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APPROVAL OF THE POLICY AND PROCEDURAL GUIDELINES (PPG) ON THE RECKONING DATES IN THE ACCRUAL OF INTERESTS FOR SERVICE LOANS, AS AMENDED

GSIS Resolution No. 16, February 12, 2015

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Adopted: 12 February 2015
Date Filed: 03 March 2015

WHEREAS, the Board issued Resolution No. 16 dated 27 February 2014, approving the Policy and Procedural Guidelines on the Reckoning Dates in the Accrual of Interests for Service Loans (PPG No. 252-14), to ensure the equitable computation of interest charges on service loans of retiring members;

WHEREAS, PPG No. 252-14 also clarified that the equitable computation of interest charges should apply to the service loans of members who separate from the service but who do not qualify for optional retirement;

WHEREAS, it was discovered that interest is still being charged by the System on the unmigrated loans of some retired or separated members, preventing them from fully enjoying their rightful benefit such as pension or cash payment;

WHEREAS, the Senior Vice President, NCR Operations Group, proposed that the equitable computation of interest charges should likewise apply to loan accounts with updated payments of retired or separated members, such that interest and penalty charges should not be imposed from October 2007 up to the date when they were notified of their correct loan balances;

RESOLVED, to APPROVE and CONFIRM the Policy and Procedural Guidelines on the Reckoning Dates in the Accrual of Interests for Service Loans, As Amended, as proposed by the Senior Vice President, NCR Operations Group in her Memorandum dated 05 January 2015;

RESOLVED FURTHER that Board Resolution No. 16 dated 27 February 2014, approving PPG No. 252-14, and all other existing policies, rules, guidelines, procedures, and internal issuances that are inconsistent herewith are hereby MODIFIED, AMENDED, or SUPERSEDED accordingly.

A copy of the PPG on the Reckoning Dates in the Accrual of Interests for Service Loans, As Amended, is made an integral part of this Resolution.

CERTIFIED CORRECT:

(SGD) ATTY. MARIA THERESA ABESAMIS-RAAGAS
Corporate Secretary

Confirmed:

DANIEL L. LACSON, JR. (on leave)
Chairman

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(SGD) ROBERT G. VERGARA
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Trustee

(SGD) GERALDINE MARIE BERBERABE- MARTINEZ
Trustee

FRANCISCO T. DUQUE III (on leave)
Trustee

Attachment:

Policy and Procedural Guidelines No. 278-15

Reckoning Dates in the Accrual of Interests for Service Loans, as Amended

I. BACKGROUND/RATIONALE
PPG No. 252-14 (Reckoning Dates in the Accrual of Interests for Services Loans) was issued on 06 March 2014 to ensure the equitable computation of interest charges on service loans upon availment of loan or upon claiming for benefits by the member.

However, the PPG was specific to retiring or separating members; and the issue on equitable computation of interest charges is a persistent concern of a retired or separated member who is being charged interests on loans (that was either not deducted from their claim or were deducted but understated) up to the present and therefore cannot enjoy their rightful benefit such as pension or cash payment.

The failure of these retirees or separated members to pay their loan balances cannot be solely attributed to them because the GSIS failed to compute their loan accounts and/or claim benefits correctly, and notify the members of their correct outstanding balances.

II. OBJECTIVES
This PPG seeks to provide an equitable computation of interests on service loans for both active and inactive GSIS members to ensure that no one is jeopardized by the over-deduction of loan balances from the claim benefits, or penalized for the acts and omission which the GSIS may have inadvertently committed in the computation of retirement or separation benefits.

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III. POLICIES

- This policy shall apply to:

- Retiring or separating GSIS members with outstanding loan obligations;

- Retired or separated members with overpaid retirement/separation proceeds due to the non-deduction of or deduction of understated loan balances (i.e., dunning of interests not undertaken, etc.) who will appeal the computation of their remaining outstanding loan balances; and

- Retired or separated GSIS members who were not promptly informed of their remaining outstanding loan obligations with the GSIS.

- This policy shall not apply to retired or separated GSIS members with correct loan balances computed as of date of their separation or retirement from the service, and were properly informed of their outstanding loan balances.

Barring all acts and omissions on the part of GSIS (which have resulted in the member's inability to settle his or her loan obligations after retirement or separation from the service), interests on the outstanding loan obligations shall continue to accrue until fully paid.

- The date of loan granting by the GSIS shall be the reckoning date when computing interests on loans.

- For loan renewal, the outstanding balance (OBAL) of the existing loan and the arrearages of other loans, if any, shall be computed as of the date of granting of the loan renewal.

- For retirement and separation purposes, the OBAL of the existing loans shall be computed as follows:

- If compulsory retirement, the reckoning date shall be the effective date of retirement.

- If optional retirement or separation, the reckoning date shall be the:

- Effective Date of Retirement or Separation, if filed before the effective date of retirement or separation; or

- Date of Filing, filed after the effective date of retirement or separation.

- For members with less than three (3) years of service, the reckoning date shall be the date of actual payment of the loan.

- If a member has a pending administrative case, the reckoning date shall be date the case is resolved or upon the expiration of the three-month period given to resolve the case[1], which ever is earlier.

- For retired or separated members later found to have remaining outstanding loan receivables which are not attributable to the members (e.g., they are not informed by the GSIS), interests shall be computed as follows:

- If compulsory retirement, the reckoning date shall be the effective date of retirement.

- If optional retirement or separation, the reckoning date shall be the:

- Effective Date of Retirement or Separation, if filed before the effective date of retirement or separation; or

- Date of Filing, if filed after the effective date of retirement or separation.

IV. System and Other Requirements

- The Technical Services Departments of the Operations Groups shall:

- Prepare the necessary business requirements for the enhancement of the computerized systems to conform to this

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PPG; and

- Undertake user acceptance testing (UAT) to implement the policies and guidelines on Reckoning dates in the Accrual of Interests for Service Loans.

2. The Information Technology Services Group (ITSG) shall ensure that the necessary system adjustments and reportorial requirements are made based on the submitted business requirements.

V. Information Drive
The Corporate Communications Office shall prepare the information materials to disseminate this PPG and its implementation to all GSIS executives, employees and stakeholders.

The Policy and Procedural Guidelines on the Reckoning Dates in the Accrual of Interests for Service Loans, as approved under BR No. 16 dated 27 February

2014, and all other Policy and Procedural Guidelines, Office Orders, and Circulars that are inconsistent herewith, in whole or in part, are hereby superseded, modified or repealed accordingly.

This PPG shall take effect immediately after Board approval.

(SGD) ROBERT G. VERGARA
President and General Manager
Date Signed: 13 February 2015

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[1] Section 3 of Republic Act No. 10154 or "AN ACT REQUIRING ALL CONCERNED GOVERNMENT AGENCIES TO ENSURE THE EARLY RELEASE OF RETIREMENT PAY, PENSIONS, GRATUITIES AND OTHER BENEFITS OF RETIRING GOVERNMENT EMPLOYEES."

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