



Philippines – an overview of employee benefits

State and Mandatory Benefits	The normal retirement age is 60 if not employed or 65 if employed. The state pension is 300 PHP a month plus 2% of average monthly covered earnings in the last 60 months for each year up to 20 years, with a minimum of PHP 1,200 a month after 10 years contributions and PHP 2,400 a month after 20 years contributions. The state also provides survivors' and disability pensions, and medical care through the National Health Insurance Program (NHIP). The State Insurance Fund (SIF) provides benefits on work-related disability or death. The mandatory Pag-IBIG Fund provides cash benefits on termination and loans for home ownership.
Typical New Private Plan	Retirement plans typically provide a lump sum of one month's final salary for each year of service at age 60, which can be used to offset severance pay. Defined contribution plans are less common. Many employers provide a lump sum death and accident benefit, typically from one to four times earnings, and private medical insurance. Employers can opt out of the Pag-IBIG Fund if they provide a private plan which is at least as good.
Typical Costs	Contributions for state benefits are based on a scale of earnings. On earnings of PHP 14,750 a month or over employers contribute PHP 1,090 a month for state pension benefits and up to PHP 187.50 a month for medical care; employees contribute PHP 500 a month for state pension benefits and up to PHP 187.50 a month for medical care. Employers also contribute 1% of monthly earnings up to 1,000 PHP to the State Insurance Fund and 2% of earnings to the Pag-IBIG Fund. Employees contribute at least 2% to the Pag-IBIG Fund. Employees do not normally contribute to private plans.
Tax Implications	Employer contributions to private plans are tax deductible and not taxable on employees. Employee contributions are not tax deductible. Benefits from qualified plans are tax exempt if the employee is at least 50 years old with 10 years of service
Labour Law Issues	Employees are entitled to severance pay on redundancy or retrenchment. There are no legal vesting requirements, but benefits normally vest after five years.
Pooling Potential	Insured benefits can be included in multinational pooling arrangements.
International Financial Reporting	International Financial Reporting Standards apply with modifications as the Philippines Financial Reporting Standards (PFRSs).
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