

BY THE PRESIDENT OF THE PHILIPPINES

MEMORANDUM ORDER NO. 109

**ESTABLISHING A PROVIDENT FUND FOR THE OFFICE OF THE
PRESIDENT PROPER PERSONNEL**

WHEREAS, the establishment of a Provident Fund has been recognized and authorized under Section 41 of the General Provisions of Republic Act No. 7180, as implemented by Administrative Order No. 279, dated 05 May 1992;

WHEREAS, there is a need to establish a Provident Fund in the Office of the President (OP) Proper to provide supplementary benefits to and improve the quality of life, work and general welfare of member-employees;

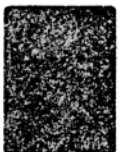
NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. Establishment. - There is hereby established a Provident Fund for the Office of the President Proper (OP Provident Fund or Fund) to provide supplementary benefits to and improve the quality of life, work and general welfare of member-employees.

SEC. 2. Membership. - All permanent and regular officials and employees of the OP-Proper, as well as employees whose salaries are charged against lump-sum funds, are eligible to be members of the OP Provident Fund, *Provided, that*, membership thereof shall continue until the member retires, resigns or is separated from the service for cause, or upon transfer to another office, or upon his death.

SEC. 3. Benefits. - The OP Provident Fund shall extend to its qualified members the following benefits:

- a. Educational loan;
- b. Medical/hospitalization loan;
- c. Loan for the repair of houses or housing loan equity;
- d. Livelihood loan;
- e. Loan for the purchase of appliances;



- f. Multi-purpose loan;
- g. Such loans and other benefits as the Board of Trustees may determine from time to time.

SEC. 4. Sources of Funds. - The amount of TEN MILLION PESOS (P10,000,000.00) each shall be sourced from the OP Trust Fund and the President's Social Fund, respectively, to serve as initial fund or "seed money" of the OP Provident Fund; *Provided, -that,* members shall contribute monthly to the Fund, an amount equivalent to three percent (3%) of the member's monthly basic salary, through payroll deduction, *Provided, Further, that,* the Office of the President shall pay monthly to the Fund as its counterpart contribution, an amount equivalent to six percent (6%) of each member's monthly basic salary, *Provided, Finally, that,* the rates of contributions shall be subject to modification from time to time as the need arises to be determined and approved by the Board of Trustees.

SEC. 5. Suspension of Contributions. - Contributions to the OP Provident Fund may be suspended under any of the following circumstances:

- a. When a member goes on leave of absence without pay;
- b. When a member is under preventive suspension during the pendency of the administrative case filed against him; and
- c. When a member is penalized with suspension as a result of an administrative case filed against him.

Provided, that, the member concerned may resume his contributions to the Fund upon resumption of his duties in an amount equivalent to his contributions during the period of his absence or suspension.

SEC. 6. Retirement/Resignation of a member. - In the event of retirement/resignation of a member from OP, such member shall thereupon be refunded the whole amount of his contribution and OP's share to the Fund, as well as its corresponding proportionate earnings, less any claim that the Fund and OP may have against him.

SEC. 7. Separation for cause. - In case of separation of a member from the service for cause, he will be entitled only to his personal share and the earnings thereon, after deduction of any claim that the Fund and OP may have against him.



SEC. 8. Disability. - In the event of separation from the service due to total and permanent disability of a member as defined under the law, he shall be entitled to one hundred percent 100% of the member's personal share and OP's share plus earnings thereon, less any claim that the Fund and OP may have against him.

SEC. 9. Death. - In the event of death of a member, his duly designated beneficiaries shall be paid one hundred percent (100%) of the deceased's personal and OP's shares plus earnings thereon, less any claim that the Fund and OP may have against him.

SEC. 10. Payment of Benefits. - The member concerned or his duly designated beneficiary, as the case may be, shall be entitled to the benefits or proceeds under the Fund, under such policies and guidelines established by the Board of Trustees.

SEC. 11. Investments. - The OP Provident Fund may be invested, upon the approval of the Board of Trustees, in the form of loans to members, interest-earning deposits, money market placement, high grade securities, treasury bills, real estate and/or other non-speculative investments, *Provided, that*, net earnings derived from investments shall be distributed to the members in proportion to their total contributions to be authorized by the Board of Trustees.

SEC. 12. Administration of the OP Provident Fund. - There is hereby constituted a Board of Trustees, which shall administer and manage the affairs, businesses and properties of the OP Provident Fund, to be composed of the following:

- a. The Executive Secretary, as Chairman;
- b. The Deputy Executive Secretary for Finance and Administration, as Vice Chairman;
- c. The Director, Finance Office
- d. Two (2) 3rd level officials to be appointed by the duly constituted CESO organization, as Members;
- e. One (1) 2nd level representative to be appointed by the recognized Employees' Association/Union, as Member ; and
- f. One (1) 1st level representative to be appointed by the recognized Employees' Association/Union, as Member .

SEC. 13. Term of Office. - The Members of the Board of Trustees, except for the Chairman and the Vice Chairman and the Director of

Finance, shall hold office for a term of two (2) years and until such time that their successors shall have been appointed and qualified, *Provided, that*, any such member may not be appointed/elected for more than three (3) consecutive terms.

SEC. 14. Vacancy. - In case of vacancy, the duly qualified successor to such vacancy shall serve only for the unexpired portion of the term.

SEC. 15. Powers of the Board of Trustees. - The Board of Trustees shall be directly responsible for the efficient and effective administration, control and management of the OP Provident Fund, its earnings and properties, in accordance with rules and regulations promulgated thereon. In addition, the Board shall, unless it decides to delegate, have the following duties and functions:

- a. To adopt, promulgate and issue rules and regulations governing the use and operation of the OP Provident Fund;
- b. To establish the eligibility requirements for applicants, claimants and grantees of benefits from the Fund;
- c. To approve all payments of obligation and Fund investments;
- d. To adopt policies to determine, among others, the type, use, appropriation and amount of loans and other benefits that may be granted, and prescribe the applicable repayment schedules and interest rates thereon;
- e. To approve applications for loans and other benefits;
- f. To designate officers and employees as the Board of Trustees may deem fit and necessary to assist the Board in the efficient administration of the Fund; and
- g. To perform such other functions as may be deemed necessary to carry out the objectives and purposes of the Fund.

SEC. 16. Meetings; Quorum. - The Board of Trustees shall hold a regular monthly meeting at such date and place as may be determined by the Board, *Provided, that*, the Chairman or any four (4) Trustees, upon written request addressed to the Secretary, may call at any time a special meeting of the Board, which shall not exceed two special meetings a month. The attendance of at least five (5) members shall constitute a quorum at any meeting, and all decisions of the Board shall require the concurrence of at least five (5) members.



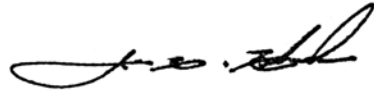
SEC. 17. Per Diems. - The members of the Board of Trustees shall receive a per diem in such amount as may be determined by the Board, for every meeting actually attended.

SEC. 18. Reports. - The Board of Trustees shall prepare an annual financial report of the OP Provident Fund showing its income and expenditures and financial position as of the end of each calendar year. Copies of such report shall be posted in conspicuous places within OP for the general information of the members of the Fund.

SEC. 19. Termination of the Fund. - The OP Provident Fund may be terminated for just cause or causes as provided under pertinent laws by a 3/4 vote of the general membership, *Provided, that*, in the event of such termination, the balances to the credit of each member, including OP's contributions as well as net earnings if there are any, shall be paid each member.

SEC. 20. Effectivity. This Memorandum Order shall take effect immediately.

DONE in the City of Manila, this 15th day of August, in the year of Our Lord, Two Thousand.



By the President:



RONALDO B. ZAMORA
Executive Secretary

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