



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

GOVERNMENT SERVICE G.R. No. 210328
INSURANCE SYSTEM (GSIS),
Petitioner, **Present:**

- versus -

CARPIO, J., Chairperson,
PERALTA,
MENDOZA,
LEONEN, and
JARDELEZA,* JJ.

APOLINARIO C. PAUIG,
Respondent.

Promulgated:

30 JAN 2017

X-----X

DECISION

PERALTA, J.:

This is a Petition for Review which petitioner Government Service Insurance System (GSIS) filed assailing the Decision¹ dated July 15, 2013 and Order² dated December 4, 2013 of the Regional Trial Court (RTC) of Cabagan, Isabela, Branch 22, in Civil Case No. 22-1035.

The factual and procedural antecedents of the case are as follows:

Respondent Apolinario C. Pauig (*Pauig*) was the Municipal Agriculturist of the Municipality of San Pablo, Isabela. He started in the government service on February 12, 1964 as Emergency Laborer on casual status. Later, he became a temporary employee from July 5, 1972 to July 18, 1977. On July 19, 1977, he became a permanent employee, and on August 1, 1977, he became a GSIS member, as indicated in his Information for Membership.

* Designated Additional Member per Special Order No. 2416, dated January 4, 2017.

¹ Penned by Judge Felipe Jesus Torio II; *rollo*, pp. 27-32.

² *Id.* at 44.

Thereafter, on November 3, 2004, he retired from the service upon reaching the mandatory retirement age of sixty-five (65) years old. But when he filed his retirement papers with the GSIS-Cauayan, the latter processed his claim based on a Record of Creditable Service (RCS) and a Total Length of Service of only twenty-seven (27) years. Disagreeing with the computation, Pauig wrote a letter-complaint to the GSIS, arguing that his first fourteen (14) years in the government service had been erroneously omitted.

The GSIS ratiocinated that Pauig's first fourteen (14) years in the government were excluded in the computation of his retirement benefits because during those years, no premium payments were remitted to it. Under the Premium-Based Policy of the GSIS which took effect on August 1, 2003, only periods of service where premium payments were made and duly remitted to the System shall be included in the computation of retirement benefits. Aggrieved, Pauig filed a case before the RTC of Cabagan, Isabela.

On July 15, 2013, the RTC rendered a Decision, the decretal portion of which reads:

WHEREFORE, premises considered, the court hereby renders judgment as follows:

1. Declaring the Premium-Based Policy under Resolution No. 90 and Policy and Procedural Guidelines No. 171-03, both dated April 2, 2013, of the Government Service and Insurance System (GSIS) as in accordance with law and thus lawful, valid, binding and effective.
2. Directing the GSIS to credit under Policy and Procedural Guidelines No. 171-03 the casual/temporary service from February 10, 1964 to July 18, 1977 in government of the plaintiff Apolinario C. Pauig as creditable service for retirement purposes upon payment of the premium contributions and interest thereon in accordance with the provisions thereof.

No pronouncement as to Damages and Cost.

SO DECIDED, this 15th day of July 2013 at the Judge's Chamber, Cabagan, Isabela.³

GSIS then filed a motion for reconsideration, which was later denied. Thus, the instant petition.

³ Rollo, p. 32.



The main and sole issue to be resolved is whether or not the GSIS should include Pauig's first fourteen (14) years in government service for the calculation of the latter's retirement benefits claim.

The Court rules in the negative.

Retirement benefits are given to government employees to reward them for giving the best years of their lives to the service of their country. This is especially true with those in government service occupying positions of leadership or positions requiring management skills because the years they devote to government service could be spent more profitably elsewhere, such as in lucrative appointments in the private sector. Hence, in exchange for their selfless dedication to government service, they should enjoy security of tenure and be ensured of a reasonable amount of support after they leave the government.⁴

Pauig insists that retirement laws must be liberally construed in favor of the retirees because the intention is to provide for their sustenance, and hopefully even comfort, when they no longer have the stamina to continue earning their livelihood. After devoting the best years of his life to public service, Pauig asserts that he deserves the appreciation of a grateful government as best concretely expressed in a generous retirement gratuity commensurate with the value and length of his services. That generosity, he argues, is the least he should expect now that his work is done and his youth is gone. Even as he feels the weariness in his bones and glimpses the approach of the lengthening shadows, he should be able to savor the fruits of his toil.⁵

However, the doctrine of liberal construction cannot be applied in this case, where the law invoked is clear, unequivocal and leaves no room for interpretation or construction. To uphold Pauig's position will contravene the very words of the law, and will defeat the ends which it seeks to attain.⁶

Pauig claims that his service in the government from February 12, 1964 to July 18, 1977 should be credited for the purpose of computing his retirement benefits. The RTC, in ruling in his favor, relied on Policy 2 of Policy and Procedural Guidelines No. 171-03 dated February 2, 2003, which states:

2. Services, for purposes of computing all the benefits that a member may secure from GSIS shall mean only such services rendered by a member in any government agency, whether national, local or government-owned or controlled corporation under the following conditions:

⁴ *Government Service Insurance System v. Civil Service Commission*, 315 Phil. 159, 171 (1995).

⁵ *Santiago v. Commission on Audit*, 276 Phil. 127, 136 (1991).

⁶ *Supra* note 4.



The member was receiving a fixed basic monthly compensation for such services.

The corresponding monthly premium contributions were timely and currently remitted or paid to the GSIS.

The RTC explained that it is clear from the aforementioned provision that the word “service” is not qualified and does not refer only to service with a permanent status. What is simply required is that the member was receiving a fixed basic monthly compensation for his services and the corresponding monthly premium contributions were timely remitted to the GSIS.

In order to bring life to the true intention of the law, however, Policy and Procedural Guidelines No. 171-03 must be read together with other laws pertinent at the time of the contested period of service. Section 4 of Commonwealth Act (C.A.) No. 186, or the *Government Service Insurance Act of 1936* provides:

SEC. 4. Scope of Application of System.—Regular membership in the system shall be compulsory upon —

- (a) All **regularly and permanently** appointed employees of the Government of the Commonwealth;
- (b) All regular and permanent employees of the National Assembly;
- (c) All members of the judiciary;
- (d) All officers and enlisted men of the Regular Force, Philippine Army;
- (e) All regular and permanent employees of the Metropolitan Water District;
- (f) Regular and permanent employees of other Government boards or agencies, except the University of the Philippines and the Government-owned or controlled business corporations; and
- (g) Those subject to the provisions of Act Numbered Thirty hundred and fifty, as amended, excluding the persons employed to take the place of teachers on maternity or sick leave, or otherwise employed temporarily: *Provided*, That any provincial, city or municipal government, or the University of the Philippines or any other corporation owned or controlled by the Government, shall have the option of joining the System, and if it so joins, the membership shall be compulsory upon all its **permanent and regular employees**, and it shall pay its share of the contribution of three *per centum per annum* of its employees’ basic annual salaries or compensation, plus the extra premiums, if any, due to extra hazards of the member’s occupation: *Provided, further*, That it shall be compulsory for the municipal, city and provincial governments to pay the required government contributions corresponding to the employees now subject to the provisions of Act Numbered Three thousand and fifty, as amended: *And provided, finally*, That membership shall not include (a) officers or personnel detailed from the Army, the Navy, or the Civil



Service of the United States, and (b) employees who are not citizens of the United States or of the Philippines.⁷

Likewise relevant are Republic Act (R.A.) Nos. 4968 and 660, amending C.A. No. 186, thus:

SEC. 4. Scope of application of System.—

(a) Membership in the System **shall be compulsory upon all regularly and permanently appointed employees**, including those whose tenure of office is fixed or limited by law; upon all teachers except only those who are substitutes; and **upon all regular officers** and enlisted men of the Armed Forces of the Philippines: *Provided*, That it shall be compulsory upon **regularly and permanently appointed employees of a municipal government** below first class only if and when said government has joined the System under such terms and conditions as the latter may prescribe.

(b) Membership in the System shall be appointed with an elective official of the National Government or of a local government that is a member of the System: *Provided*, That if he desires to come within the purview of this Act, he must notify the System in writing to that effect: *Provided, Further*, That he complies with the requirements of the System and that he is in the Government service when his insurance takes effect: And provided, finally, That after his admission into the System he shall be entitled to life insurance benefit for which he shall pay either one per centum or three per centum of his monthly salary, depending on the kind of insurance selected by him, and his employer shall likewise pay for him the same amount.⁸

Section 2. Subsection (a) of Section four of the same Act, as amended, is hereby further amended to read as follows:

"(a) Membership in the System **shall be compulsory upon all appointive officers and employees** in the executive, legislative, and judicial branches of the government, including those whose tenure of office is fixed or limited by the Constitution or by law; **upon all regular employees** of the Philippine Tuberculosis Society and the Philippine National Red Cross, and other employees of the government-owned or controlled corporations; upon all regular officers and enlisted men of the Armed Forces of the Philippines; and **upon all elective officials** receiving compensation as defined in this Act: *Provided, That casual, substitute, or temporary employees and substitute or temporary teachers shall be hereby covered for purposes of term insurance* for two thousand seven hundred and fifty pesos if appointed for a period of not less than two months, the term insurance to be effective in the month next following the month in which the premium prescribed in Section five hereof has been paid: And provided, further, **That said casual, substitute or temporary employees and substitute or temporary teachers shall not be covered by the retirement insurance plan provided for in this Act: *Provided,***

⁷ Commonwealth Act No. 186, Entitled An Act To Create And Establish A "Government Service Insurance System," To Provide For Its Administration, And To Appropriate The Necessary Funds Therefor, November 14, 1936. (Emphasis ours)

⁸ Commonwealth Act No. 186, as amended by Republic Act No. 660, June 16, 1951.

finally, That the term 'appointive officer and employee' as used herein shall include those extended permanent appointments and provisional appointments as used in the civil service law but excluding those without any kind of civil service eligibility when so required."⁹

Moreover, Presidential Decree (P.D.) No. 1146 also mentions the employees covered by the compulsory membership in the GSIS, thus:

B. COVERAGE OF THE SYSTEM

Section 3. Compulsory Coverage. Membership in the System shall be compulsory for all permanent employees below 60, years of age upon appointment to permanent status: Provided, That upon approval by the President of the Philippines and subject to the availability of funds, compulsory coverage may be extended to non-permanent employees of national government agencies and local governments, either simultaneously in phases or by groups; Provided, Further, That non-permanent employees of government-owned or control corporations may be covered upon approval by the System upon request of their respective Governing Boards; Provided, Finally, that the coverage of temporary employees under R.A. No. 4968 shall remain in force.¹⁰

Indubitably, compulsory coverage under the GSIS had previously and consistently included regular and permanent employees, and expressly excluded casual, substitute or temporary employees from its retirement insurance plan. A permanent appointment is one issued to a person who has met the requirements of the position to which appointment is made, in accordance with the provisions of the Civil Service Act and the Rules and Standards, while temporary appointment is made in the absence of appropriate eligibles and it becomes necessary in the public interest to fill a vacancy. Casual employment, on the other hand, is not permanent but occasional, unpredictable, sporadic and brief in nature.¹¹ Based on the records, Pauig began his career in the government on February 12, 1964 as Emergency Laborer on a casual status. Then, he became a temporary employee from July 5, 1972 to July 18, 1977. However, the Court notes that it was not until 1997 that the compulsory membership in the GSIS was extended to employees other than those on permanent status, to wit:

B. MEMBERSHIP IN THE GSIS

SEC. 3. *Compulsory Membership.* - Membership in the GSIS shall be compulsory for all employees receiving compensation who have not reached the compulsory retirement age, irrespective of employment status, except members of the Armed Forces of the Philippines and the

⁹ Republic Act No. 4968, Entitled An Act Amending Further Commonwealth Act Numbered One Hundred and Eighty-Six, As Amended, June 17, 1967. (Emphasis ours)

¹⁰ Presidential Decree No. 1146, Entitled Amending, Expanding, Increasing and Integrating The Social Security and Insurance Benefits of Government Employees and Facilitating The Payment Thereof Under Commonwealth Act No. 186, As Amended, And For Other Purposes, May 31, 1977.

¹¹ *Chua v. Civil Service Commission*, 282 Phil. 970, 982 (1992).



Philippine National Police, subject to the condition that they must settle first their financial obligation with the GSIS, and contractuales who have no employer and employee relationship with the agencies they serve.

Except for the members of the judiciary and constitutional commissions who shall have life insurance only, all members of the GSIS shall have life insurance, retirement, and all other social security protections such as disability, survivorship, separation, and unemployment benefits.¹²

Pauig cited the case of *GSIS v. CSC*,¹³ where the Court ruled that the basis for the provision of retirement benefits is service to the government. Indeed, while a government insurance system rationalizes the management of funds necessary to keep this system of retirement support afloat and is partly dependent on contributions made by the thousands of members of the system, the fact that these contributions are minimal when compared to the amount of retirement benefits actually received shows that such contributions, while necessary, are not absolutely determinative in drawing up criteria for those who would qualify as recipients of the retirement benefit system.

Unfortunately, Pauig's reliance on the aforesaid case is misplaced. True, in *GSIS v. CSC*, the Court allowed the claimants to avail of their retirement benefits although no deductions were made from their salaries during the disputed periods when they were paid on a *per diem* basis. However, unlike in the case at bar, deductions were actually made from claimant's fixed salary before and after the short controversial period. She assumed in all good faith that she continued to be covered by the GSIS insurance benefits considering that, in fact and in practice, the deductions are virtually mandatorily made from all government employees on an essentially involuntary basis. More importantly, neither of the claimants in this case of *GSIS v. CSC* was a casual or temporary employee like Pauig, both of them being elective officials.¹⁴ Here, the primordial reason why there were no deductions during those fourteen (14) years was because Pauig was not yet a GSIS member at that time. There was thus no legal obligation to pay the premium as no basis for the remittance of the same existed. And since only periods of service where premium payments were actually made and duly remitted to the GSIS shall be included in the computation of retirement benefits, said disputed period of fourteen (14) years must corollarily be removed from Pauig's creditable service.

The Court must deny Pauig's appeal to liberal construction since the applicable law is clear and unambiguous. The primary modality of addressing the present case is to look into the provisions of the retirement law itself. Guided by the rules of statutory construction in this

¹² Republic Act No. 8291, Entitled An Act Amending Presidential Decree No. 1146, As Amended, Expanding And Increasing The Coverage And Benefits Of The Government Service Insurance System, Instituting Reforms Therein And For Other Purposes, May 30, 1997. (Emphasis ours)

¹³ *Supra* note 4.

¹⁴ *Id.*



consideration, the Court finds that the language of the retirement law is clear and unequivocal; no room for construction or interpretation exists, only the application of the letter of the law.¹⁵ Therefore, Pauig's casual and temporary service in the government from February 12, 1964 to July 18, 1977 must necessarily be excluded from the creditable period of service for retirement purposes.

WHEREFORE, IN VIEW OF THE FOREGOING, the Court **GRANTS** the petition and **REVERSES AND SETS ASIDE** the Decision dated July 15, 2013 and Order dated December 4, 2013 of the Regional Trial Court (*RTC*) of Cabagan, Isabela, Branch 22, in Civil Case No. 22-1035 insofar as it directs the Government Service Insurance System to include Apolinario C. Pauig's casual and temporary service in the government from February 12, 1964 to July 18, 1977 as creditable service for purposes of computing his retirement benefits.

SO ORDERED.

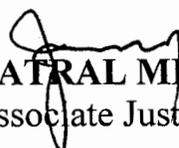


DIOSDADO M. PERALTA
Associate Justice

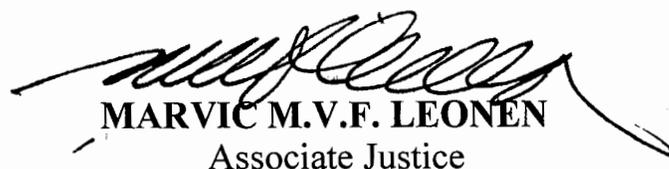
WE CONCUR:



ANTONIO T. CARPIO
Associate Justice
Chairperson



JOSE CATRAL MENDOZA
Associate Justice



MARVIC M.V.F. LEONEN
Associate Justice



FRANCIS H. JARDELEZA
Associate Justice

¹⁵ *Fetalino v. COMELEC*, 700 Phil. 129, 149 (2012).

ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



ANTONIO T. CARPIO
Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice