

IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9679

Or the

“Home Development Mutual Fund Law of 2009, otherwise known as Pag-IBIG (Pagtutulongan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund”



HOME DEVELOPMENT MUTUAL FUND

RULE I PRELIMINARY PROVISIONS

Section 1. Title. These Rules shall be referred to as the Rules and Regulations Implementing Republic Act No. 9679 or the Home Development Mutual Fund Law of 2009, otherwise known as Pag-IBIG (Pagtutulungan sa Kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund”.

Section 2. Construction. Any doubt in the interpretation of these Rules shall be resolved in favor of the members.

RULE II DECLARATION OF STATE POLICY AND STATEMENT OF THE FUND’S OBJECTIVES

Section 1. Declaration of State Policy. It is the policy of the State to establish, develop, promote, and integrate a nationwide sound and viable tax-exempt mutual provident savings system suitable to the needs of the employed and other earning groups, and to motivate them to better plan and provide for their housing needs, by membership in the Home Development Mutual Fund, with mandatory contributory support of the employers in the spirit of social justice and the pursuit of national development.

Section 2. Statement of Fund’s Objectives. In general, the objectives of the Fund are:

- a. Improve the quality of life of its members by developing and promoting an integrated nationwide, sound, and viable tax-exempt mutual provident savings system suitable to the needs of the employed and other earning groups;
- b. Improve the quality of life of its members by promoting home ownership through the extension of affordable housing loans;
- c. Stimulate and assist the shelter industry through the extension of developmental and institutional financing;
- d. Invest the provident savings of its members taking into consideration profitability and safety of the funds as a means of providing them provident benefits upon termination of their membership in the Fund;
- e. Provide small and short term loans, other benefits and assistance programs to its members, consistent with the Fund’s provident character; and
- f. Design and implement other programs that shall further promote and mobilize savings and provide additional resources for the mutual benefit of its members with appropriate returns on the savings and investments.

RULE III DEFINITION OF TERMS

Section 1. Definition of Terms. For purposes of these Rules and Regulations, the following terms shall, unless the context indicates otherwise, have the following meanings:

- a. **Beneficiaries.** Person or persons who are entitled to receive the member’s TAV arising from the death of the member who shall be the heirs, as provided for under the Civil Code of the Philippines, of said member.
- b. **Board.** The duly constituted Board of Trustees of the Home Development Mutual Fund.

c. **Compensation.** Basic monthly salary plus mandated cost of living allowance (COLA). Basic monthly salary shall refer to compensation for services in whatever form paid, including but not limited to fees, salaries, wages, and similar items received in a month. It shall mean the remuneration or earnings, however designated, capable of being expressed in terms of money, whether fixed or ascertained on a time, task, piece or commission basis, or other method of calculating the same, which is payable by an employer to an employee or by one person to another under a written or unwritten contract of employment for work done or to be done, or for services rendered or to be rendered.

d. **Contributions.** The amount payable to the Fund by the members and/or their employers, in accordance with R.A. 9679 and these Rules.

e. **Dividends.** A corporate profit set aside, declared and ordered by the Board of Trustees to be paid to the members proportionately according to their respective interests which shall be credited to their Total Accumulated Value, payable out of the net income of the preceding year.

f. **Employee.** Any person who performs services for an employer in which either or both mental and physical efforts are used and who receives any compensation for such service.

g. **Employer.** Any person, natural or juridical, domestic or foreign, who carries on in the Philippines, or outside of the Philippines, any trade, business, industry, undertaking or activity of any kind, and uses the services of another person who is under his order as regards such services; the Government and any of its national and local offices, political subdivisions, branches, agencies, or instrumentalities, including corporations owned and/or controlled by the government.

h. **Employment.** Any service performed by an employee for his or her employer within the Philippines.

i. **Fund.** The Home Development Mutual Fund, otherwise known as Pag-IBIG (Pagtutulungan sa kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund, created under R.A. 9679, which is a government financial institution involved in mobilizing provident funds primarily for shelter finance .

It replaces the Home Development Mutual Fund established under Presidential Decree No. 1752.

j. **GSIS.** The Government Service Insurance System created under Commonwealth Act No. 186, as amended.

k. **Investible Funds.** The funds available for investments after deducting cost of operations and expenses, reserves for benefit claims, provisions for a sinking fund for the return of the members’ equity upon maturity and provision for reserve for loan repayments.

l. **SSS.** The Social Security System created under Republic Act No. 1161, as amended.

m. **Member.** Any person coverable under R.A. 9679, whether on a mandatory or voluntary basis, and pays the mandated contributions .

n. **Member-Borrower.** A member who has an outstanding account under any of the Fund’s loan programs.

o. **Member-Saver.** A member who has no outstanding account under any of the Fund’s loan programs .

p. **Membership Term.** A period of twenty (20) years commencing from the first day of the month to which the member’s initial contribution to the Fund applies: Provided, that the member shall have contributed a total of two hundred forty (240) monthly contributions at the time of maturity.

- q. **Monthly.** The period from the end of the last payroll period of the preceding month to the end of the last payroll period of the current month if compensation is on hourly, daily or weekly basis; if on any other basis, "monthly" shall mean a period of one calendar month.
- r. **Net Fund Asset.** The total assets of the Fund less current liabilities.
- s. **Net Income.** The balance of realized or accrued earnings for a given period after deducting all costs and expenses, interests, taxes, losses and charges of every character, including depreciation and depletion for the period.
- t. **Permanent Total Disability.** The loss or impairment of a physical and mental function resulting from injury or sickness which completely incapacitates a member to perform any work or engage in any business or occupation as determined by the Fund.
- u. **Total Accumulated Value (TAV).** The sum of the member's contributions and the employer's required contributions, when appropriate, and the corresponding dividends credited thereto .

RULE IV ORGANIZATION, ADMINISTRATION, POWERS AND FUNCTIONS OF THE HOME DEVELOPMENT MUTUAL FUND

Section 1 . Home Development Mutual Fund, otherwise known as Pag-IBIG (Pagtutulungan sa kinabukasan: Ikaw, Bangko, Industriya at Gobyerno) Fund. The Home Development Mutual Fund or the Pag-IBIG Fund created under R.A. 9679 is a government financial institution involved in mobilizing provident funds primarily for shelter finance. It is a nationwide tax-exempt mutual provident savings system for private and government employees and other earning groups, supported by matching mandatory contributions of their respective employers in the spirit of social justice and the pursuit of national development, with housing as the primary investment.

Section. 2. Provident Character. The Fund shall be private in character, owned wholly by the members, administered in trust and applied exclusively for their benefit. All the personal and employer contributions shall be fully credited to each member, accounted for individually and transferable in case of change of employment. They shall earn dividends as provided for in these Rules. The said amounts shall constitute the provident fund of each member, to be paid to him or her, his or her estate or beneficiaries upon termination of membership, or from which peripheral benefits for the member may be drawn.

Section 3. Powers and Functions of the Fund. In addition to the usual corporate powers under existing laws, the Fund shall have the following specific powers and functions:

- a. To formulate, adopt, amend and/or rescind such rules and regulations as may be necessary to carry out the provisions and purposes of R.A. 9679, as well as the effective exercise of the powers and functions, and the discharge of duties and responsibilities of the Fund, its officers and employees;
- b. To adopt or approve the annual and supplemental budget of receipts and expenditures including salaries and allowances of the Fund's personnel; to authorize such capital and operating expenditures and disbursements of the Fund as may be necessary and proper for the effective management and operation of the Fund;

- c. To submit annually to the President of the Philippines not later than March 15, a report of its activities and the state of the Fund during the preceding year, including information and recommendations for the development and improvement thereof;
- d. To invest not less than seventy percent (70%) of its investible funds to housing, in accordance with R.A. 9679;
- e. To acquire, utilize, or dispose of, in any manner recognized by law, real or personal properties to carry out the purposes of R.A. 9679;
- f. To set up its own accounting and computer systems; to conduct continuing actuarial and statistical studies and valuations to determine the financial viability of the Fund and its projects; to require reports, compilations and analysis of statistical and economic data, as well as make such other studies and surveys as may be needed for the proper administration and development of the Fund;
- g. To have the power of succession; to sue and be sued; and to adopt and use a corporate seal;
- h. To enter into and carry out contracts of every kind and description with any person, firm or association or corporation, domestic or foreign;
- i. To borrow funds from any source, private or government, foreign or domestic;
- j. To invest, own or otherwise participate in equity in any establishment, firm or entity; to form, organize, invest in or establish and maintain a subsidiary or subsidiaries in relation to any of its purposes;
- k. To maintain a provident fund, which shall consists of contributions made by both the Fund and its officers and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe;
- l. To design and adopt an Early Retirement Incentive Plan (ERIP) for its own personnel;
- m. To establish field offices and to conduct its business and exercise its powers in these places;
- n. To approve restructuring proposal for the payment of due but unremitted contributions and unpaid loan amortizations under such terms and conditions as the Board of Trustees may prescribe;
- o. To determine, fix and impose interest and penalties upon unpaid contributions due from employers and employees;
- p. To ensure the collection and recovery of all indebtedness, liabilities and/or accountabilities, including unpaid contributions in favor of the Fund arising from any cause or source or whatsoever, due from all obligors, whether public or private; to demand payment of the obligations referred to herein, and in the event of failure or refusal of the obligor or debtor to comply with the demand, to initiate or institute the necessary or proper actions or suits, criminal, civil, administrative, or otherwise, before the courts, tribunals, commissions, boards or bodies of proper jurisdiction: Provided, however, that the Fund may compromise or release, in whole or in part, any interest, penalty or civil liability to the Fund in connection with the collection of contributions and the lending operations of the Fund, under such terms and conditions as prescribed by the Board of Trustees. Provided, further, that the Board may, upon recommendation of the Chief Executive Officer, deputize any member of the Fund's legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of the debtor's properties, and in the enforcement of court writs and processes in cases involving the Fund. The special sheriff of the Fund shall make a report to the proper court after any action taken by him,

which shall treat such action as if it were an act of its own sheriffs in all respects;

- q. To design and implement other programs that shall further promote and mobilize savings and provide additional resources for the mutual benefit of the members with appropriate returns on the savings/investments. The program shall be so designed as to spur socio-economic take-off and maintain continued growth;
- r. To conduct continuing actuarial and statistical studies and valuations to determine the financial condition of the Fund and taking into consideration such studies and valuations and the limitations herein provided, readjust the benefits, contributions, interest rates of the allocation or reallocation of the funds to the contingencies covered; and
- s. To exercise such powers and perform such acts as may be necessary, useful, incidental or auxiliary to carry out the provisions of R.A. 9679.

Section 4. Board of Trustees. The corporate powers and functions of the Fund shall be vested in and exercised by the Board that shall be composed of the following :

- a. The Chairperson of the Housing and Urban Development Coordinating Council, as the ex officio Chairman ;
- b. The Secretary of the Department of Finance, as the ex officio Vice Chairman.
- c. The Secretary of the Department of Labor and Employment, or his/her duly designated undersecretary, as ex officio member;
- d. The Secretary of the Department of Budget and Management, or his/her duly designated undersecretary, as ex officio member;
- e. The Secretary of the Department of Trade and Industry, or his/her duly designated undersecretary, as ex officio member;
- f. The Chief Executive Officer of the Fund; and
- g. Five (5) appointive members, two (2) representatives of private employees, two (2) representatives of private employers and one (1) representative of government employees.

The four (4) private sector representatives shall each be appointed by the President of the Philippines for a term of two (2) years. Provided, however, that of the first to be appointed, one (1) representative of the employers shall have a term of only one (1) year.

The representative of the government employees shall be appointed by the President of the Philippines for a term of two (2) years.

The Chairman, Vice Chairman and members of the Board shall be entitled to a reasonable per diem for each meeting actually attended and other allowances at such amounts as may be fixed by the Board, in accordance with existing laws, rules and regulations.

Section 5. Powers of the Board. The Board shall have the following powers :

- a. To formulate policies, rules and regulations to carry out effectively the functions of the Fund under R.A. 9679;
- b. To promulgate such rules and regulations as may be necessary or proper for the effective exercise of the powers and functions, as

well as the discharge of the duties and responsibilities of the Fund, its officers and employees;

- c. To authorize expenditures of the Fund in the interest of effective administration and operations; to adopt from time to time the budgets for said purposes;
- d. To approve the annual and supplemental budget of receipts and expenditures including salaries and allowances of the Fund personnel; to authorize such capital and operating expenditures and disbursements as may be necessary and proper for the effective management and operation of the Fund;
- e. To condone, in whole or in part, penalties imposed on loans of members and borrowers who, for justifiable reasons prescribed by the Board, failed to pay on time any obligation due to the Fund; Provided, that such exclusive power to condone shall likewise apply to penalties imposed on employers, who justifiably fail to remit when due the required contributions of their employees;
- f. To approve the Fund's organizational and administrative structures and staffing pattern, and to establish, fix, review, revise and adjust the appropriate compensation package for the officers and employees of the Fund in accordance with Section 8 , Rule IV hereof ;
- g. To approve or confirm appointments of officers and other personnel of the Fund, as the case may be; and
- h. To exercise such powers as may be necessary to carry into effect the powers and accomplish the purposes for which the Fund is established.

Section 6. Rule-Making Power. The Board shall make and change needful rules and regulations, which shall be published in accordance with law or at least once in a newspaper of general circulation in the Philippines, to provide for, but not limited to, the following matters:

- a. The effective administration, custody, development, utilization and disposition of the Fund or parts thereof, including payment of amounts credited to members or to their beneficiaries or estates;
- b. Grounds for and effects of termination of membership other than by completion of term ;
- c. Fund earnings and their distribution, investment and/or plowing back for the exclusive benefit of the members;
- d. Interim disbursements of accumulated values to members of ameliorative and similar purposes;
- e. Benefits, contributions including their rates, premium rates, and interest rates ;
- f. Housing and other loan assistance programs to members;
- g. Adjudication and settlement of claims and disputes and the procedures for the same on any matters involving the interests of members in the Fund;
- h. Optimize the effectiveness of the Fund's coverage;
- i. Extension of Fund coverage to other earning groups, with or without employer contributions, and waiver or suspension of coverage or its enforcement by reasons of nature of employment, condition of business, ability to make contributions and other reasonable considerations; and
- j. Other matters that, by express or implied provisions of R.A. 9679, shall require implementation by appropriate policies, rules and regulations.

Section 7. Chief Executive Officer. The Chief Executive Officer of

the Fund shall be appointed by the President of the Philippines and shall execute and administer the policies and resolutions approved by the Board of Trustees, prepare its agenda, and direct and supervise the operations and management of the Fund. The Chief Executive Officer, subject to the approval of the Board in case of approval of appointments to managerial positions and above, and the confirmation of the Board in appointments to below that of manager level, shall appoint the personnel of the Fund, remove, suspend or otherwise discipline them for cause, and prescribe their duties and qualifications, in accordance with existing civil service laws, rules and regulations, to the end that only competent personnel may be employed.

Section 8. Organizational and administrative structures and staffing pattern. The organizational and administrative structures and staffing pattern of the Fund shall be as determined by the Board. All positions in the Fund shall be governed by a compensation and position classification system and qualification standards approved by the Board based on a comprehensive job analysis, wage compensation study and audit of actual duties and responsibilities; Provided, that the compensation plan shall be comparable with prevailing compensation plans in the private sector and shall be subject to the periodic review of the Board no more than once every four (4) years without prejudice to yearly merit reviews or increases based on productivity and profitability. The Fund shall, therefore, be exempt from any laws, rules and regulations on salaries and compensations.

Section 9. Administration Costs. The Fund shall bear the costs of its administration and development, in such amounts and/or limits as the Board of Trustees may deem appropriate, but not exceeding two (2%) percent of the Net Fund Assets of the previous year, excluding operating cost directly relating to the lending operations of the Fund.

Section 10. Audit. The Chairman of the Commission on Audit shall act as the ex-officio auditor of the Fund and, accordingly, is empowered to appoint a representative and other subordinate personnel to perform and report on such audit duties, responsible to and removable only by the Commission on Audit Chairman, without prejudice, however, to the power of the Board of Trustees to contract for another mode of independent audit service, in addition to that provided by the Commission on Audit as provided for under Presidential Decree No. 1445, otherwise known as the Government Auditing Code of the Philippines.

Section 11. Exemption from Tax, Legal Process and Lien. All laws to the contrary notwithstanding, the Fund and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom, as well as all supplies, equipment, papers or documents shall be exempt from any tax, assessment, fee, charge, or customs or import duty; and all benefit payments made by the Pag-IBIG Fund shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the Fund. No tax measure of whatever nature enacted shall apply to the Fund, unless it expressly revokes the declared policy of the State in Section 2 of R.A. 9679 granting tax exemption to

the Fund. Any tax assessment against the Fund shall be null and void.

Section 12. Money Investments. All moneys of the Fund not needed to meet current administrative and operational requirements, shall be invested with due and prudent regard for its safety, growth and liquidity needs. Provided, that at least seventy percent (70%) of the Fund's investible funds shall be invested in housing, in accordance with R.A. 9679.

Section 13. Visitorial and Enforcement Powers.

- a. The Fund or its duly authorized representative is empowered to inspect the premises, books of accounts and records of any person or entity covered by R.A. 9679; require to submit its reports regularly, and act on violations of any provision of R.A. 9679.
- b. Particular aspects of the Fund's administration may be subject to supervision, visitation or verification by appropriate agencies of the government as may be designated and authorized by the President of the Philippines.

RULE V FUND COVERAGE AND MEMBERSHIP

Section 1. Mandatory Coverage and Membership of Employees. Coverage under and membership in the Fund shall be mandatory for the following:

- a. All employees who are compulsorily covered by the SSS; Provided, that for purposes of mandatory coverage in the Fund of persons who are compulsorily covered by the SSS, the term employee shall be understood the manner by which the SSS defines it, and shall include, but not limited to:
 1. A Private employee, whether permanent, temporary or provisional, who is not over 60 years old.
 2. A household-helper earning at least P1,000 a month. A household-helper is any person who renders domestic services exclusively to a household such as driver, gardener, cook, governess, and other similar occupations.
 3. A Filipino seafarer upon the signing of the standard contract of employment between the seafarer and the manning agency which, together with the foreign ship owner, act as employers.
 4. A self-employed person, regardless of trade, business or occupation, with an income of at least P1,000 a month and not over 60 years old. This includes, but not limited to: self-employed professionals; business partners, single proprietors and board directors; actors, actresses, directors, scriptwriters and news reporters who are not under an employer-employee relationship; professional athletes, coaches, trainers and jockeys; farmers and fisherfolks; and workers in the informal sector such as cigarette vendors, watch-your-car boys, among others. Provided, that a self-employed person subject to compulsory coverage by the SSS shall be treated by the Fund as both employee and employer at the same time, and shall therefore be required to pay both the employee and the corresponding employer contributions.

Provided finally, that actual membership in the SSS shall not be a condition precedent for mandatory coverage in the Fund, it being

sufficient that the person ought to be covered compulsorily by the SSS.

- b. All employees who are subject to mandatory coverage by the GSIS, regardless of their employment status.
- c. Uniformed members of the Armed Forces of the Philippines, the Bureau of Fire Protection, the Bureau of Jail Management and Penology, and the Philippine National Police.
- d. Filipinos employed by foreign-based employers. Coverage under the Fund shall be mandatory for Filipinos employed by foreign-based employers whether deployed here or abroad, or a combination thereof, but whose respective employers are exclusively based outside of the Philippines. The employers shall not be subject to mandatory coverage. Provided, that if the employer maintains an office or agent in the Philippines that effectively acts as an employer of the Filipino, then such office or agent shall be deemed an employer subject of mandatory coverage under R.A. 9679.

Section 2. Mandatory Coverage of Employers. Coverage under the Fund shall be mandatory for the following :

- a. Employers of employees compulsorily covered by the SSS. These shall include private employers previously granted waiver or suspension of coverage for whatever reason under Presidential Decree 1752, as amended. Provided, that manning agencies together with the foreign ship owners shall be considered jointly and severally as the employers of Filipino Seafarers. Provided finally, that a self-employed person subject to compulsory coverage by the SSS shall be treated by the Fund as both employee and employer at the same time .
- b. Employers of employees subject of mandatory coverage by the GSIS.
- c. The Armed Forces of the Philippines, the Bureau of Fire Protection, the Bureau of Jail Management and Penology, and the Philippine National Police.

Section 3. Voluntary Coverage. Persons who are at least eighteen (18) years old but not more than sixty five (65) years old and are not subject to mandatory coverage may be covered by the Fund on a voluntary basis, subject to such terms and conditions stated in these Rules or as the Board may impose, and shall include, but not limited to, the following :

- a. Spouses who devote full time to managing the household and family affairs, unless they also engage in another vocation or employment which is subject to mandatory coverage.
- b. Filipino employees of foreign government or international organization, or their wholly-owned instrumentality based in the Philippines, in the absence of an administrative agreement with the Fund.
- c. Employees of an employer who is granted a waiver or suspension of coverage by the Fund under R.A. 9679 .
- d. Leaders and members of religious groups;
- e. A member separated from employment, local or abroad, or ceased to be self-employed, but would like to continue paying his or her personal contribution. Such member may be a pensioner, investor, or any other individual with passive income or allowances.
- f. Public officials or employees who are not covered by the GSIS, such as Barangay Officials, including Barangay Chairmen,

Barangay Council Members, Chairmen of Sangguniang Kabataan, and Barangay Secretaries and Treasurers .

- g. Such other earning groups as may be determined by the Board by rules and regulations.

Provided, that any foreign government, international organization or their wholly-owned instrumentality employing workers in the Philippines or employing Filipinos outside of the Philippines, may enter into an agreement with the Fund for the inclusion of their employees as members of the Fund; Provided, further, that the terms of such agreement shall conform with the provisions of R.A. 9679 and these Rules on coverage and amount of payment of contributions and benefits; Provided, finally, that the provisions of the said Act shall be supplementary to any such agreement.

Section 4. Effective Date of Mandatory and Voluntary Membership and Coverage. Mandatory coverage of the employer shall take effect on the first day of his business operation, and that of the employee on the date of his or her employment: Provided, that for:

- a. Employees and employers who are not subject of mandatory coverage prior to R.A. 9679 and these Rules, including the uniformed members of the Armed Forces of the Philippines, the Bureau of Fire Protection, the Bureau of Jail Management and Penology, and the Philippine National Police, and their respective employers, as well as Filipinos employed by foreign based employers, mandatory coverage shall take effect on January 1, 2010, unless a different date is set by the Board by resolution;
- b. Employers whose coverage had been previously suspended or waived for whatever reason under PD 1752, their coverage as well as that of their employees shall take effect after the expiration of their respective suspension or waiver of coverage;
- c. Voluntary members, coverage shall commence on the actual date of registration.

Provided, finally, that actual membership in the Fund shall commence only upon remittance of the initial contribution and not at point of registration.

Section 5. Registration of Employers. All new employers shall first register with the Fund prior to the start of their business operations. Provided, that all employers who are not subject of mandatory coverage prior to R.A. 9679 and these Rules, shall register for coverage before January 1, 2010, unless a different date is set by the Board by resolution .

Section 6. Registration of Employees. It shall be the duty of all employers to register all their employees subject of mandatory coverage, by submitting to the Fund all data and information that it may require in relation to the employers' respective businesses and employees, within thirty (30) days from the start of their business operations. For newly hired employees, the employer shall register them with the Fund within thirty (30) days from the start of their employment.

Section 7. Registration of the Self-employed. The self-employed who are subject to compulsory coverage shall register with the Fund within thirty (30) days from the date he or she started to be self-employed. Provided, that if the self-employed shall be required to

obtain the necessary permits and/or licenses, other than the license required for practicing a particular profession, prior to the practice of his or her self-employment, he or she shall register with the Fund prior to engaging in such.

Section 8. Membership Term. Membership in the Fund shall be for a period of twenty (20) years commencing from the first day of the month to which the member's initial contribution to the Fund applies; Provided, that the member shall have contributed a total of two hundred forty (240) monthly contributions at the time of maturity .

Section 9. Termination of Membership. Membership in the Fund shall be terminated anytime upon the occurrence of any of the following, provided that the member's financial obligations with the Fund are first fully settled:

- a. Membership Term Maturity;
- b. Death;
- c. Retirement;
- d. Permanent Total Disability or Insanity;
- e. Permanent departure from the country;
- f. Termination from the service by reason of health;
- g. Other causes as may be provided for by the Board of Trustees

Occurrences other than the above, such as resignation, lay-off or suspension from employment, shall not constitute a ground for termination of membership. Such occurrences shall only result to suspension of contributions.

Provided finally, that in the event the member after membership termination continues or subsequently places him or herself in a situation which would subject him or herself to mandatory coverage, then the member shall continue to be mandatorily covered by the Fund and his or her employer is mandated to continue deducting and remitting the employee's required contribution together with the corresponding employer's contribution pursuant to these Rules.

Section 10. Retirement. Any member shall be compulsorily retired under the Fund upon reaching age sixty-five (65). The member may however, opt to retire earlier under the Fund upon the occurrence of any of the following events, provided the member is not a member-borrower:

- a. Actual retirement from the SSS or GSIS, or from government service by provision of law;
- b. Retirement under a separate employer provident or retirement plan. Provided, that the member is at least forty-five (45) years of age at the time of retirement;
- c. Upon reaching age sixty (60).

Provided finally, that in the event the member opts to retire earlier from the Fund for reasons stated under items b and c above, and thereafter continues or subsequently places him or herself in a situation which would subject him or herself to mandatory coverage, then the member shall continue to be mandatorily covered by the Fund and his or her employer is mandated to continue deducting and remitting the employee's required contribution together with the corresponding employer's contribution pursuant to these Rules.

Section 11. Permanent Total Disability. The following disabilities shall be deemed total and permanent:

- a. Temporary total disability lasting continuously for more than one hundred twenty (120) days;
- b. Complete loss of sight of both eyes;
- c. Loss of two limbs at or over the ankle or wrist;
- d. Permanent complete paralysis of two limbs;
- e. Brain injury resulting in incurable imbecility or insanity; and
- f. Such other cases which are adjudged to be total and permanent disability by a duly licensed physician and approved by the Board.

Section 12. Existing Membership and Coverage. Membership and coverage under the Fund established under Presidential Decree No. 1752, as amended, together with the amounts and benefits already accrued to the members, including employer's counterpart contributions, as well as covering records and documents, shall be transferred, continued, and integrated into the new Fund established under R.A. No. 9679, and shall be subject henceforth to policies and rules that the Board shall adopt under the said law. All rights vested, duty imposed, penalty accrued, or proceeding commenced under Presidential Decree No. 1752, as amended, particularly those under Republic Act No. 7742, shall continue to subsist and shall be enforced under the provisions of R.A. 9679 and these Rules.

RULE VI CONTRIBUTIONS

Section 1. Rate of Contributions. Covered employees and employers shall contribute to the Fund based on the monthly compensation of covered employees as follows:

- a. Employees earning not more than One thousand five hundred pesos (P1,500.00) per month – one percent (1%).
- b. Employees earning more than One thousand five hundred pesos (P1,500.00) per month – two percent (2%).
- c. All employers – two percent (2%) of the monthly compensation of all covered employees.

The maximum monthly compensation to be used in computing employee and employer contributions shall not be more than Five thousand pesos (P5,000.00); Provided, that this maximum and the contribution rates may be fixed from time to time by the Board through rules and regulations adopted by it, taking into consideration actuarial calculations and rates of benefits. Provided further, that the foregoing rates shall likewise be the same for the self-employed and voluntary members.

A member may, however, be allowed to contribute more than what is required herein should he or she so desires. The employer, however, shall only be mandated to contribute what is required under these Rules unless the employer agrees to match the member's increased contribution.

Notwithstanding any contract to the contrary, an employer shall not deduct, directly or indirectly, from the compensation of its employees covered by the Fund, or otherwise recover from them, the employer's contribution with respect to such employees.

Section 2. Full-time Spouse. Full-time spouses who volunteer to be covered by the Fund as provided for under these Rules, shall

adopt as a basis of monthly contributions one-half (½) of the monthly compensation income of the employed spouse. The full-time spouse shall not be required to pay the employer's contribution .

Section 3. Contributions of Member with Multiple Employers. In cases where a member has two or more employers, such member shall contribute monthly to the Fund a percentage of his or her monthly compensation per employer, which shall be matched by the latter in accordance with Section 1 of this Rule.

RULE VII COLLECTION AND REMITTANCE

Section 1. Employer's Fiduciary Obligation. The employer assumes a fiduciary relationship with both the Fund and the member concerned as regards the latter's contribution and the required employer contribution, as well as the remittance thereof to the Fund.

The employer likewise assumes the same fiduciary relationship with both the Fund and the member concerned as regards the collection and remittance of the latter's loan amortizations or payments to the Fund when the same is made through salary deductions as provided in the succeeding sections of this Rule .

Section 2 . Method of Collection and Payment. Monthly contributions of members to the Fund shall be collected through payroll deductions by their respective employers, who for this purpose shall act as agent both of the Fund and the member.

If a member avails of any loan from the Fund and the member consents in writing to amortize or pay the same through salary deductions, the employer shall be duty-bound to faithfully implement the same and shall continue to do so until the loan is fully paid. Until the loan is fully paid, the employer shall not discontinue the salary deductions without the prior written consent of the Fund. For this purpose, the employer shall likewise act as agent both of the Fund and the employee.

If a member-borrower who has previously consented to amortize or pay his loans through salary deductions resigns or otherwise separates from the service of the employer, the employer shall be bound to inform the Fund of such resignation or separation immediately upon notice thereof, but not later than thirty (30) days from the effectivity of said resignation or separation.

Every employer shall issue corresponding receipts for all contributions or loan amortizations or payments deducted from the employee's compensation or shall indicate such deductions on the employee's pay slip.

Section 3 . Remittance of Collections.

a. All employers shall remit to the Fund their contributions and the contributions of their covered employees as well as the latter's loan amortizations or payments to the Fund, as provided for under Section 2 of this Rule, when applicable, within fifteen (15) days from the date the same were collected unless another period is previously agreed upon between the employer and the Fund, or within such periods as the Fund may prescribe otherwise.

The Fund may prescribe a different remittance schedule for Filipinos employed by foreign based employers depending on the nature of their contracts or manner of their deployment abroad.

b. Every employer required to set aside and remit such contributions as prescribed under R.A. No. 9679 and these Rules shall be liable for their payment, and non-payment thereof shall further subject the employer to a penalty of three percent (3%) per month of the amounts payable from the date the contributions fall due until paid. Every employer who actually deducts from the salary of his employee the latter's loan amortization or payments to the Fund, as provided for under these Rules, shall be liable for their payment, and non-payment thereof shall likewise further subject the employer to a penalty of three percent (3%) per month of the amounts payable from the date the loan amortizations or payments fall due until paid.

c. It shall be mandatory and compulsory for all government instrumentalities, agencies, including government-owned and controlled corporations, to provide the payment of contributions in their annual appropriations. Penal sanctions shall be imposed upon these employers who fail to include the payment of contributions on time, or delay the remittance of the required contributions to the Fund. The heads of offices and agencies shall be administratively liable for non-remittance of the required contributions to the Fund.

d. Failure or refusal of the employer to pay or to remit the contributions herein prescribed shall not prejudice the right of the covered employee to the benefits under this Act.

e. No retroactive payment of contributions shall be allowed, except for unremitted collections that are paid by the employer which shall be applied retroactively upon presentation of proof that said contributions were previously collected or deducted from the employee. Without prejudice to the employer's civil, criminal and administrative liabilities, the employer shall likewise be liable for all the applicable interests and penalties arising from the late remittance of contributions and loan amortizations or payments actually collected from the member, as well as the dividends which the contributions should have earned have it been remitted on time. Such interests and penalties, excluding the penalty prescribed under Section 3b of Rule VII, shall be applied for the account of the member concerned and the dividends added to said member's TAV. Provided, that if the employer did not collect from his employee during the period of his delinquency, but pays the mandatory employer counterpart for that period, the same shall not be given retroactive effect but shall be treated as a single contribution for the month in which the payment is made in favor of the concerned member. In the same manner, when an employee opts to pay the sum of his or her personal contributions during the period of his or her employer's delinquency, such payment shall be treated as a single contribution .

f. The contributions under R.A. 9679 and these Rules, in cases where an employer refuses or neglects to pay the same, shall be collected by the Fund in the same manner as taxes are made collectible under the National Internal Revenue Code, as amended.

The right to institute the necessary action against the employer may be commenced within twenty (20) years from the time delinquency is known or the assessment is made by the Fund, or from the time the benefit accrues, as the case may be.

Section 4. Remittance of Contributions by Self-employed and Voluntary Members. Self-employed and voluntary members may remit their monthly contributions on a monthly or quarterly basis, provided that in the latter case payments shall be remitted before the 10th day of the beginning month of the succeeding quarter. Monthly remittances shall be made directly to the Fund before the 10th day of the following calendar month.

Section 5. Effect of Leave Without Pay or Suspension from Employment. In the event a member-saver goes on leave without pay or is subjected to disciplinary action where he is suspended from work, the member-saver's monthly contribution together with the corresponding employer's monthly contributions shall be suspended for the duration of the leave without pay or suspension from work. Provided, that such member-saver may opt to continue paying and remitting to the Fund directly his or her monthly contributions together with the employer counterpart to be shouldered by him or her. A member-borrower, on the other hand, shall continue to pay and remit directly to the Fund his or her monthly contributions and loan amortizations or payments. The duty of the employer to deduct monthly amortizations or payments for the member-borrower's outstanding loan with the Fund as provided for under Section 2 of this Rule shall be suspended for the duration of the leave without pay or suspension from work. Provided, that it shall be the duty of the employer to inform the Fund of the member's leave without pay or suspension from work within thirty (30) days from the first day of such leave or suspension.

Section 6. Effect of Resignation or Separation from Employment. In the event a member-saver resigns or is otherwise separated from employment, the member-saver's monthly contribution together with the corresponding employer's monthly contributions to the Fund shall cease. Provided, that such member-saver may opt to continue paying and remitting to the Fund directly his or her monthly contributions together with the employer counterpart to be shouldered by him or her. A member-borrower, on the other hand, shall continue to pay and remit directly to the Fund his or her monthly contributions and loan amortizations or payments. The duty of the employer to deduct monthly amortizations or payments for the member-borrower's outstanding loan with the Fund as provided for under Section 2 of this Rule shall likewise cease. Provided, that it shall be the duty of the employer to inform the Fund of such resignation or separation immediately upon notice thereof, but not later than thirty (30) days from the effectivity of said resignation or separation.

RULE VIII

WAIVER OR SUSPENSION OF FUND COVERAGE

Section 1. Waiver or Suspension of Coverage. The Board may, by rules or resolution, waive or suspend an employer's mandatory coverage under the Fund by reason of nature of employment, condition of business, ability to make contributions and other reasonable considerations.

Section 2. Existing Waiver or Suspension. All existing waivers or suspension granted previously for whatever reason under P.D. 1752, as amended, shall continue to be in full force and effect until its expiration as stated in said waiver or suspension.

RULE IX BENEFITS

Section 1. Mandatory Contributory Support of the Employer. In the spirit of social justice and the pursuit of national development, the member's contribution to the Fund shall be with the mandatory contributory support of the employer as provided for under these Rules or as may be provided for by the Board. Notwithstanding any contract to the contrary, an employer shall not deduct, directly or indirectly, from the compensation of its employees covered by the Fund, or otherwise recover from them, the employer's contribution with respect to such employees.

Section 2. Acts of the Employer shall not prejudice the member. Failure or refusal of the employer to pay or to remit the contributions herein prescribed, or as may be provided for by the Board, shall not prejudice the right of the covered employee to the benefits under R.A. 9679 and these Rules.

Section 3. Exemption from Tax, Legal Process and Lien. All laws to the contrary notwithstanding, all contributions collected and all accruals thereto and income or investment earnings therefrom, shall be exempt from any tax, assessment, fee, charge, or customs or import duty; and all benefit payments made by the Fund shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the Fund.

Section 4. Dividends. The Board shall set aside annually an amount which in no case shall be less than seventy percent (70%) of the annual net income of the Fund, to be paid in the form of dividends to members. The member's contributions, inclusive of employee's and employer's contributions, shall earn dividends which shall be distributed annually and credited to his or her TAV. Only members with outstanding TAV as of year-end shall be entitled to dividends declared for that particular year. All dividend earnings shall be tax-free.

Section 5. Return of Contributions. A member shall be entitled to receive his Total Accumulated Value upon termination of membership in accordance with Section 9 of Rule V of these Rules, less any and all pending obligations with the Fund. In the event of death, the member's heirs shall likewise receive the same less any and all pending obligations with the Fund.

Section 6. Housing Features. A member of good standing shall be eligible to apply for housing loans, under such terms and conditions as may be authorized by the Board, taking into account ability to pay. The Board of Trustees shall institute policies to ensure that lower-income members obtain such housing loans.

Section 7. Benefit Programs. A member may avail of the Fund's various short term loans and other benefit programs, provided that he or she satisfies the eligibility requirements set by the Board.

Section 8. Portability of Membership. A member who transfers to another employer or who becomes self-employed carries with him

his Total Accumulated Value.

Section 9. Optional Withdrawal of Contributions. Those who become members of the Fund after the effectivity of R.A. 9679 shall have the option to withdraw his or her Total Accumulated Value on the fifteenth (15th) year of continuous membership. Provided, that said member has no outstanding housing loan with the Fund at the time of withdrawal.

The exercise of this option by the member shall not be considered as a ground to terminate his membership with the Fund. The member shall continue to be mandatorily covered by the Fund and his or her employer is mandated to continue deducting and remitting the employee's required contribution together with the corresponding employer's contribution pursuant to these Rules.

Section 10. Death Benefits. Upon the death of a member, his or her beneficiaries shall be entitled to death benefits in an amount to be determined by the Board in addition to the Total Accumulated Value as mentioned provided for under in Section 5 hereof.

Section 11. Government Guarantee. The benefits prescribed under R.A. 9679 shall not be diminished and to guarantee said benefits the Government of the Republic of the Philippines accepts general responsibility for the solvency of the Fund.

Section 12. Pag-IBIG Contributions are Excluded from the Computation of the Gross Income. Pursuant to Section 32 (B) (7) (f) of the National Internal Revenue Code of 1997, as amended, Pag-IBIG Contributions are excluded from the computation of the gross income and shall be exempt from taxation.

RULE X ADJUDICATION OF CLAIMS AND DISPUTES

Section 1. Facility of Payment of Claims and Benefits. The Fund shall promptly pay the benefits provided for in Rule IX hereof to the member or to such persons as may be entitled thereto in accordance with the provisions of said Rule provided that the necessary supporting documents are submitted together with the application for provident claims. In relation thereto, the Chief Executive Officer shall issue the necessary rules and procedures to facilitate the processing and payment of the said benefits and claims.

Section 2. Adjudication and Settlement of Claims and Disputes. The Fund shall have original and exclusive jurisdiction over all claims and disputes on any matter relative to the implementation of the provisions of R.A. 9679 and these Rules affecting the rights and interest of the members. The decision of the Chief Executive Officer of the Fund shall be final and executory, unless appealed to the Board, after the lapse of thirty (30) days from receipt by the aggrieved party of such decision. The decision of the Board shall, unless appealed to a competent court, become final and executory after fifteen (15) days from receipt of such decision.

The Chief Executive Officer shall prescribe the forms to be used and the procedures to be followed in the adjudication and settlement of the aforementioned claims and disputes.

Section 3. Proof of Death of a Member. The proof of death of a member shall be established by a duly certified death certificate or a certified extract from the Death Register issued by the Civil Registrar or National Statistics Office (NSO) or by such other officer authorized to issue such extracts. The Fund may likewise accept as additional proof such other documents as it may, in its discretion, deem acceptable.

RULE XI MISCELLANEOUS PROVISIONS

Section 1. Unclaimed Savings/Dividends. Any amount standing to the credit of any member for a period of one year after termination of membership shall be regarded as unclaimed savings and shall be reclassified as an account payable to the former member by the Fund. If any such amount standing to the credit of such person remains unclaimed for a period of more than ten (10) years, the same shall be reverted to the Fund's retained earnings.

Section 2. Employment Records and Reports.

- a. Each employer shall immediately report to the Fund the names, ages, civil status, occupations, salaries, and dependents of its covered employees within such periods as provided under these Rules or as may be prescribed by the Fund.
- b. Every employer shall keep true and accurate work records for such period and containing such information as the Fund may prescribe, in addition to the annual register of new and separated employees which shall be secured from the Fund, when the employee shall enter on the first day of employment or on the effective date of separation, the names of the persons employed or separated from employment and such other data that the Fund may require and said annual register shall be submitted to the Fund in the month of January of each year. Such record shall be open for inspection by the Fund or its authorized representatives quarterly or as often as the Fund may require.

RULE XII GENERAL PROVISIONS

Section 1. Penalty Clause. Pursuant to Section 25 of R.A. 9679, refusal or failure without lawful cause or with fraudulent intent to comply with the provisions of said law and these Rules, particularly with respect to registration of employees, collection and remittance of employee-savings as well as the required employer contributions, or the correct amount due, within the time set under these Rules or the policies and guidelines adopted by the Board, or specific call or extension made by the Fund Management, shall constitute an offense punishable by a fine of not less than, but not more than twice, the amount involved or imprisonment of not more than six (6) years, or both such fine and imprisonment, in the discretion of the Court, apart from the civil liabilities and/or obligations of the offender or delinquent.

When the offender is a corporation, the penalty shall be imposed upon the members of the governing board and the President or General Manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation

and denial of operating rights and privileges in the Philippines, and deportation when the offender is a foreigner.

In case of government instrumentalities, agencies or corporations, the treasurer, finance officer, cashier, disbursing officer, budget officer or other official or employee who fails to include in the annual budget the amount corresponding to the employers' contributions, or who fails or refuses or delays by more than thirty (30) days from the time such amount becomes due and demandable or to deduct the monthly contributions of the employee shall, upon conviction by final judgment, suffer the penalties of imprisonment of not more than six (6) years, and a fine of not less than, but not more than twice the amount involved.

Section 2. Separability Clause. If, for any reason, any provision of these Rules, or the application thereof to any person or circumstances, is held invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

Section 3. Repealing Clause. All rules and regulations, policies, orders and issuances contrary to or inconsistent with these Rules are hereby repealed or modified accordingly. All rights vested, duty imposed, penalty accrued, or proceeding commenced under Presidential Decree No. 1752, as amended, particularly those under Republic Act No. 7742, shall continue to subsist and shall be enforced under the provisions of R.A. 9679 and these Rules.

Section 4. Effectivity. These Rules shall take effect fifteen (15) days after the publication thereof in two (2) newspapers of general circulation.

For more information please get in touch with the Pag-IBIG Fund call center at 724-4244(Pag-IBIG). You may also visit the Pag-IBIG Fund branch office nearest you.