

SEPARATION AND RETIREMENT BENEFITS OF NATIONAL GOVERNMENT AGENCY PERSONNEL DEVOLVED TO THE LOCAL GOVERNMENT UNITS

DBM NATIONAL BUDGET CIRCULAR NO. 429, September 30, 1993

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/9033a8681ffa/>

SECTION 1. Purpose — This Circular is issued in compliance with Executive Order No. 503, dated January 22, 1992, which provides the rules and regulations implementing Republic Act No. 7160, otherwise known as the Local Government Code of 1991.

SECTION 2. Coverage — All Officials and employees of national government agencies (NGAs) affected by the devolution of powers, functions and responsibilities to the local government units (LGUs) pursuant to R.A. 7160.

SECTION 3. Rules and Regulations —

3.1 An official/employee to be devolved, who opts for retirement from the service shall be entitled, if qualified under existing laws, to receive retirement gratuities and other benefits accruing thereon.

3.2 An official/employee to be devolved who is not eligible for retirement, but opts to be separated from the service shall be entitled to separation pay equivalent to one (1) month salary for every year of service, plus proportionate amount for any fraction thereof over and above the monetary value of his accumulated leave credits, pursuant to existing laws

3.3 An official or employee who is devolved to the LGU under Section 7 of Rule XVI of the Omnibus Rules Implementing Book V of Executive Order No. 292 and other pertinent Civil Service Rules may, at the time of transfer, choose either of the following modes relative to his unused vacation and/or sick leave credits, to wit:

3.3.1 Have it commuted; or

3.3.2 Have it transferred to his new agency.

3.4 The payment of retirement benefits to an official/employee specified under Sub-Section 3.1 and 3.2 shall be assumed solely by the NGA concerned. Likewise, the payment of commuted leave credits under Sub-Section 3.3.1 shall be assumed by the NGA concerned.

3.5 An official or employee who is transferred to the LGU but who subsequently retires or is separated from the service shall be paid retirement benefits proportionately shared by the NGA and the LGU concerned based on the cumulative length of service in both agencies.

SECTION 4. Funding Source —

4.1 Retirement Gratuity, Separation Pay and/or Terminal Leave Pay of officials/employees to be devolved but opt to retire/be separated from the service shall be funded from the lump-sum appropriation for Miscellaneous Personnel Benefits Fund (MPBF).

4.2 Retirement Gratuity and Terminal Leave Pay of NGA officials/employees who were transferred to the LGU

shall be funded as follows:

A. Retirement Gratuity

A.1 MPBF, for services rendered in the national government; and

A.2 Local funds, for services rendered in the LGU.

B. Terminal Leave Pay

B.1 MPBF, for terminal leave pay of officials/employees who opted to have their accumulated leave credits commuted before transferring to the LGU;

B.2 MPBF, for leave credits earned in NGA and transferred to the LGU; and

B.3 Local funds, for leave credits earned in the LGU.

4.3 Illustrative examples of the computation of the retirement/separation and terminal leave benefits are found in "Annex A"

SECTION 5. Responsibility —

5.1 The Department of Budget and Management (DBM) shall provide priority funding to the separation/retirement and other benefits of officials/employees specified in Sub-sections 3.1 and 3.2.

5.2 The DBM shall provide priority funding to the proportionate share of the national government in the retirement and other benefits of an official/employee devolved to the LGU.

5.3 The LGU concerned shall provide priority funding to the proportionate share of the LGU in the retirement and other benefits of an official/employee devolved from the NGA.

SECTION 6. Saving Clause — Cases not covered by the provisions of this Circular shall be referred to the DBM for appropriate action.

Adopted: 30 Sept. 1993

(Sgd.) SALVADOR M. ENRIQUEZ, JR.

Secretary

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.