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2013 REVISED POLICY AND PROCEDURAL GUIDELINES ON THE GSIS PENSION LOAN PROGRAM

GSIS RESOLUTION NO. 79, August 08, 2013

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WHEREAS, the GSIS Board of Trustees issued Resolution No. 27 dated 23 February 2012 approving the Revised Policy and Procedural Guidelines (PPG) on the GSIS Pension Loan Program;

WHEREAS, the Board thereafter issued Resolution No. 55 dated 22 March 2012, which approved the removal of the age limit for qualification of borrowers to avail of the pension loan and the change of implementation, date from 01 April 2012 to 01 June 2012, and Resolution No. 67 dated 26 April 2012, which approved the Schedule of Pension Loan Redemption Insurance and expanded the coverage of the Pension Loan Program to include pensioners who are aged 52 and above;

WHEREAS, there is a need to consolidate all of these changes into a single cohesive program;

RESOLVED, to APPROVE and CONFIRM the 2013 Revised Policy and Procedural Guidelines on the GSIS Pension Loan Program, as proposed by the Senior Vice President, NCR Operations Group, in her Memorandum dated 22 July 2013;

RESOLVED, FURTHER, that Resolution No. 27 dated 23 February 2012, Resolution No. 55 dated 22 March 2012, Resolution No. 67 dated 26 April 2012, and all other policies, procedural guidelines, and internal issuances inconsistent with the 2013 Revised PPG on the GSIS Pension Loan Program are hereby MODIFIED, AMENDED and/or SUPERSEDED accordingly.

A copy of the 2013 Revised PPG on the GSIS Pension Loan Program is hereto attached and made an integral part of this Resolution.

Attachment:

Policy and Procedural Guidelines No. 242-13

Revised GSIS Pension Loan Program, as Amended

I. BACKGROUND/ RATIONALE

The current pension loan program is specifically designed to provide regular old-age pensioners with access to funds during times of financial need. The amount of pension loan a pensioner can avail may vary from one (1) to six (6) times his or her monthly pension, but not to exceed P100,000.00. The term of the loan is two (2) years and is renewable after full payment of the loan.

The PPG on the Revised Pension Loan Program was approved under PPG No. 213-12 on 23 February 2012. Subsequently Board Resolution Nos. 55 dated 22 March 2012 and 67 dated 26 April 2012 were issued which provided, the revision of the age limit for pension loan availment and the adoption of loan redemption insurance for pension loans, respectively. This PPG shall serve as a consolidated PPG incorporating the said provisions.

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II. OBJECTIVE

A. To provide old age pensioners with funds during time of need.

B. To avail himself/ herself of loan facilities exclusive for GSIS pensioners.

III. POLICIES

A. Eligibility Requirements

Only old-age pensioners with no outstanding service loans being amortized under the Choice of Loan Amortization Schedule for Pensioners (CLASP) at the time of filing are eligible to avail of the pension loan.

B. Application

- Application for pension loan shall be done personally through the GW@PS kiosk, or over the counter;

- The pensioner shall personally submit a properly accomplished application form at the appropriate GSIS office and:

- Undertake strict validation procedures to ascertain the pensioner's identity, by way of interview;

- Present a copy of the pensioner's eCard or UMID card and, in the absence thereof, any two (2) government-issued IDs bearing the photograph and signature of the pensioner, as enumerated in Section 12 of the 2004 Rules on Notarial Practice, as amended by the Supreme Court.

C. Amount of Loan

The loan amount shall be based on the Basic Monthly Pension (BMP) and the pensioner's age as of the date of the receipt of the application or at the time of his application through the kiosk, as follows:

Age of Pensioner

Maximum Loanable Amount

No. of Months x BMP

LIMIT

Below 65

6

100,000.00

65 to below 70

4

60,000.00

70 and above[1]

2

20,000.00

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The pensioner shall have the option to choose a loan amount lower than his or her maximum loan amount. If the pensioner fails to indicate the preferred loan amount in the application, the same shall be considered as an application for the maximum loan amount to which he or she is entitled.

D. Target Processing Time of Pension Loans

- Loans applied through the kiosk shall be electronically processed within the day of the application.

- Loans applied through over-the-counter facility shall be processed within the day of the application if received by the processing units on or before 12:00 noon.

E. eCrediting of Loan Proceeds

The loan proceeds shall be eCredited to the borrower's eCard account within three (3) to five (5) workings days from the date of application.

F. Terms of Payment

The loan principal, interest and other charges due shall be payable in twentyfour (24) monthly amortizations.

The monthly amortization shall be deducted from the borrower's monthly pension from GSIS. The pensioner cannot authorize the stoppage of such pension deduction until the loan and other charges that have accrued thereon are fully paid.

In the event that deduction as above authorized is not effected due to suspension of pension benefits, the pensioner shall pay directly to the GSIS any and all amortization due.

G. First Monthly Installment and Payments Thereafter

The first monthly installment shall be due on the first (1st) day of the month following the granting of the loan and the succeeding amortizations every first (1st) day of each month until the loan is fully paid.

H. Interest Rate and Service Fee

The loan shall be charged interest at ten percent (10%) per annum computed in advance. A service fee of one percent (1%) of the gross loan amount shall be charged and deducted from the proceeds of the loan.

I. Loan Redemption Insurance

All borrowers under the pension loan program shall be covered by a Loan Redemption Insurance[2] (LRI) whereby in the event of death of the pensioner, the theoretical balance of the loan shall be considered paid.

Monthly premiums for the LRI coverage shall be in accordance with the following Schedule of LRI premiums:

Age

RI Rate per
P1,000.00

Age

RI Rate per
P1,000.00

Age

RI Rate per

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P1,000.00

Age

RI Rate per
P1,000.00

52

0.53

64

1.54

76

4.73

88

13.17

53

0.58

65

1.69

77

5.16

89

14.16

54

0.63

66

1.85

78

5.62

90

15.20

55

0.69

67

2.02

79

6.11

91

16.32

56

0.76

68

2.20

80

6.65

92

17.59

57

0.82

69

2.41

81

7.26

93

19.16

58

0.90

70

2.64

82

7.96

94

21.36

59

0.98

71

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2.90

83

8.72

95

24.79

60

1.06

72

3.21

84

9.54

96

30.67

61

1.16

73

3.55

85

10.41

97

41.31

62

1.28

74

3.92

86

11.30

98 &
above

60.73

63

1.40

75

4.31

87

12.22

The first installment of the Redemption Insurance (RI) premium will automatically be deducted from the amount to be received by the pensioner from the loan. Subsequently, no RI installment will be collected on the last month of the period of payment of the loan.

J. Loan Cancellation and Pre-Termination

Once the loan is approved and the loan proceeds have been eCredited to the pensioner's eCard account, the pensioner can no longer cancel the loan.

k. Conditions for Renewal

A pensioner with a loan account shall be allowed to renew his or her loan if he or she has been deducted the required twenty four (24) monthly instalments and all the conditions in Section Ill, item A are met. Succeeding loan applications may be filed only on the following month after the last payment.

L. Information Dissemination

The Corporate Communication Office shall be responsible for the information dissemination on the revisions to the said policy among the GSIS executives, employees and pensioners.

IV. PROCEDURAL GUIDELINES

A. Filing of Pension Loan Application through the GSIS Kiosk:

Activity

Responsible Unit/Person

1.

Apply for a pension loan through the GSIS Kiosk.

1.1

If the pensioner is eligible for a pension loan, the GW@PS system will automatically process the loan and a tentative computation will be shown in the screen.

1.1.1

If the pensioner approves the computation, he/she will affix his/her confirmation biometrically. Proceed to Activity 2.

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If the kiosk will be unable to read the pensioner's biometrics, he/she shall be advised by a GSIS personnel to make an over-the-counter (OTC) transaction.

1.1.2

If the pensioner does not approve the computation, he/she shall end the transaction by simply cancelling the application.

1.2

If the pensioner is not eligible for a pension loan, a message will appear in the screen of the kiosk stating the reason/s why he/she is not eligible.

If the pensioner has queries on the reasons displayed on the kiosk, he/she shall be guided by a GSIS personnel to the Frontline Services Unit (FSU).

Pensioner

2.

Forward bank files/list (system generated) of pensioners with approved loan applications to the servicing bank.

ITSG

3.

Based on the bank files received from GSIS, eCredit the amount of loan proceeds to the account of the pensioner.

Servicing Bank

End Process

B. Filing of Pension Loan Application through Over-the-Counter (OTC) Facility

Activity

Responsible Unit/Person

1.

Apply for a pension loan through OTC by accomplishing an application form

Pensioner

2.

Receive the accomplished pension loan application from pensioner

Frontline Services Division (FSD)

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3.

Check completeness of application and authenticity of IDs presented.

3.1 If documents are complete, proceed to Activity 4.

3.2

If documents are incomplete and/or questionable, return the application to the pensioner and inform him or her of the documents that are lacking or reason for disapproval.

4.

Verify if pensioner submitting the application form is the same as that reflected in the enrolment data base; match information with IDs presented.

4.1

If verified, pre-process the loan application by accessing the GW@PS OTC Online Registration System. Proceed to Activity 5.

4.2

If not the same, disapprove request and indicate reason/s for disapproval in the application form.

5.

Pre-process the loan application.

5.1

If qualified, provide tentative pension loan computation to pensioner. Proceed to Activity 6.

5.2

If not qualified, inform pensioner of disapproval

6.

Log to Transaction Monitoring System (TMS), scan and attach documentary Requirements. Forward TMS with documents and pre-processed loan applications to the Manager of the Department/Branch Office for approval.

7.

Approve electronically the loan through the GW@PS. Forward files to ITSG and update TMS.

Department
Manager/BO
Manager

8.

Forward bank files/list (system generated) of pensioners with approved loan applications to the servicing bank. Close TMS

ITSG

9.

Based on the bank files received from GSIS, eCredit the amount of loan proceeds to the account of the pensioner. Servicing Bank
End of Process

Servicing Bank

End Process

V. EFFECTIVITY

This PPG shall operationalize Board Resolution No. 55 dated 22 March 2012 and Board Resolution No. 67 dated 26 April 2012 which took effect on 01 June 2012.

This PPG shall supersede PPG No. 213-12 dated 23 February 2012, circulars and other statements or policies and procedural guidelines which are inconsistent with this PPG.

(SGD) ROBERT G. VERGARA
President and General Manager
Date Signed: 16 August 2013

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[1] Approved per Board Resolution No. 55 allowing pensioners aged seventy (70) years old and above to avail of the pension loan.

[2] Approved per Board Resolution No. 67 adopting the Redemption Insurance Premiums for the Revised GSIS Pension Loan Program.

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