

ASSA Recognition Award

CATEGORY	:	1. Customer Service Excellence Award 2. Financial Literacy Excellence Award
ORGANISATION	:	GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) Philippines
CONTACT PERSON	:	Senior Vice President Rina Resurreccion
NAME OF PROJECT	:	The GSIS Financial Assistance Loan (GFAL)
OBJECTIVE AND NATURE OF PROJECT	:	Launched on May 15, 2018, the GFAL is a balance transfer and debt-consolidation facility in one for the Department of Education (DepEd) personnel across the country who have outstanding loan with private lending institutions (PLIs). The GFAL seeks to: • Enhance the financial literacy of DepEd personnel to preserve their future retirement benefits; and • Provide more disposable take-home pay for DepEd personnel that will be made possible by lower interest and reduced amortization. GFAL's objective is more profound than other loan programs. Over and above the intention of achieving financial freedom, it focuses on developing in the teaching and nonteaching personnel of DepEd the discipline in handling money. It aims to ensure that they will have sound finances after their loans from PLIs have been consolidated and transferred to GSIS. This is the reason why the program has a financial literacy workshop component. It aims to improve the level of financial literacy in the society by educating them on how to assume responsibility in managing their personal finances. To augment their income, personnel of DepEd borrow money from PLIs. Their loan amortizations are usually deducted from their salary with payment for their obligations with the GSIS, BIR, PhilHealth, and Home Development Mutual Fund (PAG-IBIG) taking a back seat. The said situation is the main reason why DepEd has the lowest collection efficiency on GSIS loan payments among the agency sectors since their employees' net take-home pay has become insufficient to cover the amount. From 2014 to 2016, the average collection efficiency for DepEd is 88% and DepEd-Autonomous Region in Muslim Mindanao is 62%.

		DepEd Order No 55 dated October 26, 2017 reiterated that deduction from salaries of personnel for payments to GSIS, BIR, PhilHealth, and PAG-IBIG must be accorded first preference. Having several loans weakens the DepEd personnel's capability to settle their obligations. If the cycle continues, they are bound to sink into debt with their GSIS loans ballooning into an amount to be deducted from their future benefits.
WHY IT SHOULD BE RECOGNISED	:	GFAL seeks to go beyond securing the future of DepEd workers. It enables members in DepEd to take a second look at their spending habits; counsels them; and lends them money to pay their high-interest bearing loans. On top of consolidating and transferring their loan balance from private lenders to the pension fund, it guides members to manage their finances in order to preserve the retirement benefits that they worked hard for. DepEd personnel constitute 50% or 854,644 of the 1.7 million total GSIS membership as of 2017. The GSIS has made the loan package affordable. For a Php500,000-loan, qualified DepEd personnel only need to pay GSIS Php9,444 monthly compared to the Php16,053 they are now paying to PLIs. This redounds to Php6,609 or 41% savings. The arrangement also makes it easier for DepEd personnel to monitor their loans since they will just be paying directly to GSIS via automatic salary deduction instead of having multiple deductions for various PLIs. Unlike other loan programs, GSIS is requiring DepEd personnel to attend the GSIS Financial Literacy Seminar and undergo loan evaluation and counseling to have a more lasting impact. Through these, they are taught sound money management practices that will empower them to face financial challenges. Payment for their GSIS loans will now be prioritized as well, thus, protecting their GSIS benefits from deductions. In the past, DepEd personnel have retired with little or zero benefits because their loans that have ballooned were deducted from the proceeds. On an organizational level, the GSIS stands to benefit from the program's implementation as this will translate to better collection efficiency. The more payments remitted to GSIS, the more funds will be made available for other members' use and the longer the life of the fund will be.

SUMMARY OF THE PROJECT	:	Under the GFAL, qualified DepEd personnel may transfer their outstanding loan balance with one or more (DepEd) accredited PLIs to GSIS and borrow up to Php500,000. The proceeds of the loan will be paid directly by GSIS to the PLIs. In turn, the borrower will just pay the loan to GSIS via automatic salary deduction. It features a lower monthly amortization and interest rate of 6% per annum computed in advance over a longer payment period of six years with zero processing fee. Active regular GSIS members with outstanding loans from DepEd-accredited PLIs may apply for the GFAL if they are permanent in employment status; have paid premiums for the last three years; are not on leave of absence without pay; have no due and demandable GSIS loan; and have no pending administrative or criminal case. If a PLI has filed a case against members for nonpayment of obligations after GSIS loan payments have been prioritized by virtue of DO No 55, such members are still eligible to apply. To apply, the DepEd personnel should submit the following documentary requirements: properly filled-up application form and GSIS-prescribed statement of account that may be downloaded from the GSIS website; clear photocopy of ID of the authorized representative of the lending firm who will claim the check from the GSIS and contact details; borrower loan agreement, loan voucher or other certified documents indicating the term of loan, interest rate, monthly amortization and due date of first loan amortization; and payslips for the last three months, certified as true copy by the agency authorized officer.