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SUPREME COURT
FIRST DIVISION

CONRADO M. AQUINO, NAPOLEON B. AROMIN, ROBERTO A. GASPAN and NICARDO P. BLANQUISCO,
***Petitioners*,**

-versus-

G.R. No. 87653
February 11, 1992

NATIONAL LABOR RELATIONS COMMISSION AND OTIS ELEVATOR COMPANY,
***Respondents*.**

x---x

D E C I S I O N

CRUZ, *J.*:

The petitioners' services were terminated on the ground of retrenchment, and they received separation pay double that required by the Labor Code. Thereafter, they demanded retirement benefits,

invoking the Retirement Plan of the respondent company which they said was contractual rather than statutory. The question eventually submitted to the labor authorities was, Having received the separation pay, were the petitioners still entitled to the retirement benefits? The Labor Arbiter said they were, but the NLRC reversed him. The issue is now before us for final resolution.

The petitioners were employees of private respondent Otis Elevator Company when they were informed of the termination of their employment in line with the need of the company "to streamline its operations, consolidate certain functions, reduce its manpower and cut non-essential spending." The separate letters addressed to the petitioners advised them that —

> In lieu of notice, you shall be paid one month's equivalent salary, plus your regular allowances, counted from such date, and you shall be covered with the normal benefits for that period. you shall also be paid your earned and/or unused sick leave and vacation leave, including your pro-rata 13th month pay. And for every year of service with the Company, you shall be paid one month's basic salary or your retirement benefits, if applicable to you, whichever is higher.[1]

Accordingly, petitioners were paid their separation pay, computed as follows:

Basic monthly	Years in salary	Separation service	Pay .
Conrado M. Aquino	P4,300	22	P94,600
Napoleon P. Aromin	10,350	22	227,700
Roberto A. Gaspan	3,800	19	72,200
Nicardo P. Blanquisco	8,800	13	110,500

The separation pay was based on Section 4, Article VII of the Collective Bargaining Agreement between the company and its employees providing thus:

> All employees in the bargaining unit separated without cause shall be granted separation pay of not less than one (1) month's

> latest basic rate for every year of service subject to the existing provisions of the Retirement Plan.

In justifying their subsequent demand for retirement benefits before the Labor Arbiter, the petitioners invoked Section 1, Article XIV, of the CBA in relation to Section 5.2, Article V, of the company's Retirement Plan, which provides:

> The COMPANY shall maintain the present group retirement plan which is attached hereto as Annex "A" and made an integral part of this contract. (Sec. 1, Art. XIV).
>
> x x x
>
> 5.2 A Participant who is terminated from employment and who has rendered at least ten (10) years of service shall be entitled to receive in lump sum all or a portion of his accrued benefit credits as of his date of termination, in accordance with the following schedule:

Years of Service Upon Termination	Vested Percentage of Benefit Credits
Less than 10 years	NIL
10 to less than 15	50%
15 to less than 20	75%
20 years and over	100%

They also cited the case of their co-employees Cleodeveo Soriano, Jr. and Patriciano Destajo, Jr., whose services were terminated on the ground of redundancy in 1983 and 1982, respectively, and were both given separation pay and retirement benefits.

For its part, the respondent company argued that separation ply and retirement benefits were mutually exclusive; hence, the petitioners could no longer claim the latter after having received the former.

The Labor Arbiter ruled in favor of the petitioners mainly on the ground that the company was estopped from withholding retirement benefits from them after having granted similar benefits to the

employees earlier mentioned. He held that a different treatment of the petitioners would constitute discrimination because benefits accorded to other employees must likewise be extended to the rest who are similarly situated."[2]

In reversing the appealed decision, the NLRC declared that the case cited by the petitioners was exceptional and could not be considered a precedent. Moreover —

> The CBA provision is very clear that while the employees separated without cause are entitled to a separation pay of not less than one (1) month's latest basic rate for every year of service, this is made merely subject to and not in addition to the existing provisions of Section 5.2 of the Article V of the Retirement Plan. In other words, no logical inference can be made that the benefits under Section 5.2 of Article V of the Retirement in addition to the one (1) month's latest basic rate for every year of service. (sic) Therefore, the offer of appellant perfectly fits well within the contemplation of the parties as envisaged in the aforementioned provisions of the CBA and the Retirement Plan.[3]

It is important at the outset to note the distinction between separation pay and retirement benefits.

Separation pay is required in the cases enumerated in Articles 283 and 284 of the Labor Code, which include retrenchment, and is computed at least one month salary or at the rate of one-half month salary for every year of service, whichever is higher. We have held that it is as statutory right designed to provide the employee with the wherewithal during the period that he is looking for another employment.[4]

Retirement benefits, where not mandated by law, may be granted by agreement of the employees and their employer or as a voluntary act on the part of the employer. Retirement benefits are intended to help the employee enjoy the remaining years of his life, lessening the burden of worrying for his financial support, and are a form of reward for his loyalty and service to the employer.[5]

It is on the basis of these distinctions that the petitioners claim to be entitled not only to the separation pay they have already received but also to the retirement benefits provided for in the Retirement Plan of the respondent company.

In rejecting this contention, the private respondent insists that the retirement benefits are subject to the provisions of the Retirement Plan under Section 4 of the CBA. Moreover, under the Omnibus Implementing Rules of the Labor Code, retired employees whose services are terminated shall receive the corresponding retirement benefits or separation pay, whichever is higher.[6] This clearly indicates that one benefit should exclude the other.

The petitioners are covered by the Retirement Plan because they have contributed to the retirement fund, have been separated by reason of the retrenchment, and have served the company for more than the prescribed minimum period of ten years.

In Batangas Laguna Tayabas Bus Co. vs. Court of Appeals,[7] Justice Martin started his ponencia thus: "The issue in this petition is whether an employee who has already received his separation pay can still recover retirement benefits from his employer." Resolving the question affirmatively, the Court declared in part:

> But petitioner contends that private respondent can only avail himself of either separation pay or retirement benefits but not both, citing in support thereof, the ruling of this Court in the case of Cipriano vs. San Miguel Corporation. 24 SCRA 703. The foregoing ruling cannot be made to apply to the present suit because in said case it is so expressly provided in the Labor Agreement that:
>
>> "Regular employees who are separated from the service of the company for any reason other than misconduct or voluntary resignation shall be entitled to either 100% of the benefits provided in Section 2, Article VIII hereof regardless of their length of service in the company or to the severance pay provided by law, whichever is the greater amount."

Thus, in said case the employee was entitled to either the amount prescribed in the plan or the severance pay provided by law whichever is the greater amount. In the present case, there is nothing in the labor agreement entered into by the petitioner with Batangas Transportation Employees Association of which private respondent is a member barring the latter from recovering whatever benefits he is entitled to under the law in addition to the gratuity benefits under the labor agreement between him and his employer. Neither is there any provision in the Termination Pay Law (Republic Act No. 1052, as amended by Republic Act No. 1787) that an employee who receives his termination pay upon separation from the service without cause is precluded from recovering any other benefits agreed upon by him and his employer. In the absence of any such prohibition, both in the aforesaid Labor Agreement and the Termination Pay Law the private respondent has the right to recover from the petitioner whatever benefits he is entitled to under the Termination pay Law in addition to the other benefits conferred upon him by the aforesaid labor agreement.[*]

The same issue was squarely raised in University of the East vs. Minister of Labor,[8] where the award of both separation pay and retirement benefits to the employees was assailed by the employer on the ground that "there could only be one mode of termination of employment with respect to one and the same employee." Through Justice Gutierrez, the Court reaffirmed the above-quoted ruling in the BLTB Case and held as follows:

> Therefore, if there is no provision contained in the collective bargaining agreement to the effect that benefits received under the Termination Pay Law shall preclude the employee from receiving other benefits from the agreement, then said employee is entitled to the benefits embodied in the agreement in addition to whatever benefits are mandated by statute. In the case at bar, there is no such provision. We cannot presume that it forms an implicit part of either the CBA or the law. Separation pay arising from a forced termination of employment and benefits given as a contractual right due to many years of faithful service are not necessarily antagonistic to each other, especially where there are strong equitable considerations as in this case.[**]

We have carefully examined the record, and particularly the Collective Bargaining Agreement and the Retirement Plan, and have found no specific prohibition against the payment of both benefits to the employee.

Maintaining that the above cases have no application to the case at bar, the company calls attention to Book VI, Section 14, Rule 1, of the Omnibus Rules Implementing the Labor Code, which provides as follows:

> (a) An employee who is retired pursuant to a bonafide retirement plan or in accordance with the applicable individual or collective agreement or established employer policy shall be entitled to all the retirement benefits provided therein or to termination pay equivalent to at least one-half month salary for every year of service, whichever is higher, a fraction of at least six (6) months being considered as one whole year.

However, it overlooks sub-section (c) of the same Section 14, which clearly provides that:

> (c) This Section shall apply where the employee retires at the age of sixty (60) years or more.

The private respondent has not shown that the petitioners were sixty years or older at the time of their separation and therefore covered by the said section. Having itself invoked that provision, the company had the obligation to prove that the petitioners cane under its terms.

The private respondent's argument that the petitioners did not retire but were terminated in employment is. in our view, plain nitpicking. It cannot be seriously contended that if an employee dies before he can retire (at a time when he is already eligible for retirement), his beneficiaries are entitled to the retirement pay he would have himself earned. The effective cause of separation is death, for which his heirs are entitled to death benefits, but they are also paid retirement benefits as a consequence of such death.

This is not to say that one whose services are terminated not only because he has retired but for another cause resulting in retirement is always entitled to both separation pay and retirement benefits. It should be obvious that if, say, an employee is dismissed for dishonesty, he is not entitled to separation pay or, for that matter, even retirement benefits. But in the case before us, the petitioners have not been separated for cause, in the sense that they have committed an offense warranting their removal. They were separated for reasons not imputable to them, as the letter above quoted categorically declared:

> Finally, we want to assure you that your retrenchment is through no fault of your own but mainly due to prevention of further losses. In behalf of the Company, we express our sincere appreciation for your services and loyalty and wish you every success in your future undertakings.[9]

In arriving at our conclusion, we are guided by the principle that any doubt concerning the rights of labor should be resolved in its favor, pursuant to the social justice policy. The Court feels that if the private respondent really intended to make the separation pay and the retirement benefits mutually exclusive, it should have sought inclusion of the corresponding provision in the Retirement Plan and the Collective Bargaining Agreement so as to remove all possible ambiguity regarding this matter.

We may presume that the counsel of the respondent company was aware of the prevailing doctrine embodied in the cases earlier cited. Knowing this, he should have made it a point to categorically provide in the Retirement Plan and the CBA that an employee who had received separation pay would no longer be entitled to retirement benefits. Or to put it more plainly, collection of retirement benefits was prohibited if the employee had already received separation pay.

The private respondent argues that it had paid the petitioners more than what the law requires by giving them separation pay at the rate of one month instead of one-half month for every year of service. The suggestion is that the company had been more than liberal and that to require it to pay the retirement benefits as well would be a strain on its benevolence.

The petitioners are not pleading for generosity but demanding their rights. These rights are embodied in the Collective Bargaining Agreement, which was the result of negotiations between the company and the employees.

Bargaining is a process where the parties discuss their demands and counter-demands and, after haggling, agree on what is essentially a compromise reflecting the concessions mutually given by the parties to arrive at a common understanding. The resultant contract provides for demandable rights, not withdrawable doles. When the employer signs a collective bargaining agreement, it recognizes the rights of the workers and does not merely concede certain privileges to them out of the goodness of its heart.

The private respondent asserts in its statement of facts that it gave the petitioners a choice between accepting the separation pay and the retirement benefits and they opted for the former. This is not borne by the record. In its letter advising the petitioners of the termination of their services, the company merely informed them that they would be given separation pay or retirement benefits, whichever was higher. The petitioners received the separation pay because they felt they were entitled thereto but they lid not thereby waive their rights to the retirement benefits.

We realize that the retirement benefits of the petitioners come up to a substantial figure, considering their respective lengths of service with the company. These benefits, added to the separation pay they have already received, make up a tidy sum indeed. The point, however, is that the petitioners are entitled to this amount under the provisions of the CBA and the Retirement plan freely entered into by the parties. These instruments are binding agreements, not being contrary to law, morals, good customs, public order or public policy, and must therefore be upheld.

WHEREFORE, the Petition is **GRANTED**. The Decision of the respondent National Labor Relations Board is **REVERSED** and a new judgment is hereby rendered directing the payment of retirement benefits to the petitioners in accordance with the Retirement Plan of

the respondent company and its Collective Bargaining Agreement with its employees.

SO ORDERED.

Narvasa, *C.J.*, Griño-Aquino and Medialdea, *JJ.*, concur.

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[1] Records, pp. 40-42.
[2] Rollo, p. 17.
[3] Ibid., pp. 49-50.
[4] Santos vs. NLRC, 154 SCRA 166, 172.
[5] Laginlin vs. WCC, 159 SCRA 91, 99.
[6] Section 14(a), Rule I, Book VI, Omnibus Rules Implementing the Labor Code.
[7] 71 SCRA 470.
[*] Emphasis supplied.
[8] 152 SCRA 676, 682.
[**] Emphasis supplied.
[9] Records, pp. 40-42.

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