

## FREQUENTLY ASKED QUESTIONS

# PERA

Personal Equity and Retirement Account

*As of 31 July 2021*



# What is PERA?

Personal Equity and Retirement Account or PERA is a voluntary retirement saving program that supplements the existing retirement benefits from Social Security System, Government Service Insurance System and employers.

This is a powerful tool for ensuring financial security upon retirement and promoting a comfortable life during sunset years.

*\*Republic Act No. 9505 otherwise known as the "Personal Equity and Retirement Account (PERA) Act of 2008", is the Philippine version of similar laws covering retirement savings vehicles common in more advanced countries.*

## Who is eligible to open a PERA?

**Any person with the capacity to contract and have a Tax Identification Number (TIN) can be a PERA Contributor.**



# Why should I be interested in a PERA?

Retirement planning at an early age facilitates better decision-making for your career, families, and loved ones as there is an assurance of financial security when you retire.



# Advantages of PERA



01

## 5% income tax credit on the actual PERA contribution

The tax credit can be used to pay your income tax liabilities.

For Overseas Filipinos, the 5% tax credit can be claimed against any internal revenue tax liabilities in the Philippines.

02

All income earned from the investments and reinvestments of the maximum amount allowed is exempted from taxes on investment income

03

PERA assets shall not be considered your assets for purpose of insolvency and estate taxes.

*\*These incentives are limited to your actual PERA contribution not exceeding the annual maximum contribution.*



## How much can I contribute to a PERA?

The maximum aggregate annual contribution is ₱100,000 except for Overseas Filipinos who can contribute up to ₱200,000 annually.

For married individuals, each spouse can contribute up to ₱100,000 each.



# Who are the parties to a PERA aside from the "Contributor"?

## ADMINISTRATOR

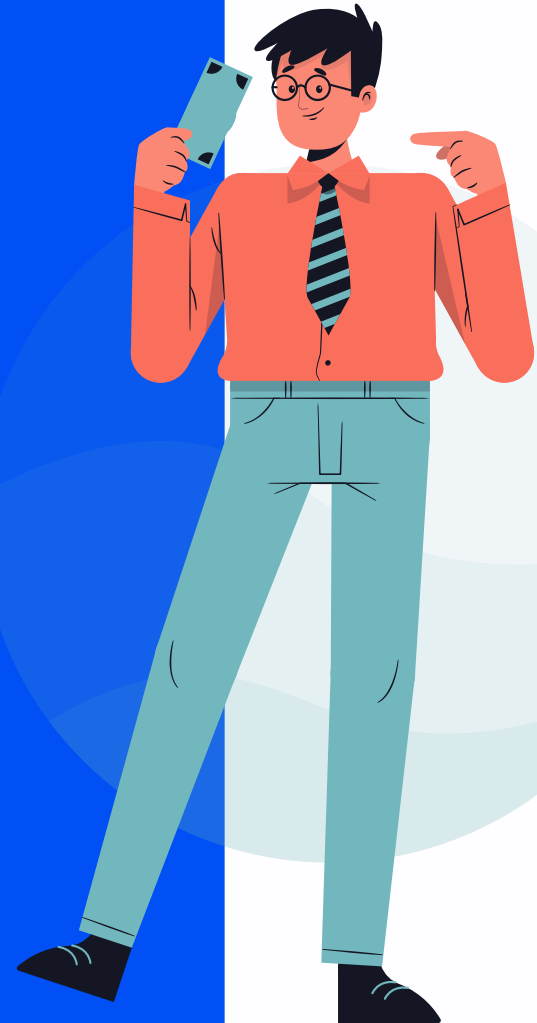
- Administers and oversees the PERA of the Contributor.
- Presents available PERA products in the market and determines if the Contributor's investment choices are consistent with his/her risk profile.
- Provides regular updates on the status of the account/s.
- The Administrator can be a bank, stand alone trust corporation, an insurance company, or a securities broker.

- The Administrator is pre-qualified by a Regulatory Authority which can either be Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC) or Insurance Commission (IC), and accredited by the Bureau of Internal Revenue (BIR).
- The BSP, SEC, or IC can also prequalify its other supervised entities to become PERA Administrators if it determines that they are eligible to act as PERA Administrator.



## CUSTODIAN

- A third-party Custodian is a separate and unrelated entity to the Administrator. Your Administrator shall advise you who the BSP-accredited third party PERA Custodians are. The Custodian is required to report to the Contributor, the Administrator, and the concerned Regulatory Authority at regular intervals all financial transactions and all documents in its custody under a PERA.
- Another option is the PERA self-custody arrangement. Under this arrangement, the Contributor acts as the custodian of his/her own uninvested PERA funds and income thereof as well as the PERA investments. Any movement of cash or investments under a self-custody arrangement shall be coursed through the Administrator





## INVESTMENT MANAGER

- May be optionally engaged by the Contributor to make investment decisions for his PERA.
- An Investment Manager is an entity accredited by the concerned Regulatory Authority to invest on behalf of the Contributor.
- Your PERA Investment Manager, should you choose to have one, is not allowed to recommend or sell to you its own investment products or that of its subsidiaries or affiliates.



# Investment Products Available for PERA

1. Unit of UITF
2. Shares of stock of mutual funds
3. Annuity contract
4. Insurance pension product
5. Pre-need pension plan
6. Share of stock or other security listed and traded in a local exchange
7. Exchange-traded bond
8. Government securities
9. Any other category of investment product or outlet which the concerned Regulatory Authority may allow for PERA purposes, provided that the product must be non-speculative, readily marketable, and with track record of regular income payments to investors

*These investment products must be duly approved/considered eligible by the concerned Regulatory Authority in order to be entitled to the above-mentioned tax incentives.*

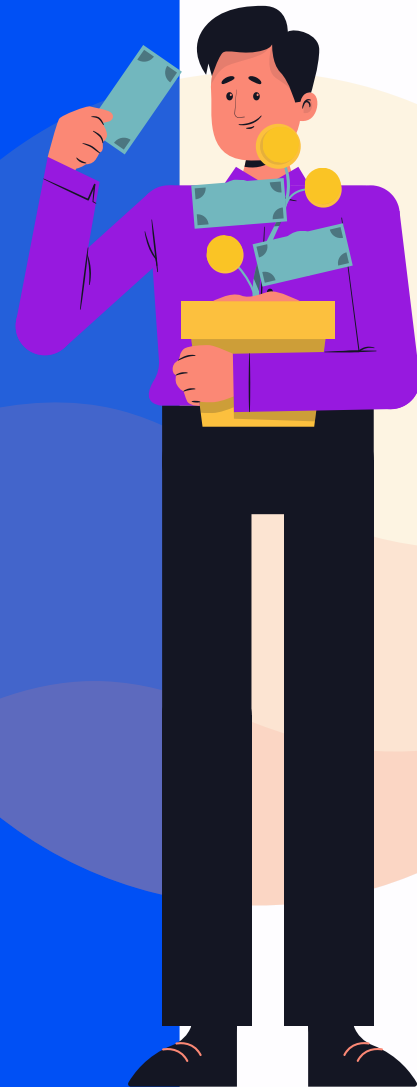


# How do I start investing in PERA?

Look for an Administrator who will open, administer and oversee your account. You may have a maximum of five (5) PERA, provided that you shall designate only one (1) Administrator for all accounts and that each account shall be confined to one (1) investment product category.

Once the Administrator is appointed, you have the option to either appoint a third-party custodian or to be the custodian of your own PERA funds.

The choice of investment product is up to you. However, if you are unsure of which investment products to invest in, you may hire an Investment Manager.



# Procedures in opening a PERA

**Account opening process are done online wherein:**

01

You will be asked to identify your investment objectives and your risk tolerance through a Client Suitability Assessment (CSA).

02

You will be provided with a Pre-Acceptance and General Risk Disclosure Statement that contains provisions on the general risks associated with each category of PERA Investment Product and cautionary statement on the aforementioned risks.

03

You will be informed of the investment options/ products according to their category and your risk profile classification.

# PERA can also be opened by the spouse/child of a married overseas Filipino.

Visit the websites of Digital PERA Platform Provider and PERA Administrators to know the account opening requirements and other PERA related documents:

## Digital Platform Provider

Seedbox (<https://pera.seedbox.ph>)

## PERA Administrators

ATRAM (<https://www.atram.com.ph>)

BDO (<https://www.bdo.com.ph/PERA/requirements>)

BPI (<https://www.bpiassetmanagement.com/pages/pera-personal-equity--retirement-account/>)



# What are the fees and charges involved?

The fees and charges for your PERA are administration fees and custodial fees.\*

Investment management fees shall also be charged if you appointed an Investment Manager.

*\*Custodial fee is applicable for third-party custodian arrangement*



# When am I allowed to withdraw my PERA contributions?



PERA contributions can be withdrawn or distributed, and be exempted from income or estate taxes, if applicable, under the following circumstances:



**Upon reaching the age of 55 and having made qualified contributions for at least 5 years (55 and 5 rule). This may be made either in lump sum or monthly pension**



**Upon death, irrespective of age or contributions made**

# **Can I withdraw my PERA contributions without complying with the 55 and 5 rule?**

**Yes, but subject to early withdrawal penalties. Early withdrawal penalties means all taxes waived in the Contributor's favor shall be repaid to the BIR.**

## **Are there exemptions from the early withdrawal penalties?**

No withdrawal penalties shall be imposed under any of the following circumstances:

- **Accident or illness-related hospitalization in excess of 30 days**
- **Permanent total disability**
- **Immediate transfer of proceeds to another PERA investment product and/or another Administrator within 15 calendar days from withdrawal.**

# Contact Information

For inquiries on PERA, email:



[peratwg@bsp.gov.ph](mailto:peratwg@bsp.gov.ph)

[bspmail@bsp.gov.ph](mailto:bspmail@bsp.gov.ph)

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For complaints, you can reach the BSP via the following:



## Webchat

[www.bsp.gov.ph](http://www.bsp.gov.ph)

## Messenger

[fb.com/BangkoSentralngPilipinas](https://fb.com/BangkoSentralngPilipinas)

## Talk-to-BSP SMS

Text details to 21582277

\*Data and SMS fees apply

## CONSUMER PROTECTION AND MARKET CONDUCT OFFICE

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Ground Floor Multi-Storey Building, BSP Complex

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