



12 July 2010

CPA MEMORANDUM CIRCULAR NO. 04 ✓
Series of 2010

**TO : ALL CARGO HANDLING SERVICE PROVIDERS
OTHERS CONCERNED**

FROM : THE GENERAL MANAGER

SUBJECT : PORTWORKERS' RETIREMENT AND SEPARATION FUND

CPA Board Resolution No. 504-2010 dated 22 June 2009 requires all Cargo Handling Service Providers (CHSPs) to establish a Portworkers' Retirement and Separation Fund (PRSF).

In order to ensure full compliance with the PRSF requirement and provide proper guidance to all CHSPs concerned, the following guidelines shall be observed:

1. **Scope and Coverage of the PRSF**

- 1.1 All regular employees and contractual or casual employees who have served for at least six (6) months or more continuously at the time of separation.
- 1.2 In case of retirement, the minimum of five (5) years of continuous service at the time of retirement provided for in the Labor Code, as amended, shall apply.
- 1.3 Employees whose employments have been terminated under Article 282 of the Labor Code, as amended, and those who resigned under Article 285 of the same Code are not to be covered by the PRSF.

The employees to be covered are those mentioned in Articles 283, 284 and 287 of the same Code.

2. **PRSF General Guidelines**

All CHSPs under the jurisdiction of the CPA shall establish a PRSF, which shall be set up as follows:

- 2.1 Within two (2) months after award for a new CHSP;
- 2.2 Within three (3) months from the issuance of this Circular for CHSPs with existing contracts;
- 2.3 The CHSP shall register its port workers and employees with the Social Security System (SSS);
- 2.4 An actuarial computation of the PRSF shall be undertaken taking into account the workers' monthly salaries/wages, divided by the authorized working days, multiplied by the multiplier (22.5 days) and the number of years of service of the employee.

The multiplier is based on the Labor Code provision of at least one-half (1/2) month salary for every year of service, a fraction of at least six (6) months being considered as one (1) year, or as stipulated in the Collective Bargaining Agreement (CBA), if any, whichever is higher.

- 2.5 After the actuarial amount of the retirement benefits for past services have been arrived at, the said amount shall be set aside and deposited in trust with a bank acceptable to CPA or through a Service Provider duly accredited by the CPA.
- 2.6 For purposes of tax exemption, the CHSPs shall coordinate with their respective trustee banks or Service Providers for the registration of their Trust Funds with the Bureau of Internal Revenue (BIR).
- 2.7 In case the CHSP opts to secure or avail of a Service Provider in order to provide and maintain the retirement and separation benefit program for its portworkers, the following criteria should be considered:
 - (a) The Service Provider is duly certified by the Office of the Insurance Commissioner and accredited by the CPA;
 - (b) The Service Provider has sufficient funds for the retirement or separation benefits of the portworkers concerned;
 - (c) The essential features and conditions of PRSF shall be indicated in the Agreement between the CHSP and the Service Provider, copy furnished the CPA.
- 2.8 The PRSF, if not assisted by a Service Provider, shall be deposited in trust with a bank acceptable to CPA.
- 2.9 The essential features and the terms and conditions shall be contained in the Trust Agreement between the Trustee Bank and the CHSP.

