

****Title:**** Carissa E. Santo vs. University of Cebu

****Facts:**** Carissa E. Santo was employed by the University of Cebu in May 1997 as a full-time instructor. After passing the 2009 Bar Examinations, Santo continued working until qualifying for optional retirement under the university's Faculty Manual, which allows for retirement after a minimum of 15 years of service or upon reaching 55 years of age. In April 2013, at the age of 42 and with 16 years of service, Santo applied for and was granted optional retirement, calculated based on the Faculty Manual at 15 days for every year of service. She argued, however, that her retirement pay should be computed based on Article 287 of the Labor Code, equating to 22.5 days per year of service. The university refused, leading Santo to file a complaint for additional retirement benefits, damages, and attorney's fees.

The case progressed through the legal system as follows: The Labor Arbiter ruled in Santo's favor, ordering the university to pay additional retirement benefits. The university appealed to the National Labor Relations Commission (NLRC), which reversed the Labor Arbiter's decision, stating that Article 287 did not apply as Santo was resigning not to retire but to engage in the practice of law. Santo then appealed to the Court of Appeals via Rule 65, insisting on the applicability of Article 287, but the court affirmed the NLRC's ruling. Santo brought the case to the Supreme Court seeking a reversal of the Court of Appeals' decision.

****Issues:**** The core legal issue is whether the Court of Appeals erred in upholding the computation of retirement benefits based on the University of Cebu's Faculty Manual rather than Article 287 of the Labor Code.

****Court's Decision:**** The Supreme Court reversed the decisions of the lower courts, holding that Santo's retirement benefits should be computed based on Article 287 of the Labor Code, which is more beneficial to her. The Court made clear distinctions between optional and compulsory retirement schemes under both the Faculty Manual and the Labor Code, emphasizing that the provisions in the Faculty Manual should conform to public interest, law, morals, and policy. The Supreme Court reinstated the decision of the Labor Arbiter, siding with Santo and mandating the university to pay her calculated retirement benefits based on the more favorable provisions of the Labor Code.

****Doctrine:**** The Supreme Court elucidated that when a conflict arises between a company's retirement plan and the provisions of Article 287 of the Labor Code (now Article 302), the law shall prevail if it provides greater benefits. This case underscores the principle

that ambiguities in employment contracts, including retirement plans, are to be interpreted in favor of labor to extend the protection and benefits envisaged by law.

****Class Notes:****

1. ****Retirement Benefits:**** Defined under Article 287 (now 302) of the Labor Code and emphasized in this case, retirement benefits are due to employees who meet certain age or service length requirements, ensuring that benefits cannot be lesser than the legal provision.
2. ****Optional vs. Compulsory Retirement:**** The decision illustrates the legal considerations between optional and compulsory retirement, fundamentally showcasing that optional retirement benefits must at least equal the legal standard if not exceed it.
3. ****Ambiguities in Favor of Labor:**** This principle is a cornerstone of labor law, ensuring that any uncertainties in employment contracts, policies, or manuals are resolved in favor of the employee.
4. ****Legal Statutes:**** Article 287 of the Labor Code, as amended by Republic Act No. 7641, outlines the minimum retirement pay for private sector employees, providing a basis for calculating retirement benefits which is central to this case.
5. ****Public Interest in Employment Contracts:**** The verdict reaffirms that employment contracts, including retirement plans, are subject to the laws' standards, morals, and public policy.

****Historical Background:**** This case reflects the evolving legal landscape surrounding retirement benefits in the Philippines, reinforcing the protective mantle the law extends over employees. It emblematically addresses the tension between institutional retirement policies and the statutory mandates designed to secure the welfare of the workforce post-retirement. Through this judicial resolution, a clearer understanding emerges on the intersection of employer-granted benefits and the statutory minimums, firmly anchoring future cases within the ambit of maximized benefits for retirees.