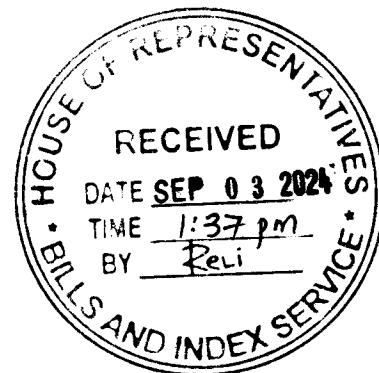




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Third Regular Session



HOUSE BILL NO. 10855

Introduced by Representative **HON. ATTY. GERVILLE "JINKY BITRICS" LUISTRO**

AN ACT ESTABLISHING THE OVERSEAS FILIPINO WORKERS SOCIAL SECURITY AND RETIREMENT SYSTEM AND APPROPRIATING FUNDS THEREOF

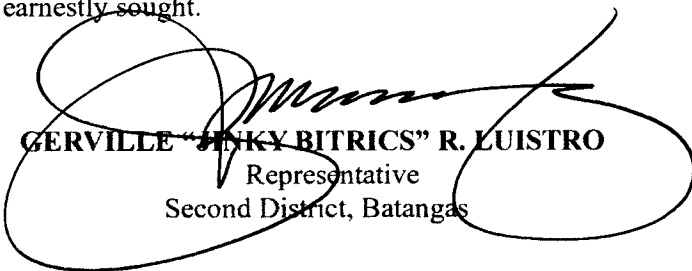
EXPLANATORY NOTE

There is no doubt that one of the major exports of the Philippines is labor. A recent study shows that there are currently 2.33 million Overseas Workers from the Philippines, twice the amount as the previous period;¹¹ bringing the amount of \$3.6 billion in December 2023, up by 3.9 percent from the \$3.5 billion recorded in December 2022.¹² However, there is still a much needed reform to address the limitations of our present law.¹³

Although previous legislation, through Republic Act No. 11199 (RA 11199 or the Social Security Act of 2018, enacted a mandatory inclusion of sea-based and land-based Overseas Filipino Workers (OFWs) to pay their SSS, Philhealth, and Pag-ibig contributions, it still lacks guidelines to address a wider professions that are considered atypical jobs such as seafarers, performers, and blue-collar workers that are not typically employed after a certain age or project.

This bill aims establish the Overseas Filipino Worker Retirement System which will provide a much needed support to the previous legislation for our modern day heroes – by giving them an appropriate security and benefits, such as a trust fund, which they can utilize after their sacrifice abroad.

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


GERVILLE "JINKY BITRICS" R. LUISTRO
Representative
Second District, Batangas

¹¹ <https://www.statista.com/statistics/1287067/philippines-number-of-overseas-filipino-workers/#:~:text=Preliminary%20figures%20for%202023%20has,mainly%20work%20as%20domestic%20he lpers.>

¹² <https://www.pids.gov.ph/details/news/in-the-news/exporting-our-people>

¹³ <https://pids.gov.ph/publication/discussion-papers/long-term-effects-of-labor-migration-in-the-philippines-napakasakit-kuya-eddie>



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HOUSE BILL NO. 10855

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AN ACT
ESTABLISHING THE OVERSEAS FILIPINO WORKERS SOCIAL SECURITY AND
RETIREMENT SYSTEM AND APPROPRIATING FUNDS THEREOF

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

SECTION 1. Short Title. — This Act shall be known as the "*Overseas Filipino Workers Retirement System Act of 2024.*"

SECTION 2. Declaration of Policy. — It is hereby declared the policy of the State to protect and promote the welfare of Overseas Filipino Workers (OFWs). Towards this end, there is a need to pioneer and develop innovative means to provide incentives designed to uplift their standard of living as well as those of their families.

SECTION 3. Definition of Terms. — For purposes of this Act, the following terms shall mean:

- a) "Overseas Filipino Worker (OFW) " refers to a Filipino citizen with a valid contract of employment outside the Philippines through a legitimate agency or employer and possesses the necessary documents to work abroad.
- b) "Non-documented OFW" refers to an overseas Filipino worker who does not have valid contract of employment nor possesses the necessary documents to work abroad;
- c) "Beneficiaries" refers to the dependent spouse of an OFW and their dependent children, whether legitimate or illegitimate, who are the primary beneficiaries. In their absence, the dependent parents shall be the secondary beneficiaries. In the absence of the foregoing, another person designated by the OFW;

SECTION 4. Overseas Filipino Workers Social Security and Retirement System. — Every public hospital, public medical center, and other public medical institutions must establish an Indigent Children Section for the accommodation of the free medical and dental services to Indigent Children. Private medical institutions are encouraged to established a section to accommodate the free medical and dental services to Indigent Children.

SECTION 5. Objectives. — The system shall have the following objectives:

- a.) Provide retirement benefits and welfare assistance to OFWs;
- b.) Develop a savings pension plan by which OFWs can be encouraged collectively to contribute part of their earnings in order to protect them against the hazards of old-age, disability, sickness, and death;
- c.) Ensure the viability of the funds remitted by OFWs; and
- d.) Establish a trust fund which will constitute the contributions of OFWs.

The system shall endeavor to strike a right balance in management and safekeeping of the funds remitted by the OFWs while extending the benefits of the System's services to the rightful beneficiaries.

SECTION 6. Board of Trustees. — The System shall be administered by a board of trustees which shall be composed of the Secretary of Labor and Employment, as Chairman, the Administrator of Philippine Overseas Employment Administration (POEA), the Director of the System, two (2) representatives from the land-based overseas workers, two (2) representatives from the seamen of seafarer's group, and one (1) representative each from the management and labor sectors as members.

The director of the System and the representatives of both management and labor sectors, upon the recommendation of the Secretary of Labor and Employment, and the representative both the land-based overseas workers and the seamen or the seafarers, upon the recommendation of their respective organization, shall be appointed by the President.

The director shall be the chief executive officer of the System. He shall have the qualifications, rank and compensation of bureau director. The director shall be assisted by a deputy director shall be appointed by the board of trustees upon the recommendation of the chairman.

SECTION 7. Power and Functions. — The board of trustees shall have the following powers and functions:

- a) Formulate and implement measures to attain the system's objectives and purposes;
- b) Enter into agreements or contracts for such service and aid, as may be necessary for the proper and effective administration of the System;
- c) Manage the retirement fund and other sources of the system subject to pertinent accounting rules and regulations issued by the Commission on Audit;
- d) Adopt from time to time a budget of expenditures for the System including its annual budget which shall not be more than thirty percent (30%) of the retirement fund;
- e) Acquire property, real or personal, which may be necessary for the attainment of the purposes of this Act,
- f) Determine and fix the monthly contribution of the OFWs;
- g) Sue and be sued in court;
- h) Appoint such personnel as may be deemed necessary to ensure the efficient administration of the System; and

- i) Perform such other acts as may be necessary for the effective implementation of this Act.

SECTION 8. Chairman; Power and Functions — The Chairman shall have authority and responsibility of exercising the power and functions of the System. He shall be appointed by the President

The Chairman shall have the following powers and functions:

- a) Formulate and implement policies and programs to attain the objectives and purpose of the System;
- b) Issue rules and regulations to carry out the objectives and purposes of the System;
- c) Administer fund resources and recommend to the Board of Trustees the annual budget of the System;
- d) Determine the functions- composition, and compensation of the personnel of the System;
- e) Determine and fix the amount of contributions of employers of land-based and sea-based OFWs.
- f) Coordinate all policies and programs relating to OFWs as provided in this Act; and
- g) Undertake necessary consultations concerning matters affecting the welfare of OFWs and their families, and recommend to the President policies and programs relative thereto.

SECTION 9. Secretariat — The Secretariat personnel shall be appointed by the Chairman, upon the recommendation of the Director. The compensation of the personnel and the operating expenses of the Secretariat shall be charged to the Retirement Fund as hereinafter established.

SECTION 10. Compulsory Coverage — The System shall be compulsory upon all documented OFWs; *provided*, that an OFW is a member of Social Security System or any similar entity as provided under existing laws, the same shall be discontinued and any benefit or benefits accruing to the OFW from such membership shall be integrated into the system.

Compulsory coverage of the OFW under this system shall take effect on the first day of his employment in the foreign country.

SECTION 11. Separation from Employment— When a covered OFW is separated from employment, the obligation to pay contribution from that employment shall cease at the end of the month of separation, but he shall be credited with all contribution paid and shall be entitled to all benefits provided in this Act.

SECTION 12. Retirement Benefits — All covered OFWs who had paid at least one hundred twenty (120) monthly contributions prior to the senlester of retirement and

Who has reached the age of forty-five (45) years shall be entitled to a monthly pension.

The computation of the monthly pension shall be determined by the Board of Trustees in accordance with the actuarial system of the Social Security System.

Upon the death of the retired OFW pensioner, his primary beneficiaries as of the date of his retirement shall be entitled to eighty percent (80%) of the monthly pension and his dependents to the dependents pension: Provided That if he has no primary beneficiaries and he dies within sixty months from

the start if his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the greater of (a) twenty (20) times the monthly pension or (b) the difference of sixty (60) times the monthly pension and the total monthly pensions by the System excluding the dependent's pension.

SECTION 13. Early Retirement and Volunteer Separation Benefits — Any OFW who voluntarily elects in writing and in oath to retire prior to the age of forty-five (45) but who has served for a least fifteen-years 15 years overseas employment or separated from the overseas employment shall be paid retirement separation benefits equivalent to fifty-percent (50%) of their monthly basic salary for every year of their respective overseas employment thereof favorable to them on the basis of the highest salary which they respectively received in the course of their employment in the foreign country.

SECTION 14. Retirement Fund — All OFWs who are duly registered with the Philippine Overseas Worker's Administration (POEA) shall remit three percent (3%) of their gross monthly income for at least ten (10) years that shall be the Overseas Filipino Workers Retirement Funds, hereinafter, referred to as the "Fund".

SECTION 15. Source of Fund. — In addition to the monthly contribution of OFWs to the Fund, the Fund shall be financed from the following sources:

- a.) Ten percent (10%) from the fees charged by medical testing centers which provide medical test to overseas job-applicants;
- b.) Ten percent (10%) from the fees charged by Philippine International Airports to outgoing OFWs;
- c.) Ten percent (10%) from the fees charged by OFW training centers;
- d.) Fifty Million Pesos (P50,000,000.00) annually from five (5) years to be appropriated and be taken from the contingency fund of the Office of the President to complement the Overseas Filipino Workers Fund's Reserve.

SECTION 16. Appropriation. — To effectively implement the provision of this Act, there is hereby appropriated the amount of One Hundred Million Pesos (P100,000,000.00) for the initial capitalization of the System to be charged to the current appropriation of the Office of the President, Thereafter, the amount necessary for the continuous operation of the System shall be included in the annual General Appropriation Act.

SECTION 17. Implementing Rules and Regulations. — The POEA, DBM, and DOLE shall within sixty (60) days after the effectivity of this Act, promulgate the necessary rules and regulations for the implementation of this Act.

SECTION 18. Repealing Clause. - All provisions of existing laws, presidential decrees or issuances, executive orders, letters of instruction, administrative orders, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly

SECTION 19. Separability Clause. — If any portion of this Act is declared unconstitutional, the same shall not affect the validity and effectiveness of the other provisions not affected thereby.

SECTION 20. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official

Gazette or in a newspaper of general circulation.

Approved,