

# KOLIN PHILIPPINES INTL., INC.

POLICY ON :	RETIREMENT BENEFIT	SECTION:	034
CATEGORY:	ALL EMPLOYEES	PAGE:	1 of 4

PREPARED BY:	THADDEUS GEORGE ROMAN	REVISION	Rev. 02
APPROVED BY:	OLIVER M. FILOTEO	EFFECTIVE DATE:	AUGUST 1, 2024

## I. POLICY

This policy aims to achieve clarity, consistency and fairness in its application of the principles and procedure for employees. This policy is geared towards ensuring a smooth transition from employment to retirement to ensure equality, diversity and efficiency in the workplace.

## II. RETIREMENT BENEFIT

The retirement benefit shall be a sum equivalent to 22.5 days pay for every year of credited service in accordance with the retirement pay law (Republic Act No. 7641).

## III. MEMBERSHIP

Entitlement will be automatic for all officers and employees of the company who are considered having regular employment status. Entitlement in this benefit shall cease automatically upon termination of the service to the company. Once the employment is terminated and is subsequently employed by the company shall be treated as a new employee. Covered employee shall continue during any period over which an employee is on leave of absence approved by the management in writing, and during any period of absence due to furlough, sickness, accident or other causes not constituting a severance of the employer – employee relationship.

## IV. RETIREMENT DATES AND BENEFITS

### a. NORMAL RETIREMENT

The normal retirement date of a member shall be the first day of the month coincident with or next following his/her sixtieth (60<sup>th</sup>) birthday provided s/he has served the company for at least five (5) years of service. The normal retirement benefit shall be a sum equal to 22.5 days pay for every year of credited service in accordance with the retirement pay law (RA No. 7641)

### b. EARLY RETIREMENT

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With the consent of the company, an employee may elect to retire prior to his normal retirement date provided s/he has completed at least twenty-five (25) years of service. The early retirement benefit shall be a sum equal to 22.5 days pay for every year of credited service.

### c. LATE RETIREMENT

An employee who is allowed by the company to continue to work on a case to case and yearly extension basis beyond his/her normal retirement date up to age sixty-five (65) shall continue up to his/her late retirement date. The late retirement date of an employee shall be the first day of any month after attaining his normal retirement date. The late retirement benefit shall be a sum equal to 22.5 days pay for every year of credited service, including the extension of service.

### d. DISABILITY RETIREMENT

In the event that an employee is retired by the company due to permanent total incapacity or disability, due to sickness or due to medical condition beyond control that needs complete rests as determined by a competent physician appointed by the company, his/her disability retirement benefit shall be a single sum equal to 22.5 days pay for every year of credited service.

### e. SEVERANCE BENEFIT

An employee who is involuntarily separated by the company due to a retrenchment program or redundancy or for causes not due to his/her own fault, misconduct, or material neglect shall be entitled to a benefit determined in accordance with the termination pay provision under the labor code or similar legislation on involuntary termination or if applicable, the amount of retirement benefits due to him/her hereunder, whichever is greater but shall not be entitle to all or any combination of all.

### f. TAX EXEMPTION OF BENEFITS



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In accordance with the provisions for tax qualification under Republic Act No. 4917, any retirement benefit received from the company shall be wholly exempt from tax provided the employee has rendered at least ten (10) years of service and is at least age fifty (50) at the time of retirement. It is further provided that any amount received due to death, disability or for any cause beyond the employee's control shall likewise be exempt from all taxes.

### **g. DISMISSAL FOR CAUSE**

An employee who is dismissed by the company for any of the reasons listed below shall not be entitled to this benefit:

- i. Is dismissed from the service of the company for just cause in accordance with the labor code,
- ii. Leaves the service of the company in order to avoid termination of service based on just cause,
- iii. Leaves the service of the company in breach of the terms of his/her employment,
- iv. Commits any act inimical or prejudicial to the interest of the company or,
- v. Commits acts or omissions analogous to the foregoing.

## **V. GUIDELINES**

### **a. Claiming**

- i. The employee shall submit Retirement Letter to the company signifying his/her intention to avail the retirement plan.
- ii. S/he shall submit his/her retirement letter three (3) months before his/her intend separation date.
- iii. The HR shall acknowledge the retirement letter from the employee and make necessary action for evaluation and determines his/her qualifications.

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- iv. The employer thru HR shall evaluate the employee's validity like employee's age, tenure, present salary, loans and other factor which will be the basis for finality/computation.
- v. HRD shall submit the Benefit Payment Instruction Letter to the Trust Institution indicating all the necessary information about the retiree for computation of the Benefits.

### **b. Releasing of Check:**

- i. Trust Institution shall forward the check to Kolin Philippines International Inc. Upon availability of the check, the retired employee shall be notified by the HR thru written notice or thru telephone to claim the check.
- ii. The retired employee shall then be given a plaque recognizing his/her length of service up to his/her retirement with the company.