

## **Annex 1**

### **Subject of Review under this Interpretation**

**The Act of Military Service for Officers and Non-commissioned Officers of the Armed Forces** (amended and promulgated on June 21, 2018. Except for Articles 26, 37, 45, and 46, which came into force on July 1, 2018, the remaining provisions came into force on June 23, 2018.)

#### **Article 3**

The terms used in this Act are defined as follows:

1. “Officer” means a standing officer or a reserve officer.
2. “Non-commissioned officer” means a standing non-commissioned officer or a reserve non-commissioned officer.
3. “New Pension System” means the pension system for military personnel implemented since January 1, 1997.
4. “Retirement or severance pay” means the payment granted to an officer or a non-commissioned officer upon retirement or severance from military service, including the followings:
  - (1) retirement pay.
  - (2) pension.
  - (3) alimony.
  - (4) other cash compensations of the retirement or severance pay.
  - (5) principal of the Pension Fund contributions made by the government through budget allocation and interest.
  - (6) living-expense subsidies.
  - (7) medal-award bonuses.
  - (8) honorary bonuses for persons with disabilities.
  - (9) preferential deposit interest (hereinafter referred to as “preferential interest”).
5. “Bereavement annuity” means one-half of the pension or alimony previously payable to an officer or non-commissioned officer, which their bereaved members may receive under this Act.

6. “Lump-sum relief payment” means the total amount of the following items received by the retired personnel in the month of their retirement:

(1) base salary.

(2) profession allowance.

(3) supervisory differential pay.

7. “Payment authority” means, for retired or severed officers and non-commissioned officers with seniority of service accrued before implementation of the New Pension System, the payment authority of the retirement or severance pay is the Veterans Affairs Council, Republic of China (hereinafter the “VAC”); and, for those with seniority of service accrued after implementation of the New Pension System, the payment authorities are the VAC and the Public Service Pension Fund Management Board.

Subparagraphs 1 and 2 of Paragraph 2, Paragraph 3, and Paragraph 4 of Article 26

(Paragraph 2)

Following the enforcement of the amendment to this Act, the payment standards for retirement pay, pension, or alimony are as follow (see attached Table 3):

(Subparagraph 1)

1. Retirement pay: the base of retirement pay, calculated as of the effective date of retirement or severance, shall be twice the base salary of persons on active service with the same rank and salary grade. For each full year of active service, one and a half bases shall be granted. Where there are remaining months of seniority of service less than one full year at retirement or severance, those months shall be counted proportionately according to the number of such months; any period of days less than one month shall be counted as one full month.

(Subparagraph 2)

2. Pension: the base of the pension, calculated as of the effective date of retirement or severance, shall be twice the average base salary of persons on active service with the same rank and salary grade during the last one-fifth period of that person’s total years of service. The seniority of service shall be calculated on a full month basis. Any remaining days less than one month are disregarded, and only full months will be counted. For those with twenty years of seniority of service, the pension rate granted shall be fifty-five percent, plus two percent for each additional year of service beyond twenty years. However, the pension rate granted shall not exceed ninety percent for officers and ninety-five percent for non-commissioned officers. Where there are remaining months of seniority less than one full year at retirement or severance, those months shall be counted proportionately according to the number of such months; a period of days less than one month shall be counted as one full month.

(Paragraph 3)

If the total of the monthly pension, preferential interest, and monthly stipend calculated based on the standards applicable prior to the enforcement of the amendment to this Act does not exceed the pension calculated based on the standards applicable after the enforcement of the amendment to this Act, the pension shall be disbursed at the previous calculated amount. If that total exceeds the pension calculated based on the standards applicable after the enforcement of the amendment to this Act, the discrepancy between the two amounts shall be reduced by equal annual downward adjustments over ten years from the enforcement date of the amendment to this Act until no discrepancy remains. The adjustment method is set forth in the attached Table 4.

(Paragraph 4)

For those who retired before the enforcement of the amendment to this Act, the base amount of their pension shall be twice the base salary of persons on active service with the same rank and salary grade. However, when the discrepancy in the pension amount is reduced pursuant to the preceding paragraph, the adjusted amount shall not be lower than the total of the level-one base salary and professional allowance of a second lieutenant. Where the previously received amount is lower than the total of the level-one base salary and professional allowance of a second lieutenant, the pension shall continue to be disbursed at the previously received amount.

Paragraph 2 of Article 29

The standard for the shared contribution to the Pension Fund referred to in the preceding paragraph shall be a rate between twelve percent and eighteen percent of twice the base salary of persons on active service, sixty-five percent of which is contributed by the government and thirty-five percent of which is contributed by the persons on active service.

Subparagraph 3 of Paragraph 1 of Article 34

Where an officer or non-commissioned officer who is receiving a pension or alimony falls under any of the following circumstances, payment of the pension or alimony shall be suspended until the circumstance ceases to exist:

...

3. where such person assumes or reassumes a full-time faculty position at a private university and receives a monthly salary exceeding the total of the highest level base salary and professional allowance of a civil servant at grade-one of the designated appointment rank.

Paragraph 1, First Sentence, of Article 39

The Executive Yuan, in conjunction with the Examination Yuan, may adjust the amount of pensions and alimony which retired or severed officers and non-commissioned officers may receive following their retirement or severance, and the bereavement annuity which their bereaved members may receive, after taking into account the overall financial status of the State, population and economic growth rates, average life expectancy, the reserve ratio and financial investment performance of the Pension Fund, and the consumer price index.

Subparagraph 1 of Paragraph 4 and Paragraph 5 of Article 46

Subparagraph 1 of Paragraph 4

For veterans who met the requirements to receive retirement pay or alimony before implementation of the New Pension System, the preferential deposit interest rates for their retirement pay and military insurance retirement payment shall be governed as follows:

1. When the total monthly preferential interest from retirement pay and military insurance retirement payment exceeds the sum of the level-one base salary and professional allowance of a second lieutenant:
  - (1) the principal corresponding to the preferential interest amount equivalent to the sum of the level-one base salary and professional allowance of a second lieutenant shall accrue interest at a rate of eighteen percent per annum.
  - (2) the principal corresponding to the preferential interest amount exceeding the sum of the level-one base salary and professional allowance of a second lieutenant shall accrue interest at the following rates:
    - i. twelve percent per annum for the first and second years following the implementation date of the New Pension System.
    - ii. ten percent per annum for the third and fourth years following the implementation date of the New Pension System.
    - iii. eight percent per annum for the fifth and sixth years following the implementation date of the New Pension System.
    - iv. six percent per annum from the seventh year following the implementation date of the New Pension System.

Paragraph 5

Where the discrepancy is reduced by equal annual downward adjustments over ten years in accordance with Paragraph 3 of Article 26, the principal of the preferential deposit shall be returned to the people concerned in the eleventh year, and his pension shall be disbursed in accordance with the standards set forth in Paragraph 2 of Article 26.

Paragraph 3 of Article 47

For those who have been receiving monthly stipend in accordance with the applicable provisions before the enforcement of the amendment to this Act, the lump sum one-time stipend to which they are entitled shall be calculated, based on their approved seniority and salary grade upon retirement or severance, in accordance with the provisions governing such stipends before implementation of the New Pension System. After deducting the monthly stipends received before and after enforcement of the amendment to this Act, any remaining balance shall be disbursed in a single lump sum. If there is no remainder, no further payment shall be made.

Paragraph 2 of Article 54

The pension expenditure saved each year from the deduction of the post-retirement or post-severance payments to officers or non-commissioned officers in accordance with Article 26,

Paragraph 3, and Article 46, Paragraph 4, of the Act shall be injected in full into the Pension Fund and shall not be diverted for other uses.