

MALACAÑAN PALACE
MANILA

PRESIDENTIAL DECREE NO. 361

PROVIDING FOR AN ARMED FORCES RETIREMENT
AND SEPARATION 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 for members of the Armed Forces of the Philippines and all the latter's amendments, no separate fund or scheme to insure 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 the Armed Forces of the Philippines, 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 under existing laws to military members of the Armed Forces of the Philippines and such similar laws as may in the

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future be enacted applicable to commission officers and enlisted personnel of the Armed Forces of the Philippines is hereby established.

Sec. 2. The System shall be funded as follows:


- a. Appropriations and contributions;
- b. Donations, gifts, legacies, bequests and others to the System;
- c. All earnings of the System which shall not be subject to any tax whatsoever.

Sec. 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 be made in the month of July, nineteen hundred and seventy-four.

Sec. 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%).

Sec. 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.

Sec. 6. The System shall be administered by the Chief of Staff of the Armed Forces of the Philippines through an 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.

Sec. 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.

By the President:

ALEJANDRO MELCHOR
Executive Secretary