



29 May 2015

MEMORANDUM No. 2015-024

TO : **ALL ELECTRIC COOPERATIVES (ECs)**

SUBJECT : **Retirement Plan for General Managers of Electric Cooperatives**

I. BACKGROUND

The Retirement Plan for Electric Cooperative General Managers was first issued on 01 January 1994. It was amended on 23 May 2005 by Memorandum No. 2005-015 "Revised Retirement Plan for Electric Cooperative General Managers".

Under a decade of urgent challenges and demanding tasks, the EC leadership adopted strategies and took risks coupled with resiliency to overcome conditions that could adversely affect operations. Further, Republic Act 10531 or the "National Electrification Administration Reform Act of 2013", mandated the full observance to new and stricter compliances and quick response to the demand for reliable electric service by member-consumers.

Considering the General Managers' significant role in ensuring the effective management and implementation of programs towards improved service to the member-consumers and other stakeholders and the strict compliance to new rules and regulations, a suitable policy on retirement is deemed most appropriate.

II. STATEMENT OF POLICY

It shall be the policy of this Office to adopt a Retirement Plan that will provide benefits for, and as an expression of gratitude to General Managers with permanent appointments who shall retire from the service under circumstances which are honorable and after having served a specified number of years of at least, satisfactory performance.

III. SERVICE AND AGE REQUIREMENTS

A. Optional Retirement

The General Manager can avail of Optional Retirement at the age of fifty (50) with a minimum service of ten (10) years OR at least fifteen (15) years in service.

B. Compulsory Retirement

The compulsory retirement age of a General Manager remains at sixty (60) years. His/her service may be extended by the Board of Directors beyond the compulsory retirement age for extraordinary performance, subject to annual review and approval by the NEA. An extension may be granted but not more than two (2) years. Any further extension may be allowed subject to NEA's approval.

OFFICE OF THE NATIONAL ADMINISTRATIVE SECRETARY
 ADMINISTRATIVE RULES AND REGULATIONS

RECEIVED
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TIME: 3:00 BY: [Signature]

PUBLIC OF THE PHILIPPINES
 NATIONAL ELECTRIFICATION ADMINISTRATION
 QUEZON CITY
 OFFICE OF THE CORPORATE SECRETARY
CERTIFIED TRUE COPY

[Signature]
HOLLIE B. ALAMILLO

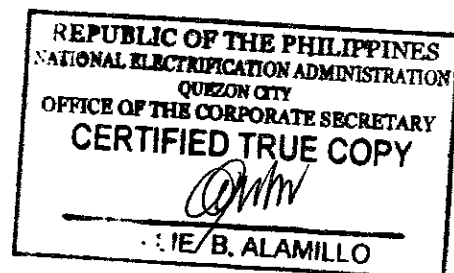
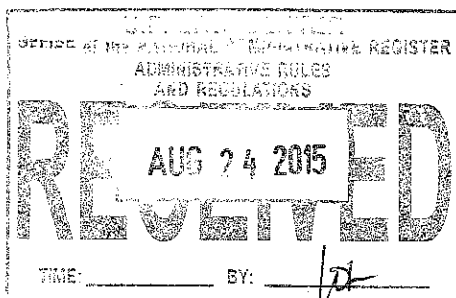
IV. RETIREMENT BENEFITS

- a) The retirement package includes the latest basic salary approved by the Administrator plus the prescribed monthly representation allowance, Board meeting per diem based on the latest EC Key Performance Standard (KPS) rating and one twelfth (1/12) of 13th month pay.
- b) A fraction of at least six (6) months and one (1) day shall be considered one (1) whole year.
- c) Method of computation will be on a straight-line basis.
- d) To qualify for the retirement benefits, services rendered shall include a minimum period of five (5) years as General Manager of the EC. Services rendered as member of the Board of Directors shall be excluded since those were not undertaken by virtue of employment.
- e) Extraordinary Performance

Extraordinary performance shall mean those over and above the KPS and compliance to performance requirements including innovations and strategies yielding significant/positive impact in the overall operations. The General Manager shall be entitled to the additional multiplier, provided that he/she;

- 1) Has been recognized by NEA for his significant contributions to the Rural Electrification Program which include among others, implementation of SEP/BLEP Projects based on targets;
- 2) Attained AAA rating during the last three (3) years immediately prior to retirement;
- 3) Has not been found guilty of any administrative offense by the NEA, provided, that in case he/she is found guilty of any administrative offense and the same be reversed on appeal by final judgment, he/she shall be entitled to the additional multiplier; and
- 4) No adverse audit findings

Adverse Audit Findings are those resulting to negative impact to the operations of the EC. These include the irregular procurement procedures, acts of falsification, unauthorized diversion of EC funds, entering into dubious, fraudulent and spurious contracts, violation of procurement procedures and the like.



Under this retirement plan, the benefits for services rendered for cumulative service of ten (10) years or more are:

Years in Service	Multiplier (%)	Additional % for Extraordinary Performance	Total (%)
10-12	125	25	150
13-15	150	25	175
16-19	175	25	200
20-24	200	50	250
25 and above	225	50	275

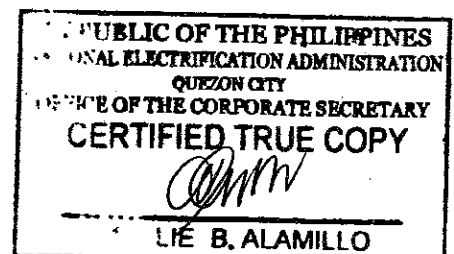
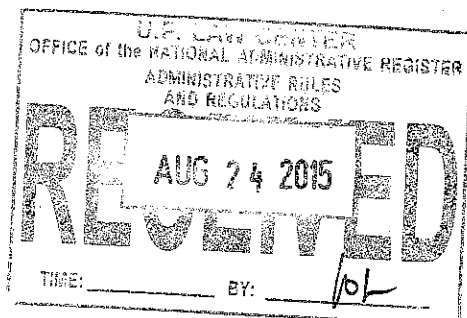
V. PROCEDURES

The following steps shall be undertaken by the General Manager who meets the requirements for optional or compulsory retirement:

- a) He/she shall inform the Board of Directors of his/her intention to go on such retirement at least thirty (30) days before the effectivity date of his/her retirement; and
- b) The Board of Directors shall pass a Resolution accepting such application and submit the same to NEA for approval by the Administrator. The Resolution shall include the clearance and computation of corresponding benefits.

VI. MISCELLANEOUS PROVISIONS

- a) If at the time of retirement, a General Manager has a pending administrative case, civil and/or criminal case against him/her, arising from the official performance of his/her duties as General Manager shall go on such retirement without receiving any benefit. If proven guilty of the charge/s, forfeiture of these benefits may be promulgated in the formal decision in the resolution of the case. Once cleared, however, he/she shall receive the full amount to which he/she is entitled under this Policy.
- b) The EC must have sufficient Sinking Fund and shall be regularly setting aside savings under a Restricted Fund for this purpose based on actuarial study. In no case shall the payment of retirement benefit result in an increase in the coop's power rate.
- c) The release of retirement benefit shall be granted after the General Manager has cleared himself/herself of all money and property accountabilities with the cooperative and shall be subject to availability of funds.



VII. RESPONSIBILITY

The Board President, Finance Services Department Manager and the Internal Auditor shall be responsible in the implementation of this policy.

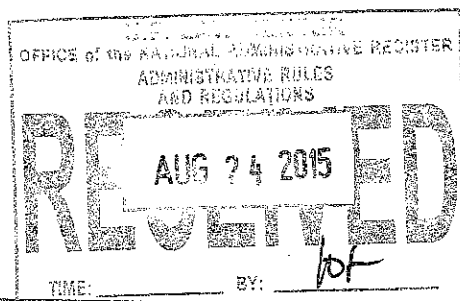
VIII. EFFECTIVITY

This shall take effect fifteen (15) days after filing with the University of the Philippines (UP) Law Center pursuant to the Presidential Memorandum Circular No. 11, dated October 9, 1992.

Edita S. Bueno
EDITA S. BUENO
Administrator



*** Approved/confirmed by the NEA Board of Administrators through Board Resolution No. 88 in its meeting on August 14, 2015.**





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August 24, 2015

THE DIRECTOR

Office of the National Administrative Register
University of the Philippines Law Center
U.P. Law Center, Diliman
Quezon City

Sir:

Pursuant to Book VII, Chapter 2, Section 3 of the 1987 Administrative Code of the Philippines, we are respectfully submitting to the U.P. Law Center, for filing, publication and recording the attached certified true copies of the **MEMORANDUM No. 2015-024**, entitled, "**RETIREMENT PLAN for GENERAL MANAGERS of ELECTRIC COOPERATIVES**" promulgated by the National Electrification Administration (NEA) in accordance with its authority under Section 5 of P.D. No. 269 as amended.

Thank you very much for the usual and kind assistance of the U.P. Law Center.

Very truly yours,

NOLLIE B. ALAMILLO
Corporate Board Secretary V

