

SENATE

S. No. 318

Introduced by Senator Antonio "Sonny" F. Trillanes IV

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.

OFW remittances, as estimated by the Bangko Sentral ng Pilipinas (BSP) almost tripled to \$16.4 billion in 2008, from \$6.0 billion in 2000, or an annual average growth rate of 13.3%. For the first two months of 2009 when deployment grew by 47.4%, remittances have reached \$1.3 billion, which is 2.5% higher relative to the same period last year¹.

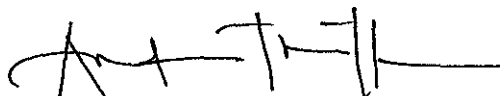
In this light, OFWs must be encouraged to remit their earnings from overseas and in turn, the State should safeguard and oversee the participation of the said workers' remittances and savings in investment and other productive undertakings for the benefit of our national economy.

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 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.



ANTONIO "SONNY" F. TRILLANES IV
Senator

¹Data retrieved from www.adb.org/documents/events/2009/Poverty-Social-Development/remittances-decline-phi-Songco-paper.pdf on 03 November 2009.

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

Be it enacted by the Senate and 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 2010*”.

3
4 **SEC. 2. *Declaration of Policy.*** – It is the policy of the State to protect and
5 promote the welfare of Overseas Filipino Workers (OFWs) and to uplift the living
6 standards of the workers’ families. Pursuant thereto, OFWs shall be encouraged remit
7 earnings from overseas and the State shall, in turn, safeguard and oversee the
8 participation of the said workers’ remittances and savings in investment and other
9 productive undertakings for the benefit of the national economy.

10
11 **SEC. 3. *Definition of Terms.*** –

- 12 1) “Overseas Filipino Worker” shall refer to a Filipino citizen who is
13 employed or has been employed outside of the Philippines;
14 2) “Fund” shall refer to Overseas Filipino Workers Fund;
15 3) “Board” shall refer to Overseas Filipino Workers Pension Fund Board;

1 4) “Beneficiaries” shall refer to the dependent spouse of an Overseas
2 Filipino Worker, his dependent children, who are the primary
3 beneficiaries.

4 In the absence of the foregoing, any other person designated by the OFWs.

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

11
12 **SEC. 5. Overseas Filipino Workers Pension Fund Boar.** – The fund shall be
13 administered by the Overseas Filipino Workers Pension Fund Board, hereinafter referred
14 to as the Board. The Board is hereby vested with corporate powers in accordance with
15 existing laws and shall be composed of the following:

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

25 All ex-officio members of the Board shall receive no additional compensation.
26 The Board, shall within forty-five (45) days from the appointment of its members,
27 promulgate such regulations as may be necessary to implement the provisions of this Act.

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

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

8
9 **SEC. 6. Powers and Functions of the OFW Pension Fund Board.** – The
10 Overseas Workers Pension Fund Board shall have the following powers and functions:

11 1) To encourage the greater participation of OFWs in official remittances of
12 pension by way of:

13 a. developing a network/consortium of commercial banks to maximize
14 the use of their resources in serving the pension remittance needs of
15 OFWs;

16 b. enlisting the support of various government agencies in information
17 and marketing campaign concerning pension remittance services and
18 other programs;

19 c. issuing special receipts through accredited financial institutions as
20 evidence of the government's guarantee for the workers' foreign
21 exchange pension remittances; and

22 d. pooling the peso equivalent of pension remittances of OFWs coursed
23 through the banking system.

24
25 2) To accept and administer pension funds which shall then be guaranteed
26 by the Republic of the Philippines,

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

10

11 **SEC. 7. Administration.** – There shall manage the day to day affairs of the Fund.

12 He shall serve as the Chief Executive Officer immediately responsible for carrying out

13 the programs and policies of the fund. He shall be assisted by a deputy administrator.

14 Both the administrators shall be appointed by the President of the Philippines.

15

16 **SEC. 8. Effectivity Date of Coverage.** – All OFWs are duly registered as such

17 with the Philippine Overseas Employees Administration and/or the Commission of

18 Filipino Overseas as provided in Section 4 hereof shall, for pension purposes, be

19 compulsorily covered on the first day of his employment in a foreign land.

20

21 **SEC. 9. Effect of Separation from Employment.** – When a covered OFW is

22 separated from employment his obligation to pay contributions arising from that

23 employment shall cease at the end of the month of separation. However, he shall be

24 credited with all contributions paid and shall be entitled to pension benefit provided

25 under this Act, provided he has paid the minimum number of contributions. Otherwise,

26 his contribution shall be refunded to him with interest to be determined by the Board.

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

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

9
10 **SEC. 11. *Dependent's Pension.*** – The dependent's pension shall be equivalent to
11 ten percent (10%) of the monthly pension for each dependent's child, which shall not
12 exceed five, beginning with the youngest and shall be without substitution.

13
14 **SEC. 12. *Death Benefits.*** – Upon the death of a covered OFW, his primary
15 beneficiaries shall be entitled to the monthly pensions and dependents' pensions,
16 *Provided*, however, that the deceased has paid at least thirty-six (36) monthly
17 contributions prior to the semester of his death. If the foregoing condition is not satisfied,
18 his primary beneficiaries shall be entitled to a lump sum benefit equivalent to thirty-five
19 (35) times his monthly pension.

20
21 **SEC. 13. *Permanent Disability Benefits.*** – When a covered OFW suffers from a
22 permanent total disability, and such occurs after he had paid at least thirty-six (36)
23 monthly contributions prior to the semester of disability, he shall be entitled to the
24 monthly pension and his dependents to the dependents' pension. If the disability occurs
25 before he has paid thirty-six (36) monthly contributions prior to the semester of disability,
26 he shall be entitled to a lump sum benefit equivalent to thirty-five (35) times the monthly
27 pension.

1 **SEC. 14. *Rules and Regulations.*** – The Department of Labor and Employment
2 shall in coordination with the Overseas Employment Administration and the Commission
3 on Overseas, formulate the necessary rules and regulations that shall govern the
4 implementation of this Act.

5

6 **SEC. 15. *Appropriation.*** – The amount of Two Million Pesos (P2,000,000.00) is
7 hereby appropriated from the National Treasury for the operation of the Fund, its
8 secretariat and personnel. Thereafter, the amount of Twenty Million Pesos
9 (P20,000,000.00) is hereby appropriated to be taken from the Contingency Fund of the
10 Office of the President to complement the OFWs Pension Fund’s Reserve.

11

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

Approved,