



## Questions and Answers for OFW-Members on the Mandatory Coverage under Republic Act 9679

*For other inquiries, you may visit or contact any of the following offices:*

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**HOME DEVELOPMENT MUTUAL FUND**

Existing members under the Pag-IBIG Overseas Program may still withdraw their savings upon maturity of their POP membership.

Those who want to enjoy the advantages of Pag-IBIG savings with a shorter term may opt to join Pag-IBIG II.

**Q: What is the Pag-IBIG II program?**

Pag-IBIG II is a voluntary program that gives Pag-IBIG members a savings option with higher yields and shorter terms. It is open to all Pag-IBIG I members and OFWs with a monthly gross income exceeding P5,000.

Under Pag-IBIG II, a member may contribute as low as P500 monthly, with a term as short as five years. Pag-IBIG II savings are entitled to a preferential dividend rate that is higher than that of Pag-IBIG I. The dividend rate is determined within the first quarter of the year and approved by the Board of Trustees.

MONTHLY CONTRIBUTION	5 YEARS*	10 YEARS*
P 500.00	P34,921.79	P81,655.02
P1,000.00	P69,843.58	P163,310.05
P1,500.00	P104,765.37	P244,965.07
P2,000.00	P139,687.16	P326,620.10
P5,000.00	P349,217.90	P816,550.25

*\* At 6% dividend rate per annum*

**Q: What is Republic Act 9679?**

Republic Act (9679) or the Home Development Mutual Fund Law of 2009 seeks to strengthen the Fund’s capability as an instrument that will effectively achieve the following objectives:

- Improve the quality of life of Filipinos by providing them with sufficient shelter;
- Provide an integrated nationwide provident savings system; and
- Provide housing through the mobilization of funds for shelter finance

**Q: What are the salient features of the law?**

Here are some major amendments of RA 9679 which set it apart from previous Pag-IBIG laws:

First, the new law provides for universal coverage. All Filipino employees who are covered by SSS and GSIS, regardless of salary, and those employed by foreign-based employers, including sea-based and land-based OFWs, are now covered by the Pag-IBIG Fund.

Second, the law restores Pag-IBIG’s exemption from any tax, assessment, fee, charge, custom or import duty. This will result in a P3-billion annual savings that can be invested in the Fund’s housing loan program, and higher dividends to be credited to the members’ savings.

And third, the HDMF’s Board of Trustees now has the authority to set contribution rates. While other government institutions have increased their rates several times in the past 23 years, the Fund has retained the same contribution rates since 1986. Despite this, the benefits the institution grants to its members have increased several times over. Aside from translating to more benefits to members, increasing the contribution rates will rationalize the Fund’s savings scheme. At present, a contribution to the Fund is at two percent, with the Monthly Compensation ceiling pegged at P5,000. In effect, members, whether earning monthly salaries of P5,000 or P50,000 contribute the same amount: P100 per month. Higher contribution rates will mean members with higher income will contribute and save more while those belonging to the lower income bracket will continue to save the same amount.

**Q: When did the law become effective?**

The law became effective on 27 August 2009.

**Q. When will the law be implemented?**

Implementation of the new HDMF Law begins on 1 January 2010.

**Q: Are all OFWs covered by the Mandatory Membership under RA 9679?**

Yes. RA 9679 and its Implementing Rules and Regulations (IRR) provide that all OFWs, sea-based or land-based, and those employed by foreign-based employers, should register with the Pag-IBIG Fund.

A Filipino seafarer will be mandatorily covered upon the signing of the standard contract of employment between him and the manning agency. Together with the foreign ship owner, the manning agency acts as the employer, and thus, should provide the mandatory employer counterpart contribution which is fixed at two percent of the seafarer's monthly compensation.

Land-based OFWs are deemed covered upon employment in foreign-based companies.

**Q: Why are OFWs included in the Mandatory Membership Coverage?**

Since its founding, the Pag-IBIG Fund has been competently and quietly pursuing its twin mandates of savings generation and provision of affordable shelter. Pag-IBIG members are able to save, borrow short term loans, and have access to housing loans with the lowest interest rates in the market. Through the years, the Fund has become a lifeline and is filling a big financing gap for Filipino workers—with many of its members turning to the Fund for their various financial needs.

The Pag-IBIG Fund releases an average of P188 million in housing loans every day, enabling around 305 Filipino families to buy or build their own homes, 60 of whom are OFWs. This only proves that more and more Filipino workers are reaping the huge benefits of Pag-IBIG membership from the small amount they save every month.

A member may also withdraw his savings before the 20-year maturity under these valid grounds:

- Optional withdrawal after 15 years of continuous contributions
- Upon reaching age 65
- Retirement
- Permanent or total disability
- Insanity
- Death
- Permanent departure from the country
- Other causes as may be provided for by the board of trustees

**Q: What can a member claim at membership termination?**

A member will be able to withdraw his TAV, which consists of his personal contributions, his employer counterpart contributions, if any, and the dividend earnings credited to his account.

**Q: If the member dies, what will happen to his TAV?**

The heirs will receive the deceased member's savings, less any pending obligations with the Fund. Beneficiaries will also be entitled to the additional death benefit grant, the amount of which will depend on the member's TAV and membership status at point of death.

**Q: Why was the membership term for OFW-Members increased to 20 years?**

With Pag-IBIG's universal coverage under RA 9679, the membership of local employees and OFWs are now essentially the same, and are governed by the same guidelines. Hence, the 20-year term now also applies to OFW members.

It also makes sense, as far as the sustainability of the Pag-IBIG housing loan program is concerned. Housing loans are drawn from the pooled savings of members, and repaid by borrowers over a period of up to 30 years. If members' savings are withdrawn much earlier, there would be a mismatch against the long-term funding for housing. Pag-IBIG cannot sustain its housing loan program with this mismatch. This is precisely one of the reasons why a new Pag-IBIG law was needed, to mobilize more funds on a long-term basis.

The maximum monthly compensation used in computing the employee contributions is currently set at P5,000. This means that the maximum member contribution and employer counterpart per month are both currently P100. A member, however, may opt to increase his monthly contribution in order to save more in the long term.

**Q: Is my foreign employer required to give counterpart contributions?**

No, a foreign employer is not required to provide counterpart contributions unless he or she wants to.

**Q: Can a member contribute more than the required amount?**

Yes, a member may contribute more than what is prescribed under the law. In fact, it is very much advantageous to a member to contribute more as this means a higher amount of savings upon maturity. Again, these savings are government-guaranteed and tax-free.

Monthly Contribution	Total Savings After 20 Years at 5% Dividend Rate per Annum
P100	P 40,753.79
P200	P 81,507.58
P500	P203,768.94
P1000	P407,537.88
P2000	P815,075.76

**Q. When can a Pag-IBIG member registered under the Mandatory Coverage (Pag-IBIG I), withdraw his contributions?**

A member may claim his Total Accumulated Value (TAV) after 20 years of membership with the Fund and after having made a total of 240 monthly contributions.

Meanwhile, 10,154 members benefit from the short-term loan program daily to pay tuition fees, hospital bills, appliance purchases, minor home repairs and for small business capital.

All working Filipinos, whether they are employed locally or abroad, deserve to have equal access to these benefits. Hence, Pag-IBIG membership has been made mandatory for OFWs to give them the same opportunity to save and fulfill their dreams of owning a home.

**Q: What are the benefits of being a member of the Pag-IBIG Fund?**

A Pag-IBIG member will enjoy the following benefits:

**Savings.**

The contributions that an OFW member makes are credited to his Total Accumulated Value (TAV) or savings which are fully guaranteed by the national government.

The member's savings earn annual dividends that are tax-free. The dividend rate varies depending on the net income of the Fund at yearend. For 2009 Pag-IBIG declared P8.5 billion in total dividends, giving members a dividend rate of 5% on their savings.

Pag-IBIG savings are also portable, meaning, these remain in the name of a member even if he transfers employers, works abroad or becomes self-employed or even unemployed.

**Short-Term Loans.**

A member is entitled to borrow short-term loans offered by the Fund to help address immediate financial needs.

**Housing Loan.**

A member of good standing may avail of a Pag-IBIG home financing loan from the Fund with some of the lowest interest rates in the market, and repayment terms of up to 30 years. Pag-IBIG housing loans offer low monthly amortizations, making it possible for even low-salary employees to benefit from the program.

Loan Package	Interest Rate	Monthly Amortization*
P400,000	6%	P2,398.20
P750,000	7%	P4,989.77
P1 Million	8.5%	P7,689.13
P1.25 Million	9.5%	P10,510.68
P2 Million	10.5%	P18,294.79
P3 Million	11.5%	P29,708.74

\* *Principal and interest only*

Housing loans may be used for the purchase of fully developed lot within a residential area not exceeding 1,000 square meters; purchase of a residential house and lot, townhouse or condominium unit; construction or completion of a residential unit on a lot owned by the member; home improvement or for refinancing an existing loan.

**Q: Should the existing members of the Pag-IBIG Overseas Program (POP) still register under the Mandatory Coverage?**

Yes. All existing members of the Pag-IBIG Overseas Program (POP) are required to register, even if they are already voluntary members.

Existing POP members have the option to discontinue or continue their voluntary membership with Pag-IBIG under the membership term that they specified. Should a POP member opt to continue his voluntary membership, he is still required to contribute a minimum of P100 for his mandatory membership effective January 2010. Otherwise, Pag-IBIG will deduct from any contribution received his P100 monthly contribution to cover his mandatory coverage.

POP members who choose to discontinue their voluntary membership may withdraw their total savings at the end of the membership term they specified upon registration.

**Q: How can OFWs register under the Mandatory Coverage?**

OFWs may register through the different Pag-IBIG desks located at the Philippine Embassies/Consulates in key cities abroad. They may also register directly at the Pag-IBIG office located at the 6th Floor Justine Building, Gil Puyat Avenue, Makati City (beside Land Bank). Members can also register through any of the Pag-IBIG Fund offices in the Philippines, Pag-IBIG Satellite Office at the POEA and NAIA, and selected accredited collecting banks abroad including PNB, Metrobank and IREMIT Global Remittances Inc.

**Q: What is the registration procedure for existing voluntary POP members who have already registered?**

All existing members of the Fund will update their records via submission of the Member's Data Form (downloadable at the Pag-IBIG Fund website, [www.pagibigfund.gov.ph](http://www.pagibigfund.gov.ph)). They will also update their records in case of changes in their personal information.

**Q: If an existing Pag-IBIG member will register as an OFW, what will happen to his/her previous contributions?**

Pag-IBIG will simply merge the contribution records under his/her new membership as an OFW. All previous contributions will be counted and included in his total savings including previous contributions made by the member under Pag-IBIG I (Mandatory Coverage), prior to his registration in the POP. This is no different from a member moving to another company—an advantage of the portability of Pag-IBIG savings. A member is always assured that his total savings are safe, secure, and available for his withdrawal upon maturity or other valid grounds.

**Q: How much is the contribution rate?**

The contribution rate for all mandatory members, including OFWs will be as follows:

Monthly Compensation	Percentage of Monthly Compensation	
	Employee Share	Employer Counterpart
P1,500 and below	1%	2%
Over P1,500	2%	2%