



# Pag-IBIG Fund (Home Development Mutual Fund)

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Chief Executive Officer

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**Vision**

For every Filipino worker to save with Pag-IBIG Fund and to have decent shelter.

**Mission**

To generate more savings from more Filipino workers, to administer a sustainable Fund with integrity, sound financial principles, and with social responsibility, and to provide accessible funds for housing of every member.

**Corporate Values**

The governing values that will steer the Pag-IBIG Fund in pursuit of its Vision include Professionalism, Integrity, Excellence, and Service.

**History**

Pag-IBIG Fund (also known as Home Development Mutual Fund), established by the Philippine government in December 1980 as a provident fund for Filipino workers, focuses on its twin mandates of provident savings and home financing for its members, the Filipino workers. Its name signifies synergy among different stakeholders – *Pagtutulungan sa kinabukasan: Ikaw, Bangko, Industriya, Gobyerno* [Working together towards the future: You (members and partners), Banks (and other financial institutions), Industry (including real estate, business), Government (central government, local government, government agencies)].

The Fund received a boost in its membership when its new charter was signed into law in July 2009. Republic Act No. 9679, or the “Home Development Mutual Fund Law of 2009,” mandates the universal membership of all Filipino workers, whether they are located within the country or overseas, whether they belong to the formal or informal sector, whether they work in government or in the private sector. Basically, starting

January 1, 2010, all Filipinos earning at least PhP1,000 (US\$19.599, at an exchange rate of PhP51.023 to US\$1.00 as of 08 September 2017, at [www.bsp.gov.ph](http://www.bsp.gov.ph)) a month are mandated to register as Pag-IBIG Fund members. One of the remarkable effects of the universal coverage of Pag-IBIG Fund membership is the inclusion of informal workers such as household service providers, transportation workers, market vendors, fisherfolks, farmers, and other minimum-wage earners into the Fund.

As Pag-IBIG Fund members, the Filipino workers receive access to the Fund's savings program and loan programs. The loan programs include housing loans for retail buyers and for institutional partners such as developers, local government units, employers, employee associations, and other member associations. Housing loan proceeds can be used by retail borrowers to finance the purchase or repair of their chosen residential unit or lot property, or installation of solar panels. Housing loans have interest rates as low as 3% under the Affordable Housing Program, and as low as 5.5% under the End-User Financing. Institutional housing loan borrowers may use their loan proceeds in the development of a housing project for their chosen market or beneficiaries. A second loan program, the short-term loan program, includes multi-purpose loans and calamity loans, with interest rates of 10.75% and 5.95%, respectively. Multi-purpose loan proceeds can augment the finances of the members and can be used for education, health and wellness, business capital, among others. Calamity loans are released to member-borrowers residing in areas affected by calamities such as typhoons and earthquakes.

The Pag-IBIG Fund savings program requires the member-worker to remit a monthly savings worth PhP100 (US\$1.96) and the member's employer, if applicable, to remit an employer counterpart of the same amount worth PhP100 (US\$1.96). Self-employed members may shoulder the employer counterpart, to maintain the total monthly savings of PhP200 (US\$3.920). The monthly savings may also be higher than the minimum, as desired by the members and their employers. The monthly savings add up throughout the membership period of the members and comprise their Total Accumulated Value or TAV. The TAV determines the amount to be loaned for the short-term loans and the dividend amount to be credited at the end of each year that the Filipino worker is a Pag-IBIG Fund member. Pag-IBIG Fund declared a dividend rate of 6.93% for 2016 for the required Pag-IBIG Fund savings.

Pag-IBIG Fund offers an additional savings mechanism that is voluntary in nature, the Modified Pag-IBIG 2 (MP2) Program. For a minimum monthly savings of only PhP500 (US\$9.780), a Pag-IBIG Fund member can already save under MP2. MP2 savings can be withdrawn after only five years. Pag-IBIG Fund declared a dividend rate of 7.43% for 2016 for MP2.

To add value to one's membership to Pag-IBIG Fund, the agency came up with the Pag-IBIG Loyalty Card for its members. This enables the cardholder to earn points or avail of discounts in partner-establishments like pharmacies, schools, restaurants, transportation companies, beauty & wellness establishments, hotels, and department stores. It is Pag-IBIG Fund's way of showing how it values its members. Loyalty Card

holders are entitled up to 50% discount on medicines from partner-pharmacies, up to 20% discount from partner-schools, PhP10 (US\$0.20) discount on LPG, and many more.

Pag-IBIG Fund received its ISO 9001:2008 certification in December 2011, and this has been maintained since then. The certification falls under the Advocacy and Capability Building Component of the Government Quality Management Program. This component is expected to promote awareness, generate support, harness resources, and develop organizational capabilities in establishing, implementing, and continuing improvement of quality management system in public sector organizations.

A key to Pag-IBIG Fund's continued sustainability is the leadership of its Chief Executive Officer, Mr. Acmad Rizaldy P. Moti. With him at the helm, Pag-IBIG Fund's operations continue to reach new heights, registering the highest ever housing loan takeout, improved performing loans ratio, and a renewed vibrancy in loan applications, among others.

## **Evolution of Pag-IBIG Fund through Laws**

- **Presidential Decree No. 1530** – signed by then President Ferdinand E. Marcos on June 11, 1978, creating the Home Development Mutual Fund (HDMF) which has a two-pronged mandate: generation of savings and provision of shelter for the Filipino workers. Under P.D. 1530, Social Security System (SSS) and Government Service Insurance System (GSIS) administered the HDMF's funds from private and government employees, respectively. Contributions were voluntary for government and private employees, but employer counterpart contributions were mandatory.
- **Executive Order No. 538** – then President Marcos further strengthened the stability and viability of the two funds on June 4, 1979 and merged them into what is now known as Pag-IBIG Fund.
- **Presidential Decree No. 1752** – signed by then President Marcos on December 14, 1980, amending P.D. 1530 and making Pag-IBIG Fund a public independent corporation. Pag-IBIG Fund membership became mandatory for all SSS- and GSIS-covered employees, thereby broadening its base for greater uniformity and universality. The amendment sought to hasten the generation and mobilization of savings towards a more viable, affordable, and adequate housing credit system.
- **Executive Order No. 35** – issued by then President Corazon C. Aquino on August 1, 1986 to maintain Pag-IBIG Fund after its previous suspension as mandated by P.D. 1752, and to expand and increase the benefits due to its members but with a lesser burden to the lower income groups.
- **Executive Order No. 90** – issued by then President Corazon C. Aquino on December 17, 1986, making Pag-IBIG Fund membership voluntary. It also established the Housing and Urban Development Coordinating Council (HUDCC) as the sole authority and policy-making body on housing, tasked with identifying and redefining the mandates of housing agencies, as well as rationalizing the funding sources and mechanism for homebuyers' financing.

- **Republic Act No. 7742** – signed by then President Fidel V. Ramos in 1994, reverting the nature of Pag-IBIG Fund membership to mandatory. It is also known as the “Pag-IBIG Fund Universal Coverage Law.”
- **Republic Act No. 9679** – signed by then President Gloria Macapagal Arroyo on July 21, 2009 to usher in the universal membership coverage to Pag-IBIG Fund, expanding mandatory membership to more types of Filipino workers, basically all workers earning at least PhP1,000 (US\$19.599) monthly. It is also known as the Home Development Mutual Fund Law of 2009.

## Contact Details

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