

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 1965



Introduced by **MAGDALO Party-List Representative**
HON. MANUEL DG. CABOCHAN III


EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) have been infusing a large amount of contribution into our nation's growth and development. Their remittances, to be specific, have significantly contributed in keeping the current account deficit manageable and in stabilizing the economy. In this light, OFWs must be encouraged to remit their earnings from overseas and in turn, the State should safeguard and oversee the participation of the said workers' remittances and savings in investment and other productive undertakings for the benefit of our national economy.

It is an undisputed fact that most of our OFWs are subject to strenuous and risky working conditions. Undeniably, they have been the victims of their employer's iniquitous labor practices. Bereft of opportunities in their mother country, they manage to endure these dismal plights abroad just to support their families left at home. Therefore, it is essential to devise a system that can afford these modern day heroes and their families a guaranteed capital to start off in the event that an unforeseen misfortune afflicts them in the course of their work.

This bill essentially seeks the creation of the OFWs Pension Fund. It envisions to provide a mechanism for a more efficient and rationalized management of the OFWs pension fund through creating a board primarily tasked to administer and promote the OFWs and their families' interests. With this bill, a better promotion of the welfare of our OFWs will be put forward.

In view of the foregoing, the immediate approval of this bill is fervently sought.


MANUEL DG. CABOCHAN III
Representative
Magdalo Para sa Pilipino Party-List

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AN ACT
CREATING THE OVERSEAS FILIPINO WORKERS PENSION FUND AND
APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Short Title.** - This Act shall be known as the "Overseas Filipino
2 Workers Pension Fund Act of 2016".
3

4 **SEC. 2. Declaration of Policy.** - It is the policy of the State to protect and promote
5 the welfare of Overseas Filipino Workers (OFWs) and to uplift the living standards of the
6 workers' families. Pursuant thereto, OFWs shall be encouraged to remit earnings from
7 overseas and the State shall, in turn, safeguard and oversee the participation of the said
8 workers' remittances and savings in investment and other productive undertakings for the
9 benefit of the national economy.
10

11 **SEC. 3. Definition of Terms. –**
12

- 13 1) "Overseas Filipino Worker" shall refer to a Filipino citizen who is employed or
14 has been employed outside of the Philippines;
15
16 2) "Fund" shall refer to Overseas Filipino Workers Fund;
17
18 3) "Board" shall refer to Overseas Filipino Workers Pension Fund Board; and
19
20 4) "Beneficiaries" shall refer to the dependent spouse of an Overseas Filipino
21 Worker, his dependent children, who are the primary beneficiaries. In the absence
22 of the foregoing, any other person designated by the OFWs.
23

24 **SEC. 4. Overseas Workers Pension Fund.** - In accordance with the above-stated
25 policy, there shall be created an Overseas Filipino Workers Pension fund. All Overseas
26 Filipino Workers who are duly registered as such with the Philippine Overseas Employment
27 Administration (POEA) and the Commission on Filipino Overseas (CPO) shall remit five
28 percent (5%) of their gross monthly income to the Fund for five (5) years.
29

30 **SEC. 5. Overseas Filipino Workers Pension Fund Board.** - The fund shall be
31 administered by the Overseas Filipino Workers Pension Fund Board, hereinafter referred to

as the Board. The Board is hereby vested with corporate powers in accordance with existing laws and shall be composed of the following:

- 1) The Secretary of Labor and Employment, as Chairman;
- 2) The Secretary of Finance, as Member;
- 3) The Governor of the Bangko Sentral ng Pilipinas, as Member;
- 4) The Administrator of the Philippine Overseas Employment Administration (POEA), as Member; and
- 5) One (1) representative of the OFWs, as Member, to be appointed by the President upon the recommendation of the Secretary of Labor and Employment. The representative shall receive a per diem of One Thousand Pesos (P1,000.00) and transportation cost for every Board meeting attended.

All ex-officio members of the Board shall receive no additional compensation.

The Board, shall within forty-five (45) days from the appointment of its members, promulgate such regulations as may be necessary to implement the provisions of this Act.

In addition, the Board shall adopt the by-laws of the fund and set the date, time and place of regular board meetings. The Board shall establish the eventual organizational support, hire and oversee highly-competent personnel and/or existing institution to implement the appropriate operating systems, plans and other provision of this Act.

The Board shall, on a semi-annual basis, report to the President and to Congress the progress of its tasks and business.

SEC. 6. Powers and Functions of the OFW Pension Fund Board. - The Overseas Workers Pension Fund Board shall have the following powers and functions:

- 1) To encourage the greater participation of OFWs in official remittances of pension by way of:
 - a. developing a network/consortium of commercial banks to maximize the use of their resources in serving the pension remittance needs of OFWs;
 - b. enlisting the support of various government agencies in information and marketing campaign concerning pension remittance services and other programs;
 - c. issuing special receipts through accredited financial institutions as evidence of the government's guarantee for the workers' foreign exchange pension remittances; and
 - d. pooling the peso equivalent of pension remittances of OFWs coursed through the banking system.

- 2) To accept and administer pension funds which shall then be guaranteed by the Republic of the Philippines;
- 3) To establish and implement a system to ensure that workers shall remit five percent (5%) of their gross monthly earnings to their host countries;
- 4) To cause the conduct of periodic surveys about the condition of workers and workers' pension remittances;
- 5) To administer other property under its custody; and
- 6) To adopt, amend or change its by-laws, to adopt, alter or use a seal, to enter into contracts, to sue and be sued, and to exercise the general powers of a corporation.

SEC. 7. Administration. - They shall manage the day to day affairs of the Fund. He shall serve as the Chief Executive Officer immediately responsible for carrying out the programs and policies of the fund. He shall be assisted by a deputy administrator. Both the administrators shall be appointed by the President of the Philippines.

SEC. 8. Effectivity Date of Coverage. - All OFWs are duly registered as such with the Philippine Overseas Employees Administration and/or the Commission of Filipino Overseas as provided in Section 4 hereof shall, for pension purposes, be compulsorily covered on the first day of his employment in a foreign land.

SEC. 9. Effect of Separation from Employment. - When a covered OFW is separated from employment, his obligation to pay contributions arising from that employment shall cease at the end of the month of separation. However, he shall be credited with all contributions paid and shall be entitled to pension benefit provided under this Act, provided he has paid the minimum number of contributions. Otherwise, his contribution shall be refunded to him with interest to be determined by the Board.

SEC. 10. Monthly Pension. - The monthly pension of an OFW under this Act shall be the sum of the following:

- a. the average monthly salary credited multiplied by the replacement ratio;
- b. one and a half percent (1 ½ %) of the average monthly salary credit for each credit year of service in excess of ten (10) years; and
- c. the monthly pension shall in no case be less than Five Hundred Pesos (P500.00) nor paid in aggregate amount of less than sixty (60) times the monthly pension.

SEC. 11. Dependent's Pension. - The dependent's pension shall be equivalent to ten percent (10%) of the monthly pension for each dependent's child, which shall not exceed five, beginning with the youngest and shall be without substitution.

SEC. 12. Death Benefits. - Upon the death of a covered OFW, his primary beneficiaries shall be entitled to the monthly pensions and dependents' pensions: *Provided, however,* That the deceased has paid at least thirty-six (36) monthly contributions prior to the

1 semester of his death. If the foregoing condition is not satisfied, his primary beneficiaries
2 shall be entitled to a lump sum benefit equivalent to thirty-five (35) times his monthly
3 pension.
4

5 **SEC. 13. *Permanent Disability Benefits.*** - When a covered OFW suffers from a
6 permanent total disability, and such occurs after he had paid at least thirty-six (36) monthly
7 contributions prior to the semester of disability, he shall be entitled to the monthly pension,
8 and his dependents to the dependents' pension. If the disability occurs before he has paid
9 thirty-six (36) monthly contributions prior to the semester of disability, he shall be entitled to
10 a lump sum benefit equivalent to thirty-five (35) times the monthly pension.
11

12 **SEC. 14. *Rules and Regulations.*** - The Department of Labor and Employment shall,
13 in coordination with the Overseas Employment Administration and the Commission on
14 Overseas, formulate the necessary rules and regulations that shall govern the implementation
15 of this Act.
16

17 **SEC. 15. *Appropriation.*** - The amount of Two Million Pesos (P2,000,000.00) is
18 hereby appropriated from the National Treasury for the operation of the Fund, its secretariat
19 and personnel. Thereafter, the amount of Twenty Million Pesos (P20,000,000.00) is hereby
20 appropriated to be taken from the Contingency Fund of the Office of the President to
21 complement the OFWs Pension Fund Reserve.
22

23 **SEC. 16. *Repealing Clause.*** - All laws, decrees, rules and regulations inconsistent
24 with the provision of this Act are hereby repealed or modified accordingly.

Approved,