IMPROVING PROVIDENT FUNDS TO AVOID FINANCIAL DEBTS AMONG PEOPLE

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Financial debts because of loans is one of the most common problems among teachers. They often borrow money from different lending companies or institutions and fail to pay debts on time, that is why interest rates continue to add which surge their financial obligations. However, there are some teachers who are really in need to borrow money not for luxury but for emergencies and providing basic needs for the family because sometimes, their salary is not enough to pay for their bills and support their family.

To at least resolve or avoid these problems, one of the Department of Education's ways is to improve Provident Fund (PF) for the teachers. It was stated in Executive Order (EO) no. 641, series of 2007 that the PF is a “savings and loan credit facility that caters to the needs of government officials and employees, and shall provide supplementary welfare benefits from the Fund.” In fact, August 2017 data from DepEd revealed that its PF has P4 billion to date, and the department is committed to provide continuous efforts that will benefit its employees.

This Provident Fund provides a lending facility wherein teachers can loan limited amount. They can borrow money with its limit so that they will only likely to borrow amount of money that is enough for their needs. The tendency if the teachers are the ones to decide for the loan, there is a possibility that they will borrow more than what they actually need. Also, DepEd assured that they will not give high interest so that it will not be a burden for the teachers to pay debts.

In accordance with the DepEd Order no. 36, s. 2007, or the Amendments and Addendum to DepEd Order no. 12, 2004 (Revised Implementing Guidelines for the DepEd Provident Fund), “the loan shall be used for emergency needs of the teacher/employee or immediate and other members of his/her family up to the fourth degree of civil consanguinity or affinity.” The department clarified that they have no benefits from it since they are only extending help for the teachers who are in need of money for emergency so that they will not be obliged to loan from other lending companies and pay for a high interest rate.
The loan shall only be used for emergency needs of the teacher or employee or immediate member of the family up to the fourth degree of civil consanguinity/affinity. Included in the emergency needs are medical expenses due to severe illness or injury, death of immediate or other member of the family up to the fourth degree of civil consanguinity/affinity and even educational loans. However, the department discourages teachers to borrow money for house repair, business ventures or to buy-out loans from other lending institutions.

The Department of Education does not only prioritize the performance of teachers when it comes to providing quality education for the students. They also give attention to the moral of the teachers and as a solution to lessen the teachers who are having huge amount of debts from lending institutions, provident fund is one of the best possible ways to extend help. Also, this gives them better retirement benefits and a more flexible fund management and operations.

References: