

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 1641



Introduced by Representative Paolo Henry M. Marcoleta

EXPLANATORY NOTE

Overseas Filipino Workers (OFWs) are called modern-day heroes for many reasons. Among said reasons is the significant role they play in nation-building and revitalizing the nation's economy, with their remittances contributing as much as 20% to the gross domestic product. In 2024, remittances represented 8.3 % of the country's Gross Domestic Product¹ with over USD \$38.34 billion in remittances back to the Philippines, marking a 3% increase from the USD \$37.21 billion recorded in 2023.²

According to the World Bank, the Philippines ranked fourth among the top remittance-receiving countries in 2024. However, despite their substantial contribution to our economy, their future remains uncertain as they enter their later years and approach retirement.

Currently, the Social Security System (SSS) program for OFWs is purely voluntary. It offers limited pension benefits, which are only accessible upon reaching the age of 60. There is no legislation that allows OFWs to receive retirement benefits at an earlier age or to access voluntary separation pay.

Unlike regular SSS members, the employment of an OFW is contractual and typically for a short, uncertain duration. Many OFWs, such as domestic and construction workers, face difficulty in finding reemployment after the age of 45, while performing artists often struggle to secure work past the age of 35. It is therefore unrealistic for these workers to wait until the age of 60 to claim their pension benefits under the current SSS program.

¹ Personal Remittances Reach a Record High of US\$3.7 Billion in December 2024.

² OFW Remittances in the Philippines Hit Record USD \$38.34 Billion

Our modern-day heroes deserve better. They deserve to receive appropriate benefits and greater security once their employment comes to an end, or when they choose to finally return home and retire.

The existing framework calls for substantial reforms to address the plight of our unsung heroes of today.

This bill seeks to establish a retirement system that will provide OFWs with the financial means to invest in a business or pursue other productive ventures once they decide to retire or separate from their employment.

This measure shall establish the Overseas Filipino Workers Retirement System which will provide retirement benefits and welfare assistance to OFWs and their dependents.

In light of the foregoing, the immediate passage of this bill is earnestly sought.



PAOLO HENRY M. MARCOLETA
Representative, SAGIP Partylist

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

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

1 **SECTION 1. Short Title.** - This Act shall be known as “*Overseas Filipino*
2 *Workers Retirement System Act.*”

3
4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the
5 State to protect and promote the welfare of overseas Filipino workers. Towards
6 this end, there is a need to pioneer and develop innovative means to provide
7 incentives designed to uplift their standard of living as well as those of their
8 families.

9
10 **SEC. 3. Definition of Terms.** – For purposes of this Act, the following
11 terms shall mean:

- 12
13 a. *Beneficiaries or Beneficiary* refers to the dependent spouse of an OFW, his
14 dependent children, whether legitimate or illegitimate, who shall be the
15 primary beneficiaries; or in their absence, the dependent parents; or in the
16 absence of the foregoing, the person designated by the OFW;
17

- 1 b. *Dependent* refers to the legitimate, legitimated or legally adopted child
2 who is unmarried, not gainfully employed, and not over twenty-one years
3 of age, or over twenty-one (21) years of age but is incapable of self-support
4 due to a physical or mental deformity or condition; legitimate spouse
5 dependent for support upon the employee; and the legitimate parents
6 wholly dependent upon the covered employee for regular support;
7
8 c. *Employer* for the purposes of this Act, may refer to the OFW's direct
9 employer, the foreign recruitment agency (FRA), the Philippine
10 recruitment agency, or the manning agency as determined by the
11 Department of Migrant Workers (DMW);
12
13 d. *Non-documented OFW* refers to an overseas Filipino worker who does not
14 have valid contract of employment nor possesses the necessary documents
15 to work abroad; and
16
17 e. *Overseas Filipino Worker (OFW)* refers to a Filipino citizen with a valid
18 contract of employment outside the Philippines through a legitimate
19 agency or employer and who possesses the necessary documents to work
20 abroad.
21

22 **SEC. 4. *Overseas Filipino Workers Social Security and Retirement System.***

23 – To carry out the purposes of this Act, the Overseas Filipino Workers Social
24 Security and Retirement System, herein referred to as the “System”, is hereby
25 established which shall cover all documented OFWs who are duly registered with
26 the DMW.
27

28 **SEC. 5. *Objectives*** – The System shall have the following objectives:
29

- 30 a. Provide retirement benefits and welfare assistance to OFWs and their
31 dependents;
32
33 b. Develop a savings pension plan to which OFWs can contribute part of their
34 earnings in order to protect them against the risks of old-age, disability,
35 sickness, death, and unemployment;
36
37 c. Ensure the viability of the funds of the System; and

1 d. Establish a trust fund which will constitute for the contributions of OFWs.

2
3 The system shall endeavour to strike the right balance in the management
4 and safekeeping of the funds remitted by OFWs while extending the benefits of
5 the System to the OFW beneficiaries.

6
7 **SEC. 6. *Board of Trustees.*** – The System shall be administered by a Board
8 of Trustees, hereinafter referred to as the “Board”, which shall be composed of
9 the following members:

10
11 a. Secretary of Migrant Workers, as the ex-officio Chairperson;

12
13 b. Secretary of Finance, as the ex-officio Vice Chairperson;

14
15 c. Administrator of the Overseas Workers Welfare Administration
16 (OWWA), as ex-officio member;

17
18 d. Director of the System;

19
20 e. one (1) representative from the land-based overseas workers;

21
22 f. one (1) representative from the sea-based overseas workers;

23
24 g. one (1) representative from the manning agency sector;

25
26 h. one (1) representative from the recruitment agency sector; and

27
28 i. one (1) representative from the actuarial or finance industry.

29
30 The representatives of the land-based overseas workers, sea-based
31 overseas workers, manning agency, and the recruitment agency shall be
32 appointed by the President upon the recommendation of their respective
33 organizations. They shall be of known competence, probity and integrity. The
34 DMW shall transmit to the President the recommendations of their respective
35 organizations.

1 The representative from the actuarial or finance industry shall be appointed
2 by the President upon recommendation of the Governance Commission for
3 Government-Owned or Controlled Corporations (GCG), and must be of
4 recognized expertise in any field of social security, pension fund, insurance,
5 investment, banking and finance, or actuarial science, and with at least ten (10)
6 years of managerial or leadership experience.

7
8 The Director shall be appointed by the President and shall serve as the
9 Chief Executive Officer of the System. Must be a person of known competence,
10 probity, integrity and recognized expertise in social security, pension fund,
11 insurance, investment, banking and finance, or actuarial science, and with at least
12 ten (10) years of managerial or leadership experience.

13
14 The term of office of regular appointive members of the Board shall be
15 three (3) years, which can be extended for another term of three (3) years:
16 Provided, that they shall continue to hold office until their successors have been
17 duly qualified and appointed. All vacancies, prior to the expiration of the term,
18 shall be filled for the unexpired term only.

19
20 The compensation, per diems, allowances, and incentives of the appointive
21 members of the Board shall be in accordance with and subject to the GOCC
22 Governance Act of 2011 or Republic Act No. 10149.

23
24 **SEC. 7. Powers and Functions of the Board of Trustees.** – The Board of
25 Trustees shall have the following powers and functions:

- 26
27 a. Provide strategic leadership, guidance and direction to the System;
28
29 b. Formulate and adopt measures to ensure the attainment of the System's
30 mandate, objectives and purposes;
31
32 c. Determine and fix the monthly contribution of the OFWs and their
33 employers;
34
35 d. Determine the benefits that will be received by the members, which shall
36 be proportionate to their contributions;

- e. Determine and approve increases in contributions and benefits of members;
- f. Issue rules and regulations to carry out the objectives and purposes of the System;
- g. Approve the organizational structure of the System, including the positions and salaries of personnel, or initiate the reorganization of the same;
- h. Enter into agreements or contracts for such service and aid as may be necessary for the proper and effective administration of the System;
- i. Manage the retirement fund and other sources of the System subject to pertinent accounting rules and regulations issued by the Commission on Audit;
- j. 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;
- k. Acquire property, real or personal, which may be necessary for the attainment of the purposes of this Act;
- l. Sue and be sued in court;
- m. Establish a performance-based system on the personnel; and
- n. Perform such other acts as may be necessary for the effective implementation of this Act.

SEC. 8. *Power and Functions of the Director of the System.* – The Director shall have the following powers and functions:

- a. Ensure the efficient and effective administration of the System;
- b. Ensure that the welfare of the members is prioritized through efficient and effective implementation of the programs and benefits of the System;

- c. Implement policies and programs formulated by the Board to attain the objectives and purposes of the System;
- d. Ensure that the process of the System is streamline and convenient, particularly in the availment of pension and benefits by the members or their beneficiaries;
- e. Recommend policies and programs for approval by the Board;
- f. Administer the System's resources efficiently and effectively; and recommend to the Board of Trustees the annual budget of the System;
- g. Determine the functions, composition, and compensation of the personnel of the System;
- h. Determine the functions, composition, and compensation of the personnel of the System for the approval of the Board;
- i. Appoint, transfer, or remove personnel of the System occupying those lower than managerial positions;
- j. Recommend to the Board the amount of contributions of employers of land-based and sea-based OFWs after thorough consultations with stakeholders, including the DMW and OWWA;
- k. Coordinate all policies and programs relating to OFWs as provided in this Act; and
- l. Undertake necessary consultations concerning matters affecting the welfare of OFWs and their families, and recommend to the DMW policies and programs relative thereto.

SEC. 9. *Personnel Complement.* - Subject to the GOCC Government Act of 2011 or Republic Act No. 10149, the Board shall determine its own staffing pattern and the number of personnel in the System. The Board shall, in accordance with existing laws and policies, select, appoint, employ, and fix the

1 compensation of such officers and employees as may be necessary to carry out
2 its powers and functions.

3
4 **SEC. 10. *Compulsory Coverage.*** - The System shall be compulsory upon
5 all documented OFWs: Provided, That if an OFW is a member of Social Security
6 System (SSS) or any similar entity as provided under existing laws, the same may
7 be transferred to the System, in accordance with Portability Law or Republic Act
8 No. 7699, and any benefit or benefits accruing to the OFW from such membership
9 shall be integrated into the System. The OFW, however, may opt to retain existing
10 membership with the SSS or any similar entity, but the OFW shall still be
11 mandatorily covered by the System.

12
13 Compulsory coverage of the OFW under this system shall take effect on
14 the first day of his employment in the foreign country.

15
16 Non-documented OFWs may avail themselves of coverage under the
17 System on a voluntary basis. The rules on voluntary coverage shall be determined
18 by the Board.

19
20 Nothing in this Act shall be construed to prevent an OFW from availing of
21 separate membership with other security or retirement systems, whether public
22 or private.

23
24 **SEC. 11. *Separation from Employment.*** - When a covered OFW is
25 separated from employment, the obligation to pay contributions from that
26 employment shall cease at the end of the month of separation, but the OFW shall
27 be credited for all contributions paid and shall be entitled to all benefits provided
28 in this Act.

29
30 The OFW concerned may continue his contribution to the fund on a
31 voluntary basis. The Board shall issue the necessary guidelines on this matter.

32
33 **SEC. 12. *Retirement Benefits.*** - All covered OFWs who had paid at least
34 one hundred twenty (120) monthly contributions and who have reached the age
35 of forty-five (45) years shall be entitled to a monthly pension.

36

1 The computation of the monthly pension shall be determined by the Board
2 of Trustees in accordance with the actuarial system of the SSS. Upon the death
3 of the retired OFW pensioner, his primary beneficiaries as of the date of his
4 retirement shall be entitled to eighty percent (80%) of the monthly pension.

5
6 Provided, that if the OFW has no primary beneficiaries and dies within
7 sixty (60) months from the start of his monthly pension, the secondary
8 beneficiaries shall be entitled to a lump sum benefit equivalent to:

- 9
10 a. Thirty-six (36) times the monthly pension - if the member has paid at least
11 36 monthly contributions prior to the semester of death; or
12
13 b. Monthly pension times the number of monthly contributions paid or twelve
14 (12) times the monthly pension, whichever is higher - if the member has
15 not paid the required 36 monthly contributions prior to the semester of
16 death.

17
18 **SEC. 13. *Dependent's Pension.*** - The dependent's pension shall be
19 equivalent to ten percent (10%) of the member's monthly pension. This is paid
20 for each dependent child conceived/legally adopted on or before the date of
21 retirement of the member but shall not exceed five (5) in number beginning with
22 the youngest and without substitution. Provided, that his dependents born, before
23 his retirement, from a marriage subsisting when the member was forty (40) years
24 old shall be entitled to the dependent's pension.

25
26 **SEC. 14. *Early Retirement and Voluntary Separation Benefits.*** - Any OFW
27 who voluntarily elects in writing to retire prior to the age of forty-five (45) but
28 has served for at least five (5) years in overseas employment or separated from
29 the overseas employment shall be paid retirement or separation benefits
30 equivalent to one and one-fourth (1¼) month basic salary for every year of their
31 respective overseas employment or the nearest equivalent fraction thereof
32 favourable to them on the basis of the highest salary which they respectively
33 received in the course of their employment in the foreign country.

34
35 **SEC. 15. *Retirement Fund.*** - There shall be created an Overseas Filipino
36 Workers Retirement Fund, hereinafter referred to as the "Fund", where all OFWs
37 who are duly registered with the DMW shall remit five (5%) of their gross

1 monthly income for at least ten (10) years. The Fund shall be used for the purpose
2 of providing retirement benefits and similar gratuities to OFW or their
3 beneficiaries.
4

5 **SEC. 16. *Sources of Fund.*** - In addition to the monthly contribution of the
6 OFWs to the Fund, the Fund shall be financed from the following sources:
7

- 8 a. Ten percent (10%) from the fees charged by medical testing centers which
9 provide medical test to overseas job-applicants;
10
- 11 b. Ten percent (10%) from fees charged by Philippine international airports
12 to outgoing OFWs;
13
- 14 c. Ten percent (10%) from fees charged by OFW training centers, recruitment
15 agencies, and manning agencies;
16
- 17 d. Twenty percent (20%) from fees charged by the DMW from the Overseas
18 Employment Certificate;
19
- 20 e. Savings from Assistance to Nationals administered by the Department of
21 Foreign Affairs, and Aksyon Fund by the DMW, if there are any;
22
- 23 f. Grants, bequests from donors, local or foreign, to the System; and
24
- 25 g. Fifty Million Pesos (Php50,000,000.00) annually for five (5) years to be
26 appropriated by the National Government and shall be taken from the
27 Contingency Fund of the Office of the President to complement the
28 Overseas Filipino Workers Fund's Reserve.
29

30 **SEC. 17. *Appropriation.*** - To effectively implement the provisions of this
31 Act, the amount of One Hundred Million Pesos (Php 100, 000, 000.00) is hereby
32 appropriated for the initial capitalization of the System to be charged to the
33 current appropriations of the Office of the President. Thereafter, the amount
34 necessary for the continuous operation of the System shall be included in the
35 annual General Appropriations Act.
36

1 **SEC. 18. *Implementing Rules and Regulations.*** - Within sixty (60) days
2 from the effectivity of this Act, The DMW shall, in coordination with the
3 OWWA, the Department of Finance, the Bangko Sentral ng Pilipinas, and the
4 SSS, promulgate the rules and regulations to effectively implement the provisions
5 of this Act.
6

7 **SEC. 19. *Separability Clause.*** - If any provision or part of this Act is
8 declared invalid or unconstitutional, the remaining parts not affected shall remain
9 in full force and effect.
10

11 **SEC. 20. *Repealing Clause.*** - All laws, presidential decrees, executive
12 orders, letters of instructions, administrative orders, proclamations or
13 administrative regulations that are inconsistent with the provisions of this Act are
14 hereby repealed, amended, or modified accordingly.
15

16 **SEC. 21. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
17 publication in the Official Gazette or in a newspaper of general circulation.
18

19 ***Approved,***