

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

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SENATE

S. B. No. 3127

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INTRODUCED BY THE HONORABLE MAR ROXAS

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EXPLANATORY NOTE

The PAG-IBIG Fund is generated by the monthly contributions made by covered employees and their respective employers. Section 4 of Presidential Decree No. 1752, as amended, provides that the coverage of the PAG-IBIG Fund shall be mandatory upon all employees covered by the Social Security System and the Government Service Insurance System and their respective employers, except only for employees with monthly compensation not exceeding Php 4,000.00, whose coverage in the Fund shall be voluntary. The Fund has a total of 7.27 million members as of 30 September 2008.

While the PAG-IBIG Fund is established to motivate employed and other earning groups to better plan and provide for their housing needs, the mandatory character of the PAG-IBIG Fund's coverage must be temporarily suspended to cushion the effects of the global financial crisis, especially among the employees. The mandatory monthly contribution, which is being automatically deducted from the employee's salary takes a slice away from the employee's limited resources intended for his family. In these times of global financial crisis, every peso counts, and by lifting the burden of mandatory PAG-IBIG coverage, we give each employee the opportunity to put their money for their immediate and essential needs.

This bill, thus, proposes a two-year moratorium on the mandatory PAG-IBIG Fund coverage of all employees, both in the private and public sectors, subject to certain exceptions such as those who shall undertake to be covered by the PAG-IBIG Fund voluntarily and those who have outstanding PAG-IBIG loans.

In view of the foregoing, the passage of this bill is earnestly sought.



MAR ROXAS  
Senator

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OFFICE OF THE SECRETARY

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AN ACT  
IMPOSING A TWO-YEAR MORATORIUM ON THE MANDATORY PAG-  
IBIG FUND COVERAGE, AND FOR OTHER PURPOSES.

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

1 SECTION 1. *Title* – This Act shall be known as the “*Moratorium on the Mandatory*  
2 *PAG-IBIG Fund Coverage Act of 2009.*”

3 SEC. 2. *Coverage* – This Act shall apply to all employees, both in the public and  
4 private sector, and their respective employers whose coverage in the PAG-IBIG Fund is  
5 mandatory under Presidential Decree No. 1752, otherwise known as the “*Home*  
6 *Development Mutual Fund Law of 1980, As Amended,*” subject to exceptions provided for  
7 under this Act.

8 SEC. 3. *Moratorium on the Mandatory PAG-IBIG Fund Coverage.* – The mandatory  
9 coverage of the PAG-IBIG Fund under Presidential Decree No. 1752, otherwise known as  
10 the “*Home Development Mutual Fund Law of 1980,*” as amended, is hereby suspended for a  
11 period not exceeding two (2) years from the effectivity of this Act and no PAG-IBIG Fund  
12 contribution shall be collected and/or deducted from the salaries of any employee within the  
13 duration of the aforesaid two (2) year period.

14 This shall be without prejudice to any employee and employer who shall undertake to  
15 be covered by the PAG-IBIG Fund voluntarily; *Provided,* That this suspension shall not

1 affect the collection of contribution due for prior years and still uncollected; *Provided*  
2 *further*, that the present members who have existing PAG-IBIG loans shall not be covered by  
3 the moratorium imposed under this Act.

4       **SEC. 4. *Separability Clause.*** – If, for any reason, any part or provision of this Act is  
5 declared invalid, such declaration shall not affect the other provisions of this Act.

6       **SEC. 5. *Repealing Clause.*** – All laws, decrees, executive orders, issuances, rules or  
7 regulations or parts thereof, which are inconsistent with the provisions of this Act, are  
8 hereby deemed repealed, amended or modified accordingly.

9       **SEC. 6. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in  
10 at least one (1) national newspaper of general circulation.

Approved,