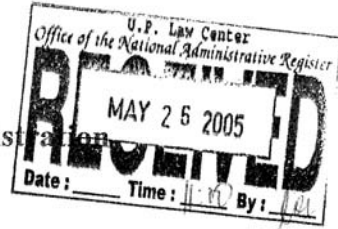




Republic of the Philippines
National Electrification Administration

May 23, 2005

NEA MEMORANDUM No. 2005-015



TO : ALL ELECTRIC COOPERATIVES
SUBJECT : REVISED RETIREMENT PLAN FOR ELECTRIC COOPERATIVE GENERAL MANAGERS

I. PURPOSE OF THIS MEMORANDUM

To revise the Retirement Plan of Electric Cooperative (EC) General Managers issued by the National Electrification Administration (NEA) on January 1, 1994, in accordance with the determination made by the Board of Administrators, in its Meeting held on September 18, 2003.

II. POLICY

It shall be the policy of this Office to adopt a Retirement Plan that would provide benefits for, and as an expression of gratitude to electric cooperative General Managers with permanent appointments, who are separated from the service of the EC, under circumstances which are not dishonorable, after having served a specified number of years of, at least, satisfactory service.

III. SERVICE AND AGE REQUIREMENTS

Retirement shall be classified under two (2) categories:

A. Optional Retirement:

A General Manager shall be eligible for optional retirement under these two (2) following circumstances:

1. Based on Service
 - a. age : less than 55 years old
 - b. service : at least five (5) years of cumulative service
2. Based on Age
 - a. age : at least 55 but less than 60 years old
 - b. service : at least five (5) years of cumulative service

OFFICE OF THE CORPORATE SECRETARY
 NOLIE B. ALAMILLO
 CORPORATE BOARD SECRETARY
 NATIONAL ELECTRIFICATION ADMINISTRATION
 QUEZON CITY
 DATE OF REQUEST
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B. Compulsory Retirement:

Upon reaching the age of 60, the retirement of an electric cooperative General Manager shall be compulsory. He shall receive all retirement benefits contained in these guidelines, subject to conditions stipulated herein.

However, a General Manager's service may be extended beyond the compulsory retirement age of 60 for extra-ordinary performance, subject to annual review and approval by NEA. In no case shall the extension go beyond age 65.

IV. RETIREMENT BENEFITS

A. Under the Retirement Plan of EC General Managers issued by NEA on January 1, 1994, for services rendered for a cumulative period of ten (10) years or more, the retirement benefit shall be lump sum gratuity equivalent to:

1. 1.25 basic pay for every year of service rendered for 10 to 12 years;
2. 1.5 basic pay for every year of service rendered for 13 to 15 years;
3. 1.75 basic pay for every year of service rendered for 16 to 19 years;
4. 2.0 basic pay for every year of service rendered for 20 years and above;

The compensation package includes the latest basic salary approved by the NEA Administrator plus the fixed representation allowance and in Board Meeting per diems based on the latest categorization and classification of the EC.

- B. Services rendered by the General Manager for the duration of his employment with the cooperative includes those in other lower positions. Services rendered as Member of the Board of Directors shall be excluded since those were not undertaken by virtue of employment.
- C. A fraction of at least six (6) months and one (1) day shall be considered as one (1) whole year.
- D. Method of compensation will be on a straight-line basis.

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NATIONAL ELECTRIFICATION ADMINISTRATION,
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CORPORATE BOARD SECRETARY
OFFICE OF THE CORPORATE SECRETARY



V. PROCEDURES

A General Manager who meets the requirements for optional or compulsory retirement shall take the following steps:

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

VI. MISCELLANEOUS PROVISIONS

- A. If, at the time of retirement, a General Manager has a pending administrative, civil and/or criminal case against him/her, arising from the official performance of his/her duties as General Manager, he/she 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 to under this Policy.
- B. The electric cooperative shall regularly set aside savings under a restricted fund for this purpose. In no case shall the payment of retirement benefit result in an increase in the coop's power rates.
- C. The EC Board may recommend additional retirement benefits in recognition of the General Manager's exemplary contribution to the Rural Electrification Program, subject to availability of funds and explicit approval by the NEA Administrator. The release of the retirement benefit shall be granted after the General Manager has cleared himself/herself of all money and property accountabilities with the cooperative.
- D. The term "Service" as intended in this Plan shall mean that which had been undertaken by virtue of regular employment with the electric cooperative, regardless of the position, which shall be deemed continuous in case of immediate transfer from one cooperative to another; provided, however, that no retirement benefit had been received by the General Manager from the other cooperative; provided, further, that if there had been retirement benefits from the other cooperative, such amount shall be deducted from the total amount due him/her.

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CORPORATE BOARD SECRETARY
OFFICE OF THE CORPORATE SECRETARY



- E. In conformity with Republic Act No. 7699 providing for the portability of service of employees from the Government Service Insurance System (GSIS) and the Social Security System (SSS), and vice-versa, to allow workers to qualify for retirement benefits or higher gratuity pay, a NEA employee who has served the cooperative as Project Supervisor and/or Acting General Manager or in any other capacity can carry over such service, provided this is covered by a Board Resolution and that this had been approved by the NEA Administrator.

VII. AMENDATORY CLAUSE

This Policy supersedes the Retirement Plan for Electric Cooperative General Managers issued on January 1, 1994.

[Handwritten Signature]
EDITA S. BUENO
Administrator

NATIONAL ELECTRIFICATION
ADMINISTRATION

IN REPLYING, PLS. CITE: #OR006861



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NOLIE B. ALAMILLO

COOPERATIVE SECRETARY