



## **NAMRIA PROVIDENT FUND INC.**

NAMRIA Compound, Lawton Ave., Fort Bonifacio Taguig

---

### **EXCERPT FROM THE MINUTES OF THE 10<sup>TH</sup> REGULAR MEETING OF THE NPFI CONDUCTED VIA ZOOM ON 11 OCTOBER 2022.**

#### **Resolution No. 13 Series of 2022 ADOPTING THE GUIDELINES FOR NPFI FUND WITHDRAWAL**

**WHEREAS** Government Provident Funds are institutionalized to supplement retirement or separation benefits of government employees;

**WHEREAS** Executive Order No. 641 series of 2007 states that it is the policy of Provident Funds to institute advocacy measures to “encourage employees to contribute as much as they can to the Fund, as well as preserve their Provident Fund accounts and not withdraw their share before retirement or separation;

**WHEREAS** DBM Budget Circular 2008-3 states that earnings realized in the previous fiscal year, after deducting the amount set aside for the General Reserve Fund (GRF), shall be credited to the members as a form of dividends in proportion to their equity at the beginning of each fiscal year;

**WHEREAS** the National Internal Revenue Code (NIRC) of 1997, as amended, subjects the income of any kind held in trust to income tax except when contributions are made to the trust by employer, or employees, or both for the purpose of distributing to such employees the earnings and principal of the fund accumulated by the trust in accordance with such plan;

**WHEREAS** as an exception to the above exception, the NIRC of 1997, as amended, subjects to income tax any amount actually distributed to any employee to the extent that it exceeds the amount he/she has contributed in the year in which so distributed;

**WHEREAS** BIR Revenue Memorandum Circular No. 39-2014 clarifies that tax treatment does not apply to payouts representing a return of an employee’s personal contributions to the Fund; and

**WHEREAS** the NPFI Organizational Manual reiterate the that upon separation from NAMRIA, a member is entitled to receive the whole amount of his/her personal contributions, the proportionate share from the contributions of NAMRIA, the proportionate earnings of said contributions, and his/her share in the General Reserve Fund, whenever applicable and subject to vesting rights and tax rules.

**NOW, THEREFORE**, for and in consideration of the foregoing premises, **BE IT RESOLVED, AS IT IS HEREBY RESOLVED** to adopt the NPMI Fund Withdrawal Guidelines as attached in ANNEX A.

**UNANIMOUSLY PASSED AND ADOPTED** on 12 October 2022.

  
**JOHN SANTIAGO F. FABIC**  
Chairperson

  
**OFELIA T. CASTRO**  
Vice Chairperson

  
**MARIFE C. VALENTINO**  
Trustee

*Absent*  
**ELENA A. REYES**  
Trustee

  
**LORENA JASMIN D. LERIO**  
Trustee

  
**APRIL GEM M. VIADO**  
Trustee

  
**MARLENE V. ESPOSITO**  
Trustee

  
**ERWIN FAMATIGA**  
Trustee

*Absent*  
**JENNY P. INSIGNE**  
Trustee

  
**RYAN CHRISTOPHER DE LEON**  
Trustee

  
**KEITH C. LAGUNDAY**  
Trustee

**NAMRIA Provident Fund Inc.  
FUND WITHDRAWAL GUIDELINES**

1. Depending on the nature of fund withdrawal, a member is entitled to the following:
  - a. Member contributions – all members or their beneficiary/ies regardless of nature of fund withdrawal are entitled to claim their own contributions;
  - b. Proportionate earnings from Member contributions – all members of more than one (1) year or their beneficiary/ies are entitled to claim the proportionate earnings of their contributions;
  - c. NAMRIA contributions – only members or their beneficiary/ies separating from the NPMI due to retirement, resignation, death or disability, or other causes beyond the control of the member are entitled to claim their share to the NAMRIA contributions;
  - d. Proportionate earnings from NAMRIA contributions – only members or their beneficiary/ies separating from the NPMI due to retirement, resignation, death or disability, or other causes beyond the control of the member are entitled to claim the proportionate earnings from the NAMRIA contributions; and
  - e. Proportionate Share in the General Reserves Fund (GRF) - all members or their beneficiary/ies, except those separating for cause or whose membership is less than one (year), are entitled to claim their proportionate share to the General Reserves Fund.
2. The member concerned shall file his/her claim through written notice to the Board of Trustees at least 30 days from the intended effectivity date of withdrawal.
3. In case of death, critical illness or physical disability, the claim shall be filed by the member's beneficiary/ies. Should there be no beneficiary named or designated or when the designation is void under existing laws, the claim may be filed by the member's legal heir/s in accordance with the laws of succession.
4. If a member or his/her beneficiary/ies failed to file the claim within five (5) years, the benefits shall be forfeited in favor of the Fund.
5. For members with outstanding loans, the amount of outstanding loans shall be deducted from the member's contribution and earnings as of date of withdrawal. In case such amount is not enough to pay the outstanding loans, the balance shall be deducted from the NAMRIA's share.
6. In case the member's contribution is not sufficient to cover the outstanding loans and all applicable taxes, the concerned member shall not yet be allowed to withdraw his/her membership from NPMI. Withdrawal may only be allowed at such time that the outstanding loans and taxes are fully paid through outright payment. Withdrawal due to separation from

**ANNEX A**

NAMRIA shall not be cleared from NAMRIA accountabilities until obligations to NPFI are fully paid.

7. Members with outstanding loans whose co-makers signify their intention to withdraw their membership shall be required to secure substitute qualified co-makers. Failure to secure substitute qualified co-makers within one (1) month from notice shall result in the full balance of the loan becoming due and demandable.
8. Earnings shall be computed at the end of the fiscal year based on the rate of return as approved by the NPFI Board of Trustees.
9. Except for withdrawal due to retirement, the processing fee for withdrawal applications shall be ONE-HALF PERCENT (0.5%) of member contribution or MINIMUM OF P500.00. See sample table below:

Total Member Contribution (A)	0.5% of A	Processing Fee
20,000.00	100.00	500.00
50,000.00	250.00	500.00
80,000.00	400.00	500.00
100,000.00	500.00	500.00
200,000.00	1,000.00	1,000.00
500,000.00	2,500.00	2,500.00

10. Following BIR regulations, all claimable funds due to retirement shall be tax-exempt. Likewise, fund withdrawals due to death and other causes beyond the control of the member, provided a Certificate of Tax Exemption is secured from the BIR, shall be tax exempt. However, if separation is due to resignation, personal secession of membership, or separation for cause, the amount of his/her personal contribution shall be tax exempt while the other claimable funds shall be subject to tax.
11. The NPFI, in coordination to NAMRIA shall provide the necessary assistance within its Authority to the member or his/her beneficiary/ies in securing a Certificate of Tax Exemption from the BIR.

**ANNEX A**

12. Summary of claim entitlements and applicable tax exemptions:

<b>Type of Fund Withdrawal</b>	<b>Member Contributions</b>	<b>Proportionate Earnings from Member Contributions</b>	<b>NAMRIA Contributions</b>	<b>Proportionate Earnings from NAMRIA Contributions</b>	<b>Proportionate Share in the GRF</b>
A. Separation due to retirement (pension)	Entitled / Tax-Exempt	Entitled / Tax-Exempt	Entitled / Tax-Exempt	Entitled / Tax-Exempt	Entitled / Tax-Exempt
B. Separation due to death, critical illness, or other physical disability or for any cause beyond the control of the member (retrenchment, reorganization, etc.)	Entitled / Tax-Exempt	Entitled / Tax-Exempt *	Entitled / Tax-Exempt *	Entitled / Tax-Exempt *	Entitled / Tax-Exempt *
C. Separation due to resignation	Entitled / Tax-Exempt	Entitled / Taxable	Entitled / Taxable	Entitled / Taxable	Entitled / Taxable
D. Secession (voluntary / early withdrawal of membership)	Entitled / Tax-Exempt	Entitled / Taxable	Not entitled / Not applicable	Not entitled / Not applicable	Entitled / Taxable
E. Separation for cause (due to disciplinary action)	Entitled / Tax-Exempt	Entitled / Taxable	Not entitled / Not applicable	Not entitled / Not applicable	Not entitled / Not applicable
F. Less than 1 year membership	Entitled / Tax-Exempt	Not entitled / Not applicable	Not entitled / Not applicable	Not entitled / Not applicable	Not entitled / Not applicable

\*Requires Certificate of Tax Exemptions subject to the requirements set by the RMO No. 26-2011, as amended by RMO No. 66-2016

<b>ANNEX A</b>
----------------

13. Following BIR regulations, the NPFI shall collect a withholding tax of TWENTY PERCENT (20%) for all claimed taxable income.

14. In case of withdrawal of funds, the computation shall be as follows:

Member contribution	P xxx.xx	
NAMRIA contribution	xxx.xx	
Total Contributions		P xxx.xx
 Add: GRF Share		 xxx.xx
 Add: Earnings		
Total Earnings	P xxx.xx	
Less Dividends Received	xxx.xx	xxx.xx
<i>(taxed on year released</i>		
<i>to members as cash payout)</i>		
 Less: Obligations (NPFI & NAMRIA)		
Loan Balances	P xxx.xx	
Processing Fee	xxx.xx	xxx.xx
 Entitled Claim		xxx.xx
Less Taxes		<u>xxx.xx</u>
 Amount to be Released		 P xxx.xx

**ANNEX A**

**Case A: Withdrawal due to retirement with member contribution enough to cover obligations**

Member contribution	P 500,000.00	
NAMRIA contribution	15,000.00	
Total Contributions		P 515,000.00
Add: GRF Share		1,000.00
Add: Earnings		
Total Earnings	P 80,000.00	
Less Dividends Received	60,000.00	20,000.00
<i>(taxed on year released to members as cash payout)</i>		
Less: Obligations (NPF & NAMRIA)		
Loan Balances	P 10,500.00	
Processing Fee	0.00	<u>10,500.00</u>
Entitled Claim upon retirement (Tax Exempt)		P 525,500.00

**ANNEX A****Case B: Withdrawal but not entitled to tax exemptions (e.g., separation due to resignation)**

Member contribution	P 500,000.00	
NAMRIA contribution	15,000.00	
Total Contributions		P 515,000.00
Add: GRF Share		1,000.00
Add: Earnings		
Total Earnings	P 80,000.00	
Less Dividends Received	60,000.00	20,000.00
<i>(taxed on year released to members as cash payout)</i>		
Less: Obligations (NPFI & NAMRIA)		
Loan Balances	P 10,500.00	
Processing Fee	2,500.00	13,000.00
Entitled Claim		P 523,000.00
Less Taxes (P15,000 + P20,000) * 20%		<u>7,200.00</u>
Amount to be Released		P 515,800.00

**ANNEX A**

**Case C: Withdrawal due to retirement with member contribution not enough to cover obligations**

Member contribution	P 200,000.00	
NAMRIA contribution	15,000.00	
Total Contributions		P 215,000.00
Add: GRF Share		500.00
Add: Earnings		
Total Earnings	P 50,000.00	
Less Dividends Received	0.00	50,000.00
Less: Obligations (NPF & NAMRIA)		
Loan Balances	P 325,000.00	
Processing Fee	1,000.00	<u>326,000.00</u>
Entitled Claim upon retirement (Tax Exempt)		- P 60,500.00
		<i>Must be paid to be cleared</i>

**ANNEX A****Case D: Withdrawal but not entitled to tax exemptions (i.e., separation due to resignation) with member contribution not enough to cover obligations**

Member contribution	P 200,000.00	
NAMRIA contribution	15,000.00	
Total Contributions		P 215,000.00
Add: GRF Share		500.00
Add: Earnings		
Total Earnings	P 50,000.00	
Less Dividends Received	0.00	50,000.00
Less: Obligations (NPMI & NAMRIA)		
Loan Balances	P 325,000.00	
Processing Fee	1,000.00	326,000.00
Entitled Claim		- <u>P 60,500.00</u>
Less Taxes (P15,000 + P500 + P50,000) * 20%		13,100.00
Amount to be Released		- P 73,600.00
		<i>Must be paid to be cleared</i>

**Case E: Withdrawal due to secession**

Member contribution	P 80,000.00	
NAMRIA contribution	N/E	
Total Contributions		P 80,000.00
Add: GRF Share		N/E
Add: Earnings		
Total Earnings (Member Contri only)	P 35,000.00	
Less Dividends Received	0.00	35,000.00
Less: Obligations (NPFI & NAMRIA)		
Loan Balances	P 50,000.00	
Processing Fee	500.00	50,500.00
Entitled Claim		P 64,500.00
Less Taxes (P35,000) * 20%		<u>7,000.00</u>
Amount to be Released		- P 57,500.00
		<i>Must be paid to be cleared</i>