

PLAN RULES OF

PHILIPPINE LIFE FINANCIAL ASSURANCE CORPORATION  
EMPLOYEES RETIREMENT PLAN

ARTICLE I

NAME, OBJECTIVE AND EFFECTIVE DATE

Section 1 - Name

This Plan shall be known as Philippine Life Financial Assurance Corporation Employees' Retirement Plan.

Section 2 - Objective

The objective of this plan is to provide through a Retirement Fund established by the Company for the payment of retirement, death, disability, and separation benefits to all its eligible employees, and their Beneficiaries, as the case may be, subject to conditions and limitations hereinafter set forth.

Section 3 - Effective Date

The Plan became effective on May 1, 2008. This retirement plan supersedes all retirement plans currently sponsored by the Company.

ARTICLE II

DEFINITIONS

The following words and phrases, as used in this Plan, shall have the meaning indicated herein, unless a different meaning is plainly required by the context:

- (a) **"Actuary" or "Actuarial Advisor"** means, an independent consultant who is a Fellow of the Actuarial Society of the Philippines or a firm of consultants with such qualified actuary on its staff. Such actuary or firm is appointed and selected by the Company.

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- (b) **"Beneficiary" or "Beneficiaries"** means, any person or persons designated by the Member to receive in the event of his death, or inability by reason of physical or mental incapacity, to receive in person any amounts due to or in respect of him in accordance with the provisions of this Plan.
- (c) **"Company"** means, Philippine Life Financial Assurance Corporation and any firm or corporation which may hereafter succeed to the business by merger, consolidation or otherwise, and which by appropriate action shall adopt the Plan.
- (d) **"Continuous Service"** means, the period of the time determined by the Company to constitute the employee's most recent unbroken period of service from date of hire, up to the date of termination of employment through retirement, or otherwise, as provided herein, continuous service is deemed broken for any of the following reasons:
1. An Employee voluntarily leaves the Company;
  2. An Employee is involuntarily dismissed or discharged by the Company;
  3. An Employee fails to return to the service of the Company after an approved leave of absence;
  4. For any other causes constituting a severance of the employer-employee relationship between the Company and the Member;

An authorized leave of absence with or without pay, shall not be construed as a break in Continuous Service.

In the event that a Member is temporarily assigned by the Company to a post outside the Philippines, it may be agreed amongst the Member, the Company and the Trustees that such period of overseas service shall be deemed to be Continuous Service and during such period his Monthly Salary shall be deemed for the purposes of this Plan, to be such amount (expressed in Philippine pesos) as may be set out in such agreement, regardless of the actual salary he is receiving during such posting.

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The Continuous Service of a former Employee, who has been rehired after a break in service, shall commence on the first day of his latest period of employment.

- (e) **"Effective Date"** refers to the date shown under Section 3.
- (f) **"Employee"** means, any permanent employee of the company who has continuously been employed by the company for a period of at least one year. Specific project employees and employees of contractors shall not be included under this definition.
- (g) **"Labor Code"** means, the labor Code of the Republic of the Philippines and includes any amendments thereto or re-enactment thereof.
- (h) **"Member"** means, an Employee who becomes a member of the plan in accordance with Article III hereof.
- (i) **"Monthly Salary"** means, the Member's regular monthly basic salary, including the de minimis benefit pertaining to rice subsidy, but excluding commissions, overtime pay, bonuses, allowances, and any other allowances of fluctuating emoluments.
- (j) **"Plan"** means, Philippine Life Financial Assurance Corporation Employees Retirement Plan.
- (k) **"Retirement Fund" or "Fund"** means, the Retirement Trust Fund consisting of all the contributions paid by the Company or the Members to the Trustees whether in the form of cash or property, including all the income or increment thereof, as well as the assets constituting the Retirement Fund at any time as provided in Article VI hereof.
- (l) **"Total and Permanent Disability"** means, the inability to engage in any substantial gainful activity of the type of work done in the Company by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long, continued and indefinite duration. The disability must be certified by a licensed physician appointed by the Company.

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- (m) **"Trust Agreement"** means, the agreement entered between the Company and the Trustees.
- (n) **"Trustees"** means, any individual, group of individuals or financial institution designated in the Trust Agreement to hold in the trust the assets of the Plan for the purpose of providing benefits under the Plan and shall include any successor Trustee to a Trustee initially designated thereunder.
- (o) **"Valuation Date"** means, every June 30 and December 31 of each year and such other dates as the Company shall determine pursuant to Article VI, Section 1.

Whenever used herein, the masculine shall include the feminine, the singular shall include the plural and vice-versa unless the context otherwise indicates or requires.

### ARTICLE III

#### ELIGIBILITY AND ADMISSION TO THE PLAN

##### Section 1 - Membership Eligibility

All permanent and regular employees of the Company as of the Effective Date of the Plan, or employees who are hired after the Effective Date of Plan are eligible to become Members of the Plan upon attainment of permanent and regular status.

##### Section 2 - Termination

Participation in this Plan shall cease automatically upon termination of the Member's employment with the Company for any reason (including death) or upon full payment of the amounts, if any, due the Member hereunder. Termination of membership shall not affect the rights of the former Member or his Beneficiary to receive benefits due to or in respect of the former Member under these Rules.

##### Section 3 - Re-employed Former Employee

A former employee who is re-employed shall be eligible to participate in the Plan on the day on which he attains permanent and regular status after he is rehired. Continuous Service shall be counted from date of such re-employment or earlier at the discretion of the Company.

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ARTICLE IV

BENEFICIARY

Section 1 - Nomination of Beneficiaries

A member shall, upon joining the Plan, forthwith nominate in writing, in such forms as shall be prescribed by the Company, a person or persons, not otherwise disqualified by law, who will receive the benefit in case of his death or inability by reason of physical or mental incapacity to receive in person any sum due him under the Plan. Nomination must be made in accordance with existing laws.

If two or more beneficiaries are named, and if the Member did not state their respective interests, they shall share equally.

Section 2 - Change of Beneficiary

Every nomination or appointment shall remain in force until the death of the nominee or appointee or until revoked or amended by the Employee by delivering to the Company another nomination or appointment in the prescribed form.

In the event of death of his designated Beneficiary, an Employee shall nominate or appoint another person in the place of the deceased Beneficiary.

Section 3 - Incompetence of or Failure to Nominate Beneficiary

If upon death of a Member there shall exist no valid nomination by him of a Beneficiary, or if the Beneficiary nominated has predeceased him or is incompetent, he shall be conclusively presumed to have appointed as his Beneficiary the person or persons in the first of the following classes, then surviving, and if more than one in such class in equal shares:

1. Spouse
2. Legitimate children
3. Parents
4. Legitimate brothers and sisters of the full blood
5. Member's estate

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ARTICLE V

RETIREMENT DATES

Section 1 - Normal Retirement Date

The normal retirement date shall be the last day of the month coinciding with the Member's 60th birthday.

The frequency and timing of the valuation of the Fund shall be determined by the Company.

Section 2 - Late Retirement Date

A member may continue in the service of the Company beyond his normal retirement date subject to the Company's approval and on a yearly extension basis, but in no case beyond his 65th birthday.

Section 3 - General

The provisions of these Rules shall in no way limit the freedom of the Company to prescribe the normal or late retirement date for any Employee or class of Employees.

ARTICLE VI

RETIREMENT FUND

Section 1 - Funding

This fund shall be non-contributory and the Company shall contribute to the fund according to the results of the valuation conducted by the Actuary.

The frequency and timing of the valuation of the Fund shall be determined by the Company.

Section 2 - Irrevocability of Trust

All contributions made by the company to the Retirement Fund shall be held, solely and exclusively, for the benefits of the Members of their beneficiaries and no part of the fund shall be used for, or diverted to purposes other than for the exclusive benefits of such Members or

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their Beneficiaries and will not revert to the Company, except as provided by Article X.

## ARTICLE VII

### RETIREMENT BENEFITS

#### Section 1 - Normal Retirement Benefits

Upon normal retirement, a Member will receive a lump-sum benefit equal to 100% of the Member's final monthly basic salary on date of retirement multiplied by his credited years of service.

#### Section 2 - Optional Retirement Benefit

Upon optional retirement from employment prior to the normal retirement date, a Member will receive a benefit equal to a percentage of accrued retirement benefit as of the date of retirement in accordance with the following schedule:

<u>Years of Continuous Service</u>	<u>% of Accrued Retirement Benefit as of Date of Retirement</u>
Less than 10	0
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
At least 20	100

#### Section 3 - Late Retirement Benefit

Upon the late retirement, a Member will receive an amount computed in accordance with the Normal Retirement Benefit formula of Section 1 of this Article.

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**Section 4 - Death Benefit**

If a Member dies before retirement, his duly designated Beneficiary or Beneficiaries shall be entitled to receive an amount in accordance with the Optional Retirement Benefit formula of Section 2 of this Article.

**Section 5 - Total and Permanent Disability Benefit**

In the event of total and permanent disability, as determined by a Company appointed physician, a member shall be entitled to receive an amount to be computed in accordance with the Optional Retirement Benefit formula on Section 2 of this Article. However, such benefits shall in no case be lower than those provided by the then prevailing provisions of law.

**Section 6 - Involuntary Separation Benefit**

A member terminated involuntarily for reasons beyond his control, (except for just cause) including but not limited to retrenchment or redundancy, is entitled to receive the greater of:

- (a) The applicable minimum benefit prescribed by law on involuntary separation; and
- (b) The benefit computed in accordance with Article VII Section 2 of this Plan.

Such benefit will be in lieu of and is in full satisfaction of all termination benefits, which the Employee may be entitled to under the labor laws of the Republic of the Philippines.

**Section 7 - Dismissal for Cause**

Notwithstanding any of the above provisions, in the event that a Member shall be dismissed for a cause by the Company pursuant to Article 283 of the Labor Code of the Republic of the Philippines, as amended, or any similar legislation, the Member shall not be entitled to any benefit under this Plan.

**Section 8 - Availment of Benefits**

Availment of Benefits under Section 1 to 7 of this Article shall be exclusive and shall disqualify the Employee from any other benefits

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M. Hilario Pulang

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under this Plan.

**Section 9 - Forfeiture of Benefits**

All amounts representing forfeitures of Plan credits from any source, including those arising from termination of employment, shall remain in the fund and shall be used to reduce future Company contributions. No such amount shall be applied to increase the benefits of any Member beyond what he would otherwise receive, pursuant to these Rules.

**ARTICLE VIII**

**ADMINISTRATION OF THE PLAN**

**Section 1 - Appointment of Trustees**

The general administration of the Plan and responsibility for carrying out the provisions hereof shall reside in the Trustees who shall be appointed by the Company. The company will enter into a Trust Agreement with the Trustees, where under the Trustees will receive, invest and administer all monies in a Trust Fund under this Plan.

**Section 2 - Powers and Duties of the Trustees**

Subject always to these Rules and the Trust Agreement, the Trustees shall have among others the following powers and duties:

- a. To hold, invest, and re-invest the Fund in such assets and investments as it, in the exercise of due discretion, shall think is necessary within its mandate;
- b. Settle all questions involving interpretation of the provisions of the Plan and questions of entitlement to benefits;
- c. Perform such other acts of administration, necessary or desirable, to implement the provisions and objectives of the Plan.

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ARTICLE IX

**ACTUARIAL AND OTHER PROFESSIONAL ADVISORS**

The Company shall consult with or hire an independent Actuary who shall perform the actuarial valuation and other services necessary to maintain the Plan in an actuarially sound condition.

The Company may also consult with independent auditors and lawyers to perform all necessary and related services in connection with the operation of the Plan.

ARTICLE X

**AMENDMENT AND TERMINATION OF THE PLAN**

**Section 1 - Plan Amendment or Termination**

Although it is expected that the Plan will continue indefinitely, it may be amended or terminated at any time for any reason by the Company. No such action, however, shall operate to permit any part of the assets of the Plan to be used for or diverted to purposes other than for the exclusive benefit of the Members, nor shall such action affect adversely in any way, the rights and benefits theretofore acquired by the Members.

Upon the termination of the Plan, and after satisfaction of all outstanding Fund expenses, taxes, duties, fees and charges incidental to the administration management and termination of the Plan, the right of each Member to the fund accumulated to the date of such termination or discontinuance, shall be vested to the Members. Any funds remaining after the payment of the Members vested benefits shall revert to the Company.

**Section 2 - Payment of Benefits on Plan Termination**

In the event of termination of the Plan, the Trustee shall pay all obligations of the Fund, then outstanding and thereafter, distributes the balance of the fund in the following order:

- a. First, all terminated (including by death) Participants who or whose beneficiaries have not receive the full amount of their benefits at the date of termination shall be paid the

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outstanding balance of such benefits to the extent then funded; pro-rata if the Fund is not sufficient.

- b. Any Funds remaining, Second, those Participants eligible to retire under normal and late retirement shall receive the value of their accrued benefits to the extent then funded; pro-rata if the Fund is not sufficient.
- c. Any Funds remaining, Third, those Participants eligible to retire under early retirement shall receive the value of their accrued benefits to the extent then funded; pro-rata if the Fund is not sufficient.
- d. Any Funds remaining, Fourth, those Participants still in active service shall receive the value of their accrued benefits under optional retirement benefits to the extent then funded, pro-rata if the Fund is not sufficient.
- e. Any balance remaining, Fifth, whatever balance remains after satisfying the above payments shall revert to the Company after securing the necessary approval from the Bureau of Internal revenue.

#### ARTICLE XI

##### NON-REVERSION OF FUND

The Company shall have no right, title or interest whatsoever in the contributions made by it to the Fund and no part of the Fund shall revert to the Company except that which may remain after satisfaction of all liabilities of the Plan, as a result of overpayment made by the Company.

#### ARTICLE XII

##### EFFECT OF SOCIAL LEGISLATION

##### Section 1 - Social Security and Workmen's Compensation

Whatever benefits may be due to the Member on account of the Social Security and Workmen's Compensation Act existing as of the Effective Date of the Plan shall not be deducted from the benefits granted under this Plan.

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**Section 2 - Other Laws, Contracts Government Awards, Rules and Regulations**

The benefits provided for by this Plan shall, at the discretion of the Company, be reduced by, or be used to reduce or offset the amount of all other benefits, emoluments, contributions or other payments that the Company may be required to pay to any person arising out of the termination of employment of a Member for any reason (including death), by virtue of any present or future contracts or legislation or lawful order of competent authority.

**ARTICLE XIII**

**MISCELLANEOUS PROVISIONS**

**Section 1 - Inalienability of Benefits**

The benefits under the Plan are intended exclusively for the Members and their beneficiaries.

No benefits payable to or in respect of a Member under the provisions hereof, shall be subject in any manner to anticipation, alienation, transfer, assignment, pledge or encumbrance; nor shall any such benefits be in any manner liable for or subject to the debts or liabilities of the Member except as may specifically be provided by Law.

**Section 2 - Rights of Members**

Nothing herein contained shall be deemed to give any Member the right to be retained in the service of the Company or to interfere with the rights of the Company to discharge such Members at any time, nor shall it be deemed to give the Company the right to require the Member to remain in its service, or shall it interfere with the Member's right to terminate his service at anytime.

**Section 3 - Fluctuations in Currency**

Article 1250 of the Civil Code of the Philippines, which provides that in case of an extraordinary inflation or deflation of the currency, the value of the currency at the time of the establishment of the obligation shall be the basis of payment, or any amendment thereto or re-enactment thereof in the same or substantially similar terms, shall

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not apply to any of the payments made or to be made under the provisions of this Plan.

**Section 4 - Currency of Benefits and Contributions**

All benefits and contributions shall be computed in terms of Philippine Peso.

**Section 5 - Proof of Age and Other Data**

Proof of age and other data, when required must be established by evidence satisfactory to the Company. The Company's record as to Continuous Service and compensation may be accepted by the Trustees for Plan purposes.

**Section 6 - Information to be Furnished**

The Member shall furnish other information, which the Company may reasonably require. If any relevant fact determining the amount or date of any benefit hereunder, shall have been misstated, no greater amount of the benefit shall be payable than would have been provided on the basis of the correct information.

**Section 7 - Notice of Members**

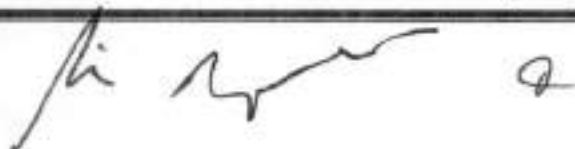
Notice of this Plan and of any amendments thereto and evidence of participation shall be given by the Company to the Members in such forms as may be deemed appropriate.

**Section 8 - Recoupment of Direct Payment by Company**

In the event that the Company makes a payment from its own funds of any benefit or part thereof to or in respect of a Member under these Rules, or in the event that the Company makes any other payment from its own funds of any other amount properly chargeable under these Rules of the Trust Agreement to the Fund then the Company, shall be entitled to be reimbursed for such payment from the Fund.

**Section 9 - Transfer of Benefits To or From Plan**

- a) In the event that the Company approving the acceptance by the Trustees of a transfer payment from a Member's previous retirement scheme from an affiliate of the Company, the





Member shall be granted benefits under the Plan in respect of the transfer payment. Such benefits shall be determined by the Company on the advice of the Actuarial Advisor and certified in writing by the Company.

- b) In the event of an Employee ceasing to be a Member and becoming a member of another suitably approved retirement scheme of an affiliate of the Company, at the request of the Member with the consent of the Company, the Trustees may make a transfer payment to such other retirement scheme in lieu of granting the Members the benefits under the Plan. The amount of such payment will be determined by the Company on the advice of the Actuarial Adviser.

### **Section 10 - Plan Qualification**

The Rules have been designed to meet requirements of tax law and Bureau of Internal Revenue regulations for a tax-qualified retirement plan. The Company reserves the right to amend any provisions of the plan in order that the plan shall maintain its tax-qualified status in accordance with present and future BIR regulations or otherwise to secure the most favorable tax treatment of contributions to, benefits from, and income of the Fund.

In case the benefits payable under the Plan are subject to tax, the Trustees shall, if required by the relevant legislation or regulations deduct from the benefits the corresponding withholding tax.

### **Section 11 - Integration with Statutory Benefits**

If a Member or of his beneficiary shall have received or be entitled to receive, any benefits to the extent and in the manner now or thereafter provided by law in connection with retirement, disability, death or termination of employment of such Member, the Company shall have the right to apply the benefits paid under this Plan for the satisfaction of such statutory benefits.

### **Section 12 - Applicable Laws**

The laws of the Republic of the Philippines shall govern in resolving any questions under the Plan.

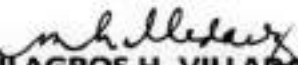
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**Section 13 - Superseding of Any or All Existing Retirement Plans**

This Plan shall supersede any or all retirement plans sponsored by the Company for its Employees in effect as of the Effective Date of the Plan.

Recommending Approval:

  
**MILAGROS H. VILLADAREZ**  
AVP – HUMAN RESOURCES

  
**MICHELLE L. AMBAGAN**  
SVP AND CFO

  
**ENRIQUE R. ALBERTO**  
EVP AND COO

  
**YOLANDA M. BAUTISTA**  
Group CFO

  
**JOSEPH AGUSTIN L. TANCO**  
PRESIDENT AND CEO

Approved by:  
**BOARD OF DIRECTORS**

  
**MONICO V. JACOB**  
CHAIRMAN

  
**ATTY. ARSENIO C. CABRERA, JR.**  
CORPORATE SECRETARY