

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City



SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **5416**

Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

Investments in children's education, homeownership, and small business development and entrepreneurship can be made possible through family savings. However, family savings is, at the most part, unpopular in the country.

In the Philippines, households that have a checking account are not so common, and few have a savings account. The rising cost of tertiary education decreases access to higher education for low-income and moderate-income families.

Increasing the number of families saving for their children's tertiary education will increase the number of youths who will attain higher education. An increased educational attainment levels can definitely generate a more competitive workforce, more jobs and innovation, more savings and investment, stronger communities, and a thriving economy.

This bill provides for a savings program, tied to financial education, that aims to improve family financial responsibility and encourage saving for education, homeownership, small business, and entrepreneurship.

In light of promoting financial literacy and increasing asset-building opportunities for all residents of the country, the immediate approval of this bill is earnestly sought.


GARY C. ALEJANO

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AN ACT
ESTABLISHING CHILDREN'S SAVINGS ACCOUNT PROGRAM, AND FOR OTHER
PURPOSES

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

1 **SECTION 1. Title.** - This Act shall be known as the "Children's Savings Accounts Act".
2

3 **SEC. 2. Declaration of Policy.** - It is hereby declared the policy of the State to encourage
4 families' savings, to increase families' financial knowledge, to promote higher educational
5 aspiration and attainment, to encourage homeownership, to assist small business development, to
6 promote job creation, to strengthen communities, and to increase asset building opportunities for
7 all people.
8

9 **SEC. 3. Program Goals.** - Goals of the program shall include increasing the levels of
10 financial literacy and savings in the country, increasing the number of children who own assets
11 and who attend tertiary education or training, purchase a home, or open a small business.
12

13 **SEC. 4. Children's Savings Account Task Force.** - There is hereby created a Children's
14 Savings Account Task Force to review and make recommendations about children's savings
15 account program options and to create a strategic implementation plan to create savings accounts
16 at birth for every child born. The Task Force shall consist of a maximum of thirty (30) members,
17 to be appointed within sixty (60) days after the effectivity of this Act. One (1) member shall be
18 appointed by the President of the Senate, one (1) member appointed by the Senate Minority
19 Leader, one (1) member appointed by the Speaker of the House, one (1) member appointed by
20 the House Minority Leader, and one (1) member representing the Department of Finance
21 appointed by its Secretary. All other members shall be appointed by the President as follows:
22

23 a) a member of the Presidential staff; and
24

25 b) public members with an interest in asset-building in the country, including a
26 representative from each of the following types of organizations or entities:
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28 1) an operator of an individual development account or matched savings and
29 financial education program or both;
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31 2) a grassroots organizing entity;
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33 3) a service-based human rights provider organization;
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35 4) a business organization;
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37 5) a bankers' professional association;
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- 6) a child advocacy organization;
- 7) a rural economic development entity;
- 8) an organized labor;
- 9) a bank;
- 10) a credit union; and
- 11) an investment services provider.

In addition, the following officials shall serve as ex-officio members of the task force: i) Department of Finance Secretary or his/her designee; ii) Department of Education Secretary or his/her designee; iii) the Secretary of Department of Budget and Management or his/her designee; iv) the Secretary of Department of Trade and Commerce or his/her designee; v) the Secretary of Department of Social Welfare and Development or his/her designee; vi) the Chairman of the Commission on Higher Education or his/her designee. Representatives of the Office of the President and the Department of Finance shall serve as co-chairpersons of the task force. The President shall designate one of the public members to serve as a third co-chairperson.

The Department of Finance shall be responsible for administrative and logistical support of the task force, including coordination of task force member appointments, distribution of meeting notices and minutes, coordination of meeting logistics, providing a staff liaison to the task force, facilitation of public meetings, and drafting and filing of the final report. Task force members, or the staff liaison, or both may confer and collaborate with national organizations with expertise in asset building, financial education, college savings, investing, homeownership, and small business development.

The task force shall hold at least four (4) public meetings at a variety of geographic locations throughout the country at times and places established by the task force. The purpose of the public meetings is to gather information from community residents and institutions, families with children, financial education providers, schools, and local financial services providers. The initial meeting of the task force shall be called by the co-chairs and held no later than thirty (30) days after the task force members are appointed. The activities of the task force shall conclude not later than September 1st of the year this Act was approved.

SEC. 5. Recommendations for the Design of the Program. - The task force shall consider the following factors in its recommendations for the design of the program:

- a) return on investment, safety of the investment and insurance for the account, ease of managing the account, and ease of making various forms of deposits;
- b) the impact on eligibility for student financial aid, public assistance, and other public benefits, and taxation of the account earnings and distributions;
- c) the provision of financial education to children and families, and access to additional financial services;
- d) restrictions on the withdrawal or distribution prior to the child reaching age eighteen (18), portability of the account, and limits on permissible uses of the account;
- e) revenue sources for the initial deposit and any savings match for deposits for children in low-income families;
- f) mechanisms for data collection and tracking; and
- g) all other factors that the task force deems important to the program design.

1
2 **SEC. 6. Report and Implementation Plan.** - The task force shall make a written report of
3 its findings and recommendations, including a strategic implementation plan for children's
4 savings account program, as well as make any additional reports deemed necessary and
5 appropriate to the Department of Finance not later than September 1st of the year this Act was
6 approved. On or before the year this Act was approved, the Department of Finance shall present
7 all reports issued by the task force to the President and members of the Congress. The reports
8 shall be made available to the public.

9
10 **SEC. 7. Separability Clause.** - If any provision of this Act shall at any time be found to
11 be unconstitutional or invalid, the remainder thereof not affected by such declaration shall
12 remain in full force and effect.

13
14 **SEC. 8. Repealing Clause.** - All laws, decrees, rules or regulations inconsistent with the
15 provisions of this Act are hereby repealed or modified accordingly.

16
17 **SEC. 9. Effectivity Clause.** - This Act shall take effect after fifteen (15) days following
18 its complete publication in two (2) newspapers of general circulation.

Approved,