

Republic of the Philippines
House of Representatives
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1881



INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

EXPLANATORY NOTE

Article II Section IX of the 1987 Constitution provides that:

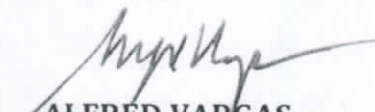
"The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and **free the people from poverty** through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all."

There is a growing concern in the country that millions of Filipinos are not prepared for retirement and feared they will be financially dependent on their children during their twilight years. To ensure that our youth will not fall prey to this circumstance, this Representation championed the approval of Republic Act 10679, otherwise known as the "Youth Entrepreneurship Act" in the 16th Congress. This intends to address the low level of entrepreneurial and financial skills among young Filipinos through the delivery of highly relevant programs to our students. However, we still recognize that this initiative is not enough as financial literacy and retirement readiness is critical to Filipinos of all ages.

A study conducted among employed individuals who are 40 to 65 years old show that middle-income Filipinos feel less prepared for retirement and are not prepared in terms of contingency planning. While the responsibility of retirement funding solely lies on the individual, the State must do more in educating employees and providing them with the appropriate information to enable them to effectively plan their retirement.

This bill seeks to establish a grant program to enhance financial and retirement literacy for mid-life and older Filipinos.

In view of the foregoing, the approval of this measure is sought.


ALFRED VARGAS

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AN ACT
ESTABLISHING A GRANT PROGRAM TO ENHANCE FINANCIAL AND RETIREMENT
LITERACY FOR MID-LIFE AND OLDER FILIPINOS

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 "*Retirement Security Education Act*".

SECTION 2. *Definition of Terms.* - As used in this Act, the term-

A. "Financial Education" refers to education that promotes an understanding of consumer, economic, and personal finance concepts, including saving for retirement, long-term care, and estate planning and education on predatory lending, identify theft, and financial abuse schemes.

B. "Mid-Life Individual" refers to an individual aged 45 to 64 years.

C. "Older Individual" refers to an individual aged 65 or older.

D. "Secretary" refers to the Secretary of Labor and Employment.

SECTION 3. *Grant Program to Enhance Financial and Retirement Literacy and Reduce Financial Abuse and Fraud among Mid-Life and Older Filipinos.* -

A. Authority - The Secretary is authorized to award to eligible entities to provide financial education programs to mid-life and older individuals who reside in local communities in order to -

1. enhance and promote knowledge of financial issues, long-term care, and retirement issues among such individuals; and
2. reduce financial abuse and fraud, including telemarketing, mortgage, and pension fraud, among such individuals.

B. Eligible Entities – An entity is eligible to receive a grant under this section if such entity belongs to the following categories.

1. a government agency or area agency on aging; or
2. a non-profit organization with a proven record of providing –
 - a. services to mid-life and older individuals;
 - b. consumer awareness programs; or
 - c. supportive services to low-income families.

C. Application – An eligible entity desiring a grant under this section shall submit an application to the Secretary in such form and containing such information as the Secretary may require, including a plan for continuing the programs provided with grant funds under this section after the grant expires.

D. Limitation on Administrative Costs – A recipient of a grant under this section may not use more than four (4) percent of the total amount of the grant in each fiscal year for the administrative costs of carrying out the programs provided with grant funds under this section.

E. Evaluation and Report –

1. Establishment of Performance Measures – The Secretary shall develop measures to evaluate the programs provided with grant funds under this section.
2. Evaluation According to Performance Measures – applying the performance measures developed under paragraph (1), the Secretary shall evaluate the programs provided with grant funds under this section in order to-

- a. judge the performance and effectiveness of such programs;
- b. identify which programs represent the best practices of entities developing such programs for mid-life and older individuals; and
- c. identify which programs may be replicated.

F. Annual Reports – For each fiscal year in which a grant is awarded under this section, the Secretary shall submit a report to Congress containing a description of the status of the grant program under this section, a description of the programs provided with grant funds under this section, and the result of the evaluation of such programs under paragraph (2).

SECTION 4. *National Training and Technical Assistance Program.* –

A. Authority – The Secretary is authorized to award a grant to one or more eligible entities to-

1. create and make available instructional materials and information that promote financial education; and
2. provide training and other related assistance regarding the establishment of financial education programs to eligible entities awarded a grant under section 3.

B. Eligible Entities – An entity is eligible to receive a grant under this section if such entity is a nonprofit organization with substantial experience in the field of financial education.

C. Application – An eligible entity desiring a grant under this section shall submit an application to the Secretary in such form and containing such information as the Secretary may require.

D. Basis and Term – The Secretary shall award a grant under this section on a competitive, merit basis.

SECTION 5. *Appropriations.* – The amount necessary for the implementation of this Act shall be charged to the budget allocated to the Department of Labor and Employment and other relevant government agencies and institutions under the General Appropriations Act.

SECTION 6. *Implementing Rules and Regulations.* – The Secretary of Labor and Employment, shall promulgate the rules and regulations necessary for the proper

implementation thereof within one hundred twenty (120) days from the effectivity of this Act.

SECTION 7. *Separability Clause.* - If any provision or part thereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SECTION 8. *Repealing Clause.* - All laws, presidential decree or issuance, executive orders, letter of instruction, administrative order, rule and regulation contrary to or inconsistent with the provisions of this Act are hereby repealed, modified, or amended accordingly.

SECTION 9. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,