered as additional members of the Armed Forces of the Philippines Retirement and Separation Benefits System, hereinafter referred to as the System. They shall henceforth contribute an amount equivalent to five percent (5%) of their gross monthly pension as herein adjusted, which contribution shall be deducted from their said pension and paid to the System: PROVIDED, That such contribution to the System shall be refunded in one lump sum to the retired military personnel or their beneficiaries concerned upon the termination of their entitlement to retirement pension from the Government.

SEC. 2. The System shall forthwith support the payment of the increment representing the difference between the existing pension rate and the adjusted pension rate computed on the basis of the prevailing scale of pay of officers and enlisted men in the active service: PROVIDED, That payment thereof by the System and receipt of the adjusted pension shall be in accordance with the rate of pension and schedule of payment as shall be determined and fixed under the implementing rules and regulations promulgated by the Chief of Staff, Armed Forces of the Philippines, and approved by the Minister of National Defense: PROVIDED, Further, That nothing herein shall be construed as authorizing payment of back pension prior to the promulgation of this Decree.

SEC. 3. The initial sum of Two Hundred Million Pesos (P200,000,000.00) is hereby appropriated out of any savings of the Armed Forces of the Philippines under the General Appropriations Act, which shall be paid in lump sum as additional government contribution to the System: PROVIDED, That such additional sum necessary to fully implement the objectives of this Decree shall be provided for in the subsequent appropriation in the budget of the Armed Forces of the Philippines.

SEC. 4. Any provision of law, decree, order, rules and regulations, or part thereof, inconsistent with this Decree is hereby repealed, amended or modified accordingly.

SEC. 5. This Decree shall take effect immediately.

DONE in the City of Manila, this 22nd day of March, in the year of Our Lord, nineteen hundred and eighty-four.

(Sgd.) **FERDINAND E. MARCOS**

By the President:
(Sgd.) JUAN C. TUVERA
Presidential Executive Assistant

**MALACAÑANG**
M a n i l a

**PRESIDENTIAL DECREE No. 1638**

**ESTABLISHING A NEW SYSTEM OF RETIREMENT AND SEPARATION FOR MILITARY PERSONNEL OF THE ARMED FORCES OF THE PHILIPPINES AND FOR OTHER PURPOSES**

WHEREAS, there is an imperative need to improve and consolidate the various laws pertaining to the retirement of members of the Armed Forces of the Philippines.

WHEREAS, Republic Act Numbered Three Hundred and Forty, as amended, causes the premature compulsory retirement of those who are purposely educated and trained by the government to be professional military personnel;

WHEREAS, the early retirement of military personnel denies the Armed Forces of the Philippines of the full economical utilization of the services of well-experienced, highly trained, and mature military executives;

WHEREAS, the present retirement system does not afford to all officers equal opportunity for promotion to higher rank and position;

WHEREAS, it is for the good of the services to retain for optimum utilization of their services all military personnel with proven leadership and professional competence;

WHEREAS, world history attests to the fact that many political, social, economic and military leaders are men mature in experience and age;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution, do hereby decree the following as part of the law of the land:

**TITLE I
Short Title**

**Section 1.** This Decree shall be known as the AFP Military Personnel Retirement and Separation Decree of 1979.

**TITLE II
Applicability**

**Section 2.** This Decree shall apply to all military personnel in the service of the Armed Forces of the Philippines.

**TITLE III
Retirement**

**Section 3.** For the purpose of this Decree active service of a military person shall mean active service rendered by him as a commissioned officer, enlisted man, cadet, probationary officer, trainee or draftee in the Armed Forces of the Philippines and service rendered by him as a civilian official or employee in the Philippine Government prior to the date of his separation or retirement from the Armed Forces of the Philippines, for which military and/or civilian service he shall have received pay from the Philippine Government and/or such others as may hereafter be prescribed by law as active service; Provided, That for purposes of retirement, he shall have rendered at least ten (10) years of active service as an officer or enlisted man in the Armed Forces of the Philippines; and Provided further, That no period of such civilian government service longer than his active military service shall be credited for purposes of retirement. Service rendered as a cadet, probationary officer, trainee or draftee in the Armed Forces of the Philippines may be credited for retirement purposes at the option of the officer or enlisted man concerned, subject to such rules and regulations as the Minister of National Defense shall prescribe.

**Section 4.** Upon accumulation of at least twenty (20) years of satisfactory active service, an officer or enlisted man may, at his own request and with the approval of the President, be retired from the active military service.

**Section 5.**a. Upon attaining sixty (60) years of age with at least fifteen (15) years of active service, or upon accumulation of thirty (30) years of satisfactory active service, whichever is earlier, a military person shall be compulsorily retired unless his continued service is, in the opinion of the President, required for the good of the service: Provided, That the compulsory retirement of an officer serving in a statutory position shall be deferred until completion of the prescribed tour of duty.

b. Notwithstanding the provisions of Secs. 3 & 5.a. military personnel in the active service, who otherwise will retire compulsory under Section 1(b) of Republic Act Numbered Three Hundred and Forty, as amended, during the first, second, third and fourth calendar year of the effectivity of this Decree, shall be retired compulsorily under this Decree on the dates they shall complete an additional period of service of one, two, three and four years, respectively.

**Section 6.** An officer or enlisted man with at least twenty (20) years of accumulated satisfactory service who dies in line of duty, shall be considered retired for survivorship benefits this Decree.

**Section 7.** An officer or enlisted man who, having accumulated at least twenty (20) years of active service, incurs total permanent physical disability in line of duty shall be compulsorily retired.

**Section 8.** An officer or enlisted man who, having accumulated at least twenty (20) years of active service, incurs physical disability in line of duty other than total permanent, may, at his option, be retired.

**Section 9.** Military personnel covered under the provisions of Title III shall be retired in the grade next higher than the permanent grade last held except officers in the permanent grade of Colonel/Captain (PN) or higher.

**TITLE IV
Separation**

**Section 10.** Effective six (6) years after the approval of this Decree, officers in the permanent grades of Captain, Major and Lieutenant Colonel, or their equivalent, shall be separated in accordance with the provisions of existing laws upon completing five (5), six (6) and seven (7) years of active commissioned service-in-grade, respectively, or upon attaining thirty-three (33), thirty-nine (39) and forty-six (46) years of age, respectively, whichever is later: Provided, That the President may lengthen such active service-in-grade when necessary to maintain the desirable officer rank structure and/or enhance a progressive professional development of the officer corps: Provided, further, That an officer with at least twenty (20) years of active service shall be retired in the grade next higher than the permanent grade he holds.

**Section 11.** An officer referred to and found By the AFP Efficiency and Separation Board not fit for retention in the service because of substandard performance, low potentiality, doubtful integrity and/or acts inconsistent with the best interest of the service shall be separated in the permanent grade he holds subject to the approval of the President.

**Section 12.** An officer in the grade of Second Lieutenant/Ensign (PN) who is deferred once, or an officer in the grade above that of Second Lieutenant/Ensign (PN) but below that of Colonel/Captain (PN) who is deferred twice for promotion to the same next higher grade shall be separated in the permanent grade he holds on the first day of the third month later after the President shall have approved the promotion of officers recommended by the Selection Board which recommended the deferment of such an officer for the first or second time, as the case may be.

**Section 13.** An officer or enlisted man with less than twenty years of active service who dies in line of duty or on account of any wound, injury or illness contracted in line of duty shall be considered separated from the service in the next higher grade for survivorship benefits under this Decree.

**Section 14.** An officer or enlisted man with less than twenty years of active service who incurs in line of duty total in permanent physical disability shall be separated from the service in the next higher grade than the permanent grade he holds except as provided Section 9.

**Section 15.** An officer or enlisted man who incurs in line of duty physical disability other than total permanent before completion twenty years of active service may, at his option, be separated from the service in the grade next higher than the permanent grade he holds except as provided in Section 9.

**Section 16.** An officer may resign his commission and shall be separated from the service upon acceptance by the President of such resignation.

**TITLE V
Retirement and Separation Benefits**

**Section 17.** When an officer or enlisted man is retired from the Armed Forces of the Philippines under the provisions of this Decree, he shall, at his option, receive a gratuity equivalent to one (1) month of base and longevity pay of the grade next higher than the permanent grade last held for every year of service payable in one (1) lump sum or a monthly retirement pay equivalent to two and one-half percent (2 1/2%) for each year of active service rendered, but not exceeding eighty-five percent (85%) of the monthly base and longevity pay of the grade next higher than the permanent grade last held: Provided, That an officer retired under Section 11 or 12 shall be entitled to benefits computed on the basis of the base and longevity pay of the permanent grade last held: Provided, further That such retirement pay shall be subject to adjustment on the prevailing scale of base pay of military personnel in the active service: Provided, furthermore, That when he retires, he shall be entitled, at his option, to receive in advance and in lump sum his annual retirement pay for the first three (3) years and thereafter receive his annual retirement pay payable in equal monthly installment as they accrue: Provided, finally, That if he dies within the three-year period following his retirement and is survived by beneficiaries as defined in his Decree, the latter shall only receive the derivative benefits thereunder starting the first month after the aforecited three-year period. Nothing in this Section shall be construed as authorizing adjustment of pay, or payment of any differential in retirement pay to officers and enlisted men who are already retired prior to the approval of this Decree as a result of increases in salary of those in the active duty may have their retirement pension adjusted based on the rank they hold and on the prevailing pay of military personnel in the active service, at the time of the termination of their recall to active duty.

**Section 18.** The survivors of an officer or enlisted man retired under Section 4, 5, 8, or 10 or of an officer with at least twenty (20) years of service separated under Section 11 or 12 shall be entitled to a monthly annuity equivalent to seventy-five percent (75%) of his monthly retirement pay which he was receiving to be divided among them in equal shares and with the right of accretion.

**Section 19.** An officer or enlisted man separated under Section 14 of this Decree shall be entitled to a monthly life annuity the amount of which shall be fifty per centum of the base and longevity pay computed on the basis of his separation grade: Provided, That in the case of an officer in the grade of Colonel/Captain (PN) and higher, the basis of computation of his separation grade: Provided further, That such monthly annuity shall not be less than two hundred pesos (P200.00).

**Section 20.** An officer with less than twenty years of accumulated active service separated under Section 10, 11, 12 or 16 shall be entitled to a separation pay equivalent to one month base and longevity pay of the permanent grade he holds for every year of active service.

**Section 21.** An officer or enlisted man with less than twenty (20) years of accumulated active service separated under Section 15 shall be entitled to a separation pay equivalent to one month base and longevity pay of his separation grade for every year of active service: Provided, That in the case of an officer in the grade of Colonel/Captain (PN) and higher, the basis of computation of his separation grade shall be in the grade next higher than his separation grade.

**Section 22.** The survivors of an officer or enlisted man retired under Section 6 or 7 or separated under Section 13 or 14 shall be entitled to a monthly annuity equivalent to fifty per centum of his base and longevity pay based on his separation grade to be divided among them in equal shares and with the right to accretion: Provided, That in the case of survivors of an officer in the grade of Colonel/Captain (PN) and higher, the basis of computation of their annuity shall be in the grade next higher than his separation grade.

**Section 23.** An officer on enlisted man retired under Section 7 or separated under Section 14 shall receive, in addition to benefits under Section 17 or Section 19, a monthly disability pension of two hundred pesos (P200.00)

**Section 24.** An officer or enlisted man retired under Section 8 or separated under Section 15 for disability which is the proximate result of wounds or injuries received or sickness or disease incurred in line of duty shall receive in addition to benefits under Section 17 or 21, as the case may be, disability pension fixed as follows:

(a) If and while the disability is rated 25 per centum the monthly pension shall be P50.00.

(b) If and while the disability is rated 50 per centum the monthly pension shall be P100.00.

(c) If and while the disability is rated 60 per centum the monthly pension shall be P120.00.

(d) If and while the disability is rated 70 per centum the monthly pension shall be P140.00.

(e) If and while the disability is rated 80 per centum the monthly pension shall be P160.00.

(f) If and while the disability is rated 90 per centum the monthly pension shall be P180.00.

(g) If and while the disability is rated 100 per centum the monthly pension shall be P200.00.

**TITLE VI
General Provisions**

**Section 25.** For the purposes of this Decree

a. Total permanent physical disability shall means the anatomical loss or the permanent loss of use of both hands, of both feet, of both eyes, of both ears or any combination, or loss of mental faculties. The degree of physical disability shall be as determined by medical board created for the purpose.

b. Survivors shall mean

1. Surviving spouse if married to the deceased prior to the latter's retirement/separation and not legally separated by judicial decree from the deceased issued on grounds not attributable to said spouse: provided, That entitlement to benefits shall terminate upon the re-marriage of said spouse.

2. Surviving children of an officer or enlisted man born of his marriage contracted prior to his retirement/separation from the service, and children, adopted or acknowledged, while the deceased parent was still on active military service: Provided, That entitlement to benefits shall terminate when such children attain twenty-one (21) years of age or get married.

3. In default of those mentioned in paragraph b(1) and (2), above, surviving, legitimate, adopted or acknowledged natural children, who have reached twenty one years of age, or in their absence, his surviving parent or parents, or in default thereof, his surviving unmarried brothers and sisters.

c. Line of duty shall mean that the death, illness or injury incurred was not due to misconduct, willful failure, the intemperate use of drugs or alcoholic liquor or vicious or immoral habits.

d. A year of active service shall mean twelve (12) months.

**Section 26.** Retired military personnel receiving monthly pension shall to contribute to the AFP Retirement and Separation Benefit System in the amount equivalent to four percent (4%) of the base and longevity pay of the last permanent grade he holds before retirement for a period equivalent to the length of service rendered as a civilian official or employee of the Philippine Government credited for purposes of retirement during which he did not contribute to the AFP Retirement and Separation Benefit System from the date Presidential Decree Three Hundred Sixty One took effect. Such contribution shall be deducted from his monthly retirement pay.

**Section 27.** Military personnel retired under Sections 4, 5, 10, 11 and 12 shall be carried in the retired list of the Armed Forces of the Philippines. The name of a retiree who loses his Filipino citizenship shall be removed from the retire list and his retirement benefits terminated upon such loss.

**Section 28.** An officer or enlisted man carried in the retired list shall be subject to the Articles of War and may be recalled to active duty in the permanent grade he last held before retirement by the President at anytime. His refusal to perform such duty shall be a ground for court-martial action under Article 97 of the Articles of War and subsequent termination of payments of benefits as determined by the court.

**Section 29.** When called to active duty, a retiree shall receive the pay and allowances of the permanent grade he last held and shall continue to be carried in the retired list and shall be eligible for promotion in the retired list as long as the remains in active status: Provided, That such retiree shall be promoted to the next higher grade in accordance with pertinent rules and regulations.

**Section 30.** Military personnel retired or separated under Section 4, 5, 6, 7, 8, 10, 11, 12, 13 or 15 and their dependents shall be entitled to the same privileges as military personnel on active duty and their dependents. The Minister of National Defense shall prescribe rules and regulations necessary to implement this Section.

**Section 31.** The benefits authorized under this Decree, except as provided herein, shall not be subject to attachment, garnishment, levy, execution or any tax whatsoever; neither shall they be assigned, ceded, or conveyed to any third person: Provided, That if a retired or separated officer or enlisted man who is entitled to any benefit under this Decree has unsettled money and/or property accountabilities incurred while in the active service, not more than fifty per centum of the pension gratuity or other payment due such officer or enlisted or his survivors under this Decree may be withheld and be applied to settle such accountabilities.

**Section 32.** The benefits authorized under this Decree shall accrue to military personnel separated by court martial action except when non-entitlement of such benefits is expressly adjudged by the military court and approved by the approving authority.

**Section 33.** Nothing in this Decree shall be construed in any manner to reduce whatever retirement and separation pay or gratuity or other monetary benefits which any person is heretofore receiving or is entitled to receive under the provisions of existing law.

**Section 34.** Any person found to have participated directly or indirectly in the commission of fraud, falsification, misrepresentation of facts, collusion or any similar anomaly in the issuance of any certificate or document for any purpose connected with this Decree shall upon conviction be punished by a fine of not less than the amount defraud but not more than threefold such amount and/or imprisonment of not less than six (6) months and one (1) day to six (6) years and perpetual disqualification from holding public office and from practicing any profession or calling licensed by the government.

**Section 35.** Except those necessary to give effect to the provisions of this Decree and to preserve the rights granted to retired or separated military personnel, all laws, rules and regulations inconsistent with the provisions of this Decree are hereby repealed or modified accordingly.

**Section 36.** This Decree shall take effect upon its approval.

Done in the City of Manila, this 10th day of September, in the year of Our Lord, Nineteen Hundred and Seventy-Nine.

**MALACAÑANG**
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**PRESIDENTIAL DECREE No. 1650**

**AMENDING SECTIONS 3 AND 5 OF PRESIDENTIAL DECREE NO. 1638 ENTITLED "ESTABLISHING A NEW SYSTEM OF RETIREMENT AND SEPARATION FOR MILITARY PERSONNEL OF THE ARMED FORCES OF THE PHILIPPINES AND FOR OTHER PURPOSES"**

WHEREAS, Presidential Decree No. 1638 was promulgated to improve and consolidate the various laws pertaining to the retirement of members of the Armed Forces of the Philippines;

WHEREAS, in the implementation of the AFP Military Personnel Retirement and Separation Decree of 1979, certain ambiguities were observed which may result in inequities and/or situational inconsistencies; and

WHEREAS, there is a cogent need to clarify such ambiguities in order to effectively attain the spirit and intent of the aforesaid Decree;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me by the Constitution, do hereby order and decree:

**Section 1.** Section 3 of Presidential Decree No. 1638 is hereby amended to read as follows:

"Sec. 3. For the purpose of this Decree, active service of a military person shall mean active service rendered by him as a commissioned officer, enlisted man, cadet, probationary officer, trainee or draftee in the Armed Forces of the Philippines and service rendered by him as a civilian official or employee in the Philippine Government prior to the date of his separation or retirement from the Armed Forces of the Philippines, for which military and/or civilian service he shall have received pay from the Philippine Government and/or such other as may hereafter be prescribed by law as active service; Provided, That for purposes of retirement, he shall have rendered at least ten (10) years of active service as an officer or enlisted man in the Armed Forces of the Philippines; and Provided further, That no period of such civilian government service no longer than this active military service shall be credited for purposes of retirement.

**Section 2.** Section 5 of Presidential Decree No. 1638 is hereby amended to read as follows:

"Sec 5 (a). Upon attaining fifty-six (56) years of age or upon accumulation of thirty (30) years of satisfactory active service, whichever is later, an officer or enlisted man shall be compulsorily retired; Provided, That such officer or enlisted-man who shall have attained fifty-six (56) years of age with at least twenty (20) years of active service shall be allowed to complete thirty (30) years of service but not beyond his sixtieth (60th) birthday; Provided, however, That such military personnel compulsorily retiring by age shall have at least twenty (20) years of active service: Provided, further, That the compulsory retirement of an officer serving in a statutory position shall be deferred until completion of the tour of duty prescribed by law; and, Provided, finally, That the active service of military personnel may be extended by the President, if in his opinion, such continued military service is for the good of the service."

"(b) Notwithstanding the provisions of Section 5 (a), military personnel in the active service, who otherwise will retire compulsorily under Section 1 (b) of Republic Act Numbered Three Hundred Forty, as amended, during the first, second, third, fourth, fifth, and sixth calendar years of the effectivity of this Decree, shall be retired compulsorily under this Decree on the dates they shall complete and additional period of service of one, two, three, four, five, and six years, respectively; Provided, That such additional period of service shall not extend beyond their fifty-sixth (56th) birthday or completion of thirty (30) years of active service, whichever is later. Provided, further, That such military personnel who have attained fifty-six (56) years of age but have not completed thirty (30) years of active service on the effectivity of this Decree shall be allowed to complete thirty (30) years of active service but not beyond their sixtieth (60th) birthday: Provided, finally, That such military personnel should have completed at least fifteen years of active service."

**Section 3.** This Decree shall take effect immediately.

Done in the City of Manila, this 8th day of November, in the year of Our Lord nineteen hundred and seventy-nine.

**MALACAÑANG**
M a n i l a

**PRESIDENTIAL DECREE No. 1656**

**AMENDING PRESIDENTIAL DECREE NO. 361 RE THE ARMED FORCES OF THE RETIREMENT AND SEPARATION BENEFITS SYSTEM**

WHEREAS, an Armed Forces Retirement and Separation Benefits System, for payment of retirement and separation benefits provided law to military members of the Armed Forces of the Philippines, was established pursuant to PD 361;

WHEREAS, the circumstances impinging on the military establishment have drastically changed since the promulgation of PD 361 and its full implementation if effected will cause the early collapse of the System; and

WHEREAS, it is necessary to amend certain provisions of PD 361 in order to perpetuate the actuarial solvency of the System, and guarantee to every military member of the AFP all the retirement and separation benefits due him under existing laws and such other similar laws as may hereafter be enacted;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the following:

**Section 1.** Section 4 of Presidential Decree No. 361 is hereby amended to read as follows:

"Sec. 4. Officers and enlisted personnel in the active service of the AFP shall contribute monthly to the System an amount equivalent to five percent (5%) of their monthly base pay, which contribution shall be deducted from their pay by the Armed Forces of the Philippines and paid to the System: Provided, That any officer or enlisted personnel who is separated or retired shall upon his separation or retirement be refunded in one lump sum all his contributions to the System: Provided, further, That such contributions shall be tax deductible for purposes of individual income tax return."

**Section 2.** Section 5 of Presidential Decree No. 361 is hereby amended to read as follows:

"Sec. 5. The funds of the System shall be allowed to grow to be able to provide perpetually the cash requirement covering the retirement and separation benefits payments to military members of the Armed Forces of the Philippines on a self-sustaining basis: Provided, That prior to the time when perpetual self-sufficiency of the funds of the System is attained as determined by actuarial evaluation, the yearly requirement for retirement and separation benefits of military personnel as provided under RA 340, as amended, PD 1638, as amended by PD 1650, and such other similar laws as may hereafter be enacted, shall be included in and funded out of the annual appropriations for the Armed Forces of the Philippines."

**Section 3.** This Decree shall take effect on January 1, 1980.

Done in the City of Manila, this 21st day of December, in the year of Our Lord, nineteen hundred and seventy-nine.