

Republic of the Philippines  
HOUSE OF THE REPRESENTATIVES  
Quezon City

EIGHTEENTH CONGRESS  
First Regular Session

HOUSE BILL No. 1551



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Introduced by REPRESENTATIVES ALFREDO A. GARBIN, Jr. and  
ELIZALDY S. CO

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**AN ACT MANDATING A TWO-THOUSAND PESO (P2,000.00) ACROSS-THE-BOARD INCREASE IN THE MONTHLY PENSION OF SSS MEMBER-PENSIONERS AND RATIONALIZING THE POWERS, DUTIES AND ACCOUNTABILITIES OF THE SOCIAL SECURITY COMMISSION (SSC), FURTHER AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED BY REPUBLIC ACT NO. 8282, OTHERWISE KNOWN AS THE SOCIAL SECURITY ACT OF 1997**

#### **EXPLANATORY NOTE**

This bill seeks the payment of Php2,000.00 across-the-board increase in the monthly pension of around 2.15 million current and future SSS pensioners.

This is a recalibrated version of HB 5842 passed in the 16<sup>th</sup> Congress but vetoed by then Pres. Aquino III mainly because of his perceived threat to the SSS Fund and its Investment Reserve Fund.

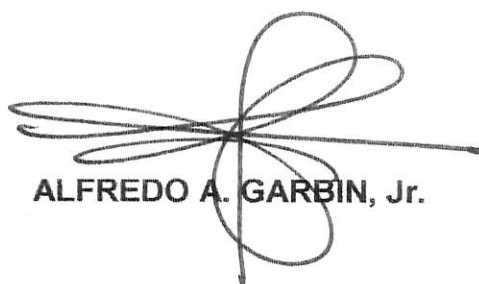
This measure will address the need for an across-the-board increase in the pension of 2.15 million SSS pensioners without jeopardizing the welfare of the other 34 million SSS contributing members. The proposal is to pay the P2,000 ATBP increase in tranches of P500.00 per year to mitigate the impact on the actuarial soundness of the SS Fund.

This bill further seeks to rationalize the powers, duties and accountabilities of the Social Security Commission (SSC) in order to equip the SSS with the necessary tools to respond to challenges providing the SSC the authority to condone penalties on delinquent contributions, to determine the monthly salary credits, the schedule and rate of contributions, benefit increases and the rate of penalty on delinquent contributions and unpaid loan amortizations. With the granting of power to the SSC to condone penalty, this measure provides a strong incentive for those that have been in arrears in the payment of their employees' contributions to immediately settle what is due and

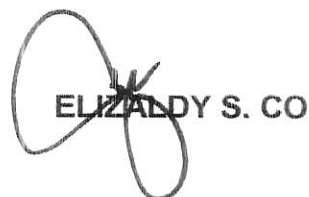
overdue, minus the huge burden of dealing with the delinquency penalties. More importantly, this is beneficial to the privately employed workers comprising SSS' general membership, the self-employed individuals, financially distressed companies, small and medium businesses, other social enterprises, the contributing members of the informal sector, the farmers and the fisherfolks, the kasambahays and their household employers. They will be able to avail of the privileges of SSS members of good standing, full benefits and loans, which would otherwise not be available with unsettled delinquent payments.

Based on the foregoing, therefore, the proposed SSS Charter Amendments are being put forward for the cause of the 34 million SSS members here and around the world. These reforms were never conceived to be a panacea, but rather a movement towards strengthening this institution.

It is in this context that the early passage of this bill is earnestly sought.



ALFREDO A. GARBIN, Jr.



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*Be it enacted by the Senate/House of Representatives of the Philippine in Congress assembled:*

**SECTION 1.** ANY LAW TO THE CONTRARY NOTWITHSTANDING, A TWO-THOUSAND PESO (P2,000.00) ACROSS-THE-BOARD INCREASE IN THE MONTHLY PENSION OF CURRENT AND FUTURE SSS PENSIONERS SHALL BE IMPLEMENTED BY THE SOCIAL SECURITY COMMISSION IN TRANCHES OF P500.00 PER YEAR STARTING 1 JANUARY 2017 AND EVERY JANUARY 1 OF THE SUCCEEDING YEAR UP TO YEAR 2020, AS FOLLOWS:

FIRST YEAR OF IMPLEMENTATION: – EXISTING PENSIONERS SHALL BE PAID P500.00 IN ADDITION TO THE PENSION THEY ARE CURRENTLY RECEIVING WHILE NEW PENSIONERS SHALL BE PAID P500.00 IN ADDITION TO THE PENSION THEY ARE ENTITLED TO AS DETERMINED IN ACCORDANCE WITH SECTION 12 OF THE SS LAW.

SECOND YEAR OF IMPLEMENTATION: EXISTING PENSIONERS SHALL BE PAID P500.00 IN ADDITION TO THE PENSION THEY ARE CURRENTLY RECEIVING WHILE NEW PENSIONERS SHALL BE PAID P1,000.00 IN ADDITION TO THE PENSION THEY ARE ENTITLED TO AS DETERMINED IN ACCORDANCE WITH SECTION 12 OF THE SS LAW.

THIRD YEAR OF IMPLEMENTATION: EXISTING PENSIONERS SHALL BE PAID P500.00 IN ADDITION TO THE PENSION THEY ARE CURRENTLY RECEIVING WHILE NEW PENSIONERS SHALL BE PAID P1,500.00 IN ADDITION TO THE PENSION THEY ARE ENTITLED TO AS DETERMINED IN ACCORDANCE WITH SECTION 12 OF THE SS LAW.

FOURTH YEAR OF IMPLEMENTATION: EXISTING PENSIONERS SHALL BE PAID P500.00 IN ADDITION TO THE PENSION THEY ARE CURRENTLY RECEIVING WHILE NEW PENSIONERS SHALL BE PAID P2,000.00 IN ADDITION TO THE PENSION THEY ARE ENTITLED TO AS DETERMINED IN ACCORDANCE WITH SECTION 12 OF THE SS LAW.

FOR SUCCEEDING YEARS THEREAFTER, ALL NEW PENSIONERS SHALL BE PAID P2,000.00 IN ADDITION TO THE PENSION THEY ARE ENTITLED TO IN ACCORDANCE WITH SECTION 12 OF THE SS LAW.



FOR EVERY P500.00 PENSION INCREASE, AS PROVIDED ABOVE, A 1.5% UPWARD ADJUSTMENT IN THE CONTRIBUTION RATE SHALL BE IMPLEMENTED OR A TOTAL OF 6% CONTRIBUTION RATE INCREASE TO COVER THE ENTIRE P2,000.00 PENSION HIKE. THE CONTRIBUTION RATE INCREASE SHALL BE EQUALLY SHARED BY THE EMPLOYER AND THE EMPLOYEE MEMBERS.

THE PENSIONS MAYBE FURTHER INCREASED BY THE SOCIAL SECURITY COMMISSION AFTER THE IMPLEMENTATION OF THE P2,000.00 PENSION INCREASE SUBJECT TO SECTION 4, PARAGRAPH (b) SUB-PARAGRAPH (2) OF THE SS LAW, AS AMENDED.

**SECTION 2.** Section 4, paragraphs (a) and (b) of Republic Act No. 1161, as amended, otherwise known as the "Social Security Law", is hereby further amended to read as follows:

**"SEC. 4. Powers and Duties of the Commission and SSS. – (a) The Commission.** – For the attainment of its main objectives as set forth in Section 2 hereof, the Commission shall have the following powers and duties:

(2) To establish a provident fund for the members which will consist of voluntary contributions of employers and/or employees, self-employed and voluntary members and their earnings, for payment of benefits to such members or their beneficiaries, subject to such rules and regulations as it may promulgate ~~[and approved by the President of the Philippines];~~

(6) To compromise or release, in whole or in part, any interest, penalty or any civil liability to SSS in connection with the investments authorized under Section 26, hereof, under such terms and conditions as it may prescribe ~~[and approved by the President of the Philippines; and]~~

(7) ANY LAW TO THE CONTRARY NOTWITHSTANDING, TO CONDONE, ENTER INTO COMPROMISE OR RELEASE, IN WHOLE OR IN PART, PENALTIES IMPOSED UPON DELINQUENT SOCIAL SECURITY CONTRIBUTIONS REGARDLESS OF THE AMOUNT INVOLVED UNDER SUCH VALID TERMS AND CONDITIONS IT MAY PRESCRIBE WHEN THE FINANCIAL POSITION OF THE EMPLOYER DEMONSTRATES A CLEAR INABILITY TO PAY THE ASSESSED DELINQUENCY.

THE COMMISSION SHALL SUBMIT TO BOTH THE SENATE AND HOUSE OF REPRESENTATIVES OF THE PHILIPPINES AN ANNUAL REPORT ON THE EXERCISE OF THE POWERS UNDER THIS PROVISION, STATING THEREIN THE FOLLOWING FACTS AND INFORMATION, AMONG OTHERS: NAMES AND ADDRESSES OF EMPLOYERS WHOSE PENALTY DELINQUENCIES HAVE BEEN THE SUBJECT OF COMPROMISE OR CONDONATION; AMOUNT INVOLVED; AMOUNT COMPROMISED OR CONDONED; AND THE JUSTIFICATIONS THEREON TO DETERMINE THAT SAID POWERS ARE REASONABLY EXERCISED AND THAT THE SSS IS NOT UNDULY DEPRIVED OF REVENUES;

(8) TO DETERMINE AND FIX FROM TIME TO TIME THROUGH RULES AND REGULATIONS, THE MINIMUM AND MAXIMUM MONTHLY SALARY CREDITS OF MEMBER-EMPLOYEES, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS OF EMPLOYERS AND MEMBER EMPLOYEES, THE RATE OF PENALTY ON DUE BUT UNREMITTED CONTRIBUTIONS OF EMPLOYERS AND MEMBER EMPLOYEES AND UNPAID LOAN AMORTIZATIONS OF ITS MEMBERS TAKING INTO CONSIDERATION ACTUARIAL CALCULATIONS, RATE OF BENEFITS, INFLATION AND OTHER RELEVANT SOCIO-ECONOMIC DATA: PROVIDED THAT IN NO CASE SHALL THE INCREASE IN THE RATE OF CONTRIBUTIONS EXCEED 3% PER YEAR, AND;

~~[(7)]~~ (9) To approve, confirm, pass upon or review any and all actions of the SSS in the proper and necessary exercise of its powers and duties hereinafter enumerated.

(b) **The Social Security System** – Subject to the provision of Section Four (4), paragraph (a), SUB-PARAGRAPH 9 (NINE) [paragraph seven (7)] hereof, the SSS shall have the following powers and duties:

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(2) To require the actuary to submit a valuation report on the SSS benefit program every four (4) years, or more frequently as may be necessary, and to undertake the necessary actuarial studies and calculations concerning increases in benefits taking into account inflation and the financial stability of the SSS and to provide feasible increases in benefits every four (4) years, including the addition of new ones, under such rules and regulations as the Commission may adopt, **SUBJECT TO** **Provided**, That the actuarial soundness of the reserve fund [shall be guaranteed ~~Provided further~~, That such increases in benefits shall not require any increase in the rate of contribution;]

**SECTION 3.** Section 18, paragraph (a) of Republic Act No. 1161, as amended, is hereby deleted and a new paragraph shall be introduced to read as follows:

**“SEC. 18. EMPLOYEE’S CONTRIBUTION.** – BEGINNING AS OF THE LAST DAY OF THE CALENDAR MONTH WHEN AN EMPLOYEE’S COMPULSORY COVERAGE TAKES EFFECT AND EVERY MONTH THEREAFTER DURING HIS EMPLOYMENT, THE EMPLOYER SHALL DEDUCT AND WITHHOLD FROM SUCH EMPLOYEE’S MONTHLY SALARY, WAGE, COMPENSATION OR EARNINGS, THE EMPLOYEE’S CONTRIBUTION IN AN AMOUNT CORRESPONDING TO HIS SALARY, WAGE, COMPENSATION OR EARNINGS DURING THE MONTH IN ACCORDANCE WITH THE MONTHLY SALARY CREDITS, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS AS MAYBE DETERMINED AND FIXED BY THE COMMISSION.

THE MONTHLY SALARY CREDITS, SCHEDULE AND RATE OF CONTRIBUTION SHALL ALSO APPLY TO SELF-EMPLOYED AND VOLUNTARY MEMBERS.

**SECTION 4.** Section 22, paragraph (a) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

**“SEC. 22. Remittance of Contributions.** – (a) The contribution imposed in the preceding section shall be remitted to the SSS within the first ten (10) days of each calendar month following the month for which they are applicable or within such time as the Commission may prescribe. Every employer required to deduct and to remit such contributions shall be liable for their payment and if any contribution is not paid to the SSS as herein prescribed, THE DELINQUENT EMPLOYER [he] shall pay besides the contribution a penalty thereon [of three percent (3%) per month] from the date the contribution falls due until paid. THE RATE OF THE PENALTY ON DELINQUENT CONTRIBUTIONS PER MONTH SHALL BE DETERMINED AND FIXED BY THE COMMISSION THROUGH RULES AND REGULATIONS TAKING INTO CONSIDERATION THE CURRENT INFLATION RATE AND OTHER RELEVANT SOCIO-ECONOMIC DATA. If deemed expedient and advisable by the Commission, the collection and remittance of contributions shall be made quarterly or semi-annually in advance, the contributions payable by the employees to be advanced by their respective employers: **Provided**, That upon separation of an employee, any contribution so paid in advance but not due shall be credited or refunded to his employer.”

**SECTION 5.** Section 26 of Republic Act No. 1161, as amended, are hereby further amended to read as follows:

**“SEC. 26. Investment of Reserve Funds.** – All revenues of the SSS that are not needed to meet the current administrative and operational expenses incidental to the carrying out of this Act shall be accumulated in a fund to be known as the “Reserve Fund”. Such portions of the Reserve Fund as are not needed to meet the current

benefit obligations thereof shall be known as the "Investment Reserve Fund" which the Commission shall manage and invest with the skill, care, prudence and diligence necessary under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would exercise in the conduct of an enterprise of a like character and with similar aims. Pursuant thereto, and in line with the basic principles of safety, good yield and liquidity, the Commission shall invest the funds to earn an annual income not less than the average rates of treasury bills or any acceptable market yield indicator in any of the following UNDER SUCH RULES AND REGULATIONS AS MAY BE PRESCRIBED BY THE COMMISSION: *PROVIDED*, THAT INVESTMENTS SHALL SATISFY THE REQUIREMENTS OF LIQUIDITY, SAFETY/SECURITY AND YIELD IN ORDER TO ENSURE THE ACTUARIAL SOLVENCY OF THE FUNDS OF THE SSS;

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(b) In bonds, securities, promissory notes or other evidence of indebtedness of the Government of the Philippines or any of its agencies or instrumentalities to finance domestic infrastructure projects such as roads, bridges, ports, telecommunications, and other similar projects: *Provided*, That the instrument issued by an agency or instrumentality of the government shall be guaranteed by the Government of the Philippines or any government financial institution or acceptable multilateral agency: *Provided, further*, That the SSS shall have priority over the revenues of the projects: ***Provided, finally***, That such investments shall not exceed thirty percent (30%) of the Investment Reserve Fund; OR IN BONDS, SECURITIES, PROMISSORY NOTES, OTHER EVIDENCE OF INDEBTEDNESS OR EQUITY INVESTMENTS IN PRIVATE SECTOR INFRASTRUCTURE OR DEVELOPMENT PROJECTS NORMALLY FINANCED, CONSTRUCTED, OPERATED AND MAINTAINED BY THE PUBLIC SECTOR BUT WHICH WILL BE WHOLLY OR PARTLY IMPLEMENTED BY THE PRIVATE SECTOR, INCLUDING BUT NOT LIMITED TO, POWER PLANTS, HIGHWAYS, PORTS, AIRPORTS, CANALS, DAMS, HYDROPOWER PROJECTS, WATER SUPPLY, IRRIGATION, TELECOMMUNICATIONS, RAILROADS AND RAILWAYS, TRANSPORT SYSTEMS, TOLLWAYS, LAND RECLAMATION PROJECTS, INDUSTRIAL ESTATES OR TOWNSHIPS, HOUSING, GOVERNMENT BUILDINGS, TOURISM PROJECTS, MARKETS, SLAUGHTERHOUSES, WAREHOUSES, SOLID WASTE MANAGEMENT, INFORMATION TECHNOLOGY NETWORKS AND DATABASE INFRASTRUCTURE, SEWERAGE, DRAINAGE, DREDGING AND OTHER INFRASTRUCTURE AND DEVELOPMENT PROJECTS UNDERTAKEN THROUGH CONTRACTUAL ARRANGEMENTS; *PROVIDED*, FINALLY THAT SUCH INVESTMENTS IN PRIVATE SECTOR INFRASTRUCTURE OR DEVELOPMENT PROJECTS SHALL NOT EXCEED TEN PER CENT (10%) OF THE INVESTMENT RESERVE FUND;

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(e) In bonds, securities, promissory notes or other evidence of indebtedness of shelter agencies of the National government or financial intermediaries to finance housing loans of members; and in long-term direct individual or group housing loans giving priority to the low-income groups, up to a maximum of ninety percent (90%) of the appraised value of the properties to be mortgaged by the borrowers; and

In short and medium term loans to members such as salary, educational, livelihood, marital, calamity and emergency loans: *Provided*, That not more than [~~thirty-five percent (35%)~~] TWENTY (20%) of the Investment Reserve Fund at any time shall be invested for housing purposes: *Provided, further*, That not more than [~~ten~~] TWENTY percent (20%) (~~40%~~) of the Investment Reserve Fund shall be invested in short and medium term loans;

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(g) In real estate property, including shares of stocks involving real estate property, REAL ESTATE INVESTMENT TRUSTS (REITs) and investments secured by first mortgages on real estate or other collaterals acceptable to the SSS: *Provided*, That such projects and investments shall, in the determination of the Commission, redound to the benefit of the SSS, its members, as well as the general public: *Provided, further*, That investment in real estate property, [~~including~~] EXCLUDING shares of LISTED stocks involving real estate property shall not exceed five percent (5%) of the Investment Reserve Fund: ***Provided, finally***, That investments in other income-earning



projects and investments secured by first mortgages or other collaterals shall not exceed twenty-five percent (25%) of the Investment Reserve Fund;

(h) In bonds, debentures, securities, promissory notes or other evidence of indebtedness of any prime corporation or multilateral institution to finance domestic projects: *Provided*, That the issuing or assuming entity or its predecessors shall not have defaulted in the payment of interest or any of its securities and that during each of any three (3) including the last two (2) of the five (5) fiscal years next preceding the date of acquisition by the SSS of such bonds, debentures or other evidence of indebtedness, the net earnings of the issuing or assuming institution available for its fixed charges, as defined in this Act, shall have been not less than one and one-quarter times the total of its fixed charges for such year: *Provided, further*, That such investments shall not exceed FORTY percent (40%) (30%) of the Investment Reserve Fund;

(i) In preferred or common shares of stocks listed or ~~[about]~~ to be listed in the stock exchange or options or warrants to such stocks ~~[or]~~. ALSO, subject to prior approval of the Bangko Sentral ng Pilipinas, in such other risk management instruments of any prime or solvent corporation or financial institution created or existing under the laws of the Philippines with proven track record of profitability over the last three (3) years and payment of dividends at least once over the same period. *Provided*, That such investments shall not exceed FORTY percent (40%) (30%) of the Investment Reserve Fund;

(j) In domestic ~~or~~ ~~foreign~~ ~~[mutual—funds]~~ COLLECTIVE INVESTMENT SCHEMES IN THE FORM OF UNIT INVESTMENT TRUST FUNDS (UITFS) OR MUTUAL FUNDS SUCH AS AMONG OTHERS PRIVATE EQUITY FUNDS, HEDGE FUNDS, EXCHANGE TRADED FUNDS (ETFs), FEEDER FUNDS AND FUND OF FUNDS in existence for at least three (3) years: *Provided*, That such investments shall not exceed ~~[seven and half percent]~~ TWENTY (20%) (7.5%) of the Investment Reserve Fund: *Provided further*, That investments in foreign mutual funds shall not exceed ~~[one]~~ TWO AND A HALF percent (2.5%) (4%) of the Investment Reserve Fund in the first year which shall be increased by ~~[one]~~ TWO AND A HALF percent (2.5%) (4%) for each succeeding year, but in no case shall it exceed ~~(seven and one-half)~~ TWENTY percent (20%) (7.5%) of the Investment Reserve Fund;

(k) In foreign currency deposits or ~~[triple—“A”]~~ INVESTMENT-GRADE RATED foreign currency-denominated debts, prime and non-speculative equities, and other Bangko Sentral ng Pilipinas approved financial instruments or other assets issued in accordance with existing laws of the countries where such financial instruments are issued: *Provided*, That these instruments or assets are listed in bourses of the respective countries where these instruments or assets are issued: *Provided, further*, That the issuing company has proven track record of profitability over the last three (3) years and ~~[a record of regular dividend pay-out over the same period]~~ PAYMENT OF DIVIDENDS AT LEAST ONCE OVER THE SAME PERIOD: *Provided, finally*, That such investments shall not exceed ~~[one]~~ TWO AND A HALF percent (2.5%) (4%) of the Investment Reserve Fund in the first year which shall be increased by ~~[one]~~ TWO AND A HALF percent (2.5%) (4%) for each succeeding year, but in no case shall it exceed ~~(seven and one-half)~~ TWENTY percent (20%) (7.5%) of the Investment Reserve Fund;

No portion of the Investment Reserve Fund or income thereof shall accrue to the general fund of the National Government or to any of its agencies or instrumentalities, including government owned or controlled corporations, except as may be allowed under this Act: *Provided*, That no portion of the International Reserve Fund shall be invested for any purpose or in any instrument, institution or industry over and above the prescribed cumulative ceilings as follows:

[40%] 60% in private securities  
[35%] 20% in housing

- 30% in real estate related investments
- [10%] 20% in short and medium-term member loans
- 30% in government financial institutions and corporations
- 30 % in infrastructure projects
- 10% IN PRIVATE INFRASTRUCTURE PROJECTS
- 20% IN COLLECTIVE INVESTMENT SCHEMES
- 15% in any particular industry
- [7.5%] 20% in foreign-currency denominated investments

**SECTION 6. Implementing Rules and Regulations.** The Commission shall promulgate the necessary rules and regulations to implement this Act not later than ninety (90) days after its effectivity.

**SECTION 7. Separability Clause.** If any provision of this Act is declared invalid, the other provisions not affected thereby shall remain valid.

**SECTION 8. Repealing Clause.** All laws, decrees, orders, rules and regulations and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly. Republic Act No. 1161 as amended, is further amended accordingly.

**SECTION 9. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,