

April 28, 2011

FERNANDO FAJARDO

Cebu Daily News
CDN Building
North Reclamation Area, Cebu City
Philippines 6000

Dear Mr. Fajardo,

This refers to your article published on Cebu Daily News last April 27, 2011 entitled "Hello, PRA."

We thank you for giving this present leadership the opportunity to be heard.

It's true that the interest rate on retiree's deposit is relatively low. Nevertheless, we wish to clarify that granting of the same rate is dictated by market forces. Neither the Philippine Government nor the B.S.P. could intervene on behalf of the retirees.

On the issue of investment, we would like to emphasize that our policy is not to restrict retirees on their choice of investment areas but to afford them protection being one of our contractual obligations.

The policy requiring the presentation of T-C-T as a condition precedent before a retiree is permitted to lease a parcel of land is valid. Basic is the rule that every lease of real estate should be recorded in the Register of Deeds for the instrument to be valid and binding. Entering into a lease agreement on a property without the TCT exposes the retiree to future loss.

We would like to reassure our retirees and applicants that with the introduction of the new "product mix" i.e. Smile, Human Touch, etc. PRA is not departing from its old scheme now labeled as "Classics". We shall continue to implement the existing SRRV program with certain modifications.

Lastly, rest assured there is no malice in our requirements. The visa deposit of USD10,000-USD50,000 is for the retiree's end-of-term obligations (hospitalization, cremation, burial, repatriation and the like), so that neither the Philippine government nor his home country embassy will be financially burdened. In case, he wants to test if his visa deposit is intact e.g. thru withdrawal, hopefully not demise, we will return his visa deposit. As for the so-called USD500 fee per annum in case he withdraws, there is no legal and intelligent basis why PRA would want to do this.

It is hoped that this clarifies the issues you raised for the information of the reading public. Thank you for your time.

Very truly yours,

Sgd. VEREDIGNO P. ATIENZA
General Manager