

AN ACT TO PROVIDE FOR THE LIQUIDATION OF THE TEACHERS' RETIREMENT AND DISABILITY FUND, ESTABLISHED BY ACT NUMBERED THIRTY HUNDRED AND FIFTY, AS AMENDED, FOR THE DISPOSITION OF T...

Commonwealth Act No. 187, November 14, 1936

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/cd33552ac200/>

Be it enacted by the National Assembly of the Philippines:

SECTION 1. The Teachers' Retirement and Disability Fund as established by Act Numbered Thirty hundred and fifty, as amended, is hereby liquidated as of November first, nineteen hundred and thirty-six, and the provisions of said Act, as amended, are hereby declared inoperative as of November first, nineteen hundred and thirty-six.

SEC. 2. The Government Service Insurance Board constituted under the provisions of the Government Insurance Act is hereby authorized and directed to effect forthwith the liquidation of the Teachers' Retirement and Disability Fund so as to determine the actual net worth thereof on November first, nineteen hundred and thirty-six, taking into account only all current liabilities up to said date. From and after November first, nineteen hundred and thirty-six, the pensions payable from the said Fund shall continue in the same amounts as at present, only until December thirty-first, nineteen hundred and thirty-six, and thereafter they shall be for the reduced amount as may be fixed under the provisions of this Act.

SEC. 3. For the purpose of determining the reduced pensions that shall be payable from and after January first, nineteen hundred and thirty-seven, from the Fund herein liquidated, the Government Service Insurance Board shall first charge against the net worth of the Fund as determined according to section two hereof after deducting therefrom the pensions payable until December thirty-first, nineteen hundred and thirty-six, the following:

- The payment to contributors to the said Fund who are still in the service of an amount equivalent to the full amount contributed by them plus interest up to November first, nineteen hundred and thirty-six, at the rate of four per centum per annum, compounded annually, together with the Government contributions, without interest, corresponding thereto: Provided, however, That from the amount which such contributors are entitled to receive hereunder, there shall be deducted, if they remain in the service, such amount as may be necessary to pay in advance one year premium on the compulsory membership insurance corresponding to them under the provisions of the Government Service Insurance Act: And provided, further, That any excess of said amount over and above the premiums above stated, shall be paid to the contributor in cash, either in full or in installments to be determined by the Board, and in the latter case all deferred payments shall earn interest at the rate of four per centum per annum, compounded annually, but the same may be commuted and cashed in any financial institution owned or controlled by the Government by discounting the principal thereof at a rate not to exceed one per centum per annum.

- The payment to contributors to the said Fund who are already out of the service on account of retirement or to their beneficiaries, in case of death, of an amount equivalent to the difference between the total pensions received by them prior to November first, nineteen hundred and thirty-six, together with the reduced pensions to be

received by them hereunder, and[^] the total of their contributions up to said date, with interest at the rate of four per centum per annum, compounded annually, together with the Government contribution corresponding thereto, without interest, or the payment of the whole amount of such contributions (in case of resignation or death), if the contributor is entitled to such refund under the provisions of the Teachers' Retirement and Disability Act, even though no claim has been filed therefor: Provided, however, That the Government Service Insurance Board, after considering the financial situation of the party concerned, shall determine whether such refund shall be paid in full upon such liquidation, or in installments to be fixed by said Board, and in the latter event, all deferred payments shall earn interest at the rate of four per centum per annum compounded annually, but the same may be commuted and cashed by any financial institution owned or controlled by the Government by discounting the principal thereof at a rate not to exceed one per centum per annum.

The balance of the net worth of the Fund after deducting the charges provided in the preceding paragraphs shall constitute the Pension Reserve, which shall be entitled to proportionate earnings of the system. It shall form the basis for the determination of the amount of the reduced pensions to be paid from and after January first, nineteen hundred and thirty-seven: Provided, however, That if upon a referendum to be submitted by the Government Service Insurance Board to all the beneficiaries of the said Fund on or before December fifteenth, nineteen hundred and thirty-six, seventy-five per centum of the number of said beneficiaries should approve the continuation of the pensions in their present amount for a period not exceeding one year, and the balance of said Fund applicable to the payment of said pensions should still be sufficient therefor, the reduction of the pensions to be received by the said beneficiaries may be deferred to such later date, not later than November first, nineteen hundred and thirty-seven, and the pensions payable thereafter shall be subjected to reductions on account of such deferment

Such reduced pensions shall be fixed at the same rate as the pensions heretofore in force less the following percentages thereof for every calendar year a retired member has been receiving pensions up to December thirty-first, nineteen hundred thirty-six:

- Two per centum for monthly pensions over one hundred pesos;
- One per centum for monthly pensions of thirty-one pesos to one hundred pesos;
- None for monthly pensions of thirty pesos or less; Provided, however, That no retired member shall be paid pensions for a period longer than twenty years from the date of his retirement except indigents in which case they shall continue to receive after such period a monthly pension-not to exceed thirty pesos.

The dependents of a retired member who dies before the expiration of twenty years from the date of his retirement shall continue to receive a pension under the same conditions and in the amount to be computed on the same basis as in the case of dependents of members who died before the approval of this Act. The basis of the computation shall be the original pension received by the deceased member before the reduction authorized in this Act, and the amount of monthly pensions to those retired for disability shall not suffer any reduction: Provided, further, That the payments of said pension shall not extend over a period of ten years and shall not be made to children over eighteen years of age or to married children, or to a remarried surviving wife or husband, nor to parents under the age of sixty years. If such reduced pensions should be such as to become less than thirty per centum of the monthly salary on which the present pension is based, the beneficiaries shall have the right to elect to the payment of said pension either in one lump sum or in larger monthly pensions for reduced period, as may be computed by the Board in accordance with Hunter's Semi-Tropical Table at the rate of four per centum which is hereby adopted as the standard for such computation: Provided, further, That no pension shall be reduced to less than thirty pesos per month if the Board shall find, upon investigation, that the beneficiary thereof is totally dependent for his

maintenance upon the pension heretofore received from said Fund, it being expressly understood that such reduced pensions to indigents shall be considered as of preferred nature over the others: Provided, further, That the Board with the approval of the Secretary of Finance may, at any time, suspend or cancel the payment of any pension whenever, after due investigation, it shall have found that the amount of pensions already received by the retired teacher or employee or his beneficiaries is more than three times the amount of his contributions to the fund plus four per cent interest per annum compounded annually and that the said retired teacher or employee or his beneficiaries are not dependent upon their pensions for their maintenance; in case, however, that they are indebted to the fund, on the security of their pensions receivable, the suspension or cancellation of the pensions shall take effect only after said indebtedness has been fully satisfied by applying automatically said pensions in full towards its liquidation: And provided, finally, That -any resolution or order of the Board shall be appealable to the President of the Philippines.

SEC. 4. Every contributor to the Fund who is entitled -to retire under the provisions of the Teachers' Retirement and Disability Act, on or before November first, nineteen hundred and thirty-six, shall be entitled to the benefits under section three (a) hereof plus a gratuity at the rate of two per centum of the average annual salary received during the last three years of service preceding December thirty-first; nineteen hundred thirty-six for every year of service up to the said date, payable under the same conditions as the refund of the contributions prescribed herein.

SEC. 5. If any beneficiary of the Teachers' Retirement and Disability Fund at present receiving a pension therefrom should desire to be reinstated in the service instead of receiving the reduced pension provided for in this Act, the chief of the office, if the exigencies of the service so permit, shall give preferred consideration to such reinstatement when filling vacancies corresponding to the position of said beneficiary upon retirement, likewise giving due consideration to the record and respective qualifications of the applicants. The pension of any retired member who is now receiving pensions as provided in this Act shall be suspended upon his reinstatement to active service or when he is employed by the National, provincial, or municipal governments, the compensation of which is equal to or more than the amount of his pension but if his compensation from such employment is less than his pension, then he shall be paid the difference from the pension reserve.

SEC. 6. All the funds, properties and assets, and all personnel, facilities equipment, leases, contracts and other obligations and instruments as well as all records, files, correspondence, and other papers belonging or appurtenant to the Teachers' Retirement and Disability Fund as created and established by Act Numbered Thirty hundred and fifty, as amended, are hereby transferred, for the purposes of liquidation as provided in this Act, to the Government Service Insurance Board, which shall hereafter exercise full control and authority over the same. The said Board is hereby authorized to promulgate the necessary rules and regulations for the accomplishment of the purposes of this Act. Nothing herein contained shall be construed as taking away the power of the National Loan and Investment Board to invest the funds belonging to the Teachers' Retirement and Disability Fund should the Government Service Insurance Board elect to place in its hands the investment of said funds under such terms and conditions as may be agreed upon by the two Boards.

SEC. 7. For the purpose of providing for the payment of reduced pensions and gratuities in section three of this Act, the Treasurer of the Philippines is hereby authorized to transfer from time to time such amounts as may be necessary not to exceed in the aggregate the sum of two million pesos to the Government Service Insurance System which shall carry said amounts to the credit of the pension reserve created in section three hereof, and said sums are hereby appropriated out of the funds of the Philippine Treasury not otherwise appropriated: Provided, however, That the Board is hereby empowered to appropriate from the Teachers' Retirement and Disability Fund the necessary sum or sums to cover the expenditures, including salaries of personnel, it may incur incidental to its functions under the provisions of this Act.

The benefits mentioned in this Act shall not be subject to tax, levy or attachment.

SEC. 8. This Act shall take effect upon its approval.

Approved, November 14, 1936.

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.