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REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

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HOUSE OF REPRESENTATIVES

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Introduced by Representative **VILMA SANTOS-RECTO**
6th District of Batangas

AN ACT

INCREASING PENSIONS UNDER THE SOCIAL SECURITY SYSTEM AND
RATIONALIZING THE POWERS, DUTIES AND ACCOUNTABILITIES OF THE
SOCIAL SECURITY COMMISSION, FURTHER AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE "SOCIAL
SECURITY LAW"

Explanatory Note

In the spirit of social justice, the State is mandated to establish, develop, and promote a suitable, sound and viable social security service that will protect covered employees and their families from the hazards and burden of disability, sickness, old age and death.

As of 2015, there are about 1.9 million pensioners benefiting from the Social Security System (SSS). In accordance with Section 12(b) of R.A. No. 8282, a minimum monthly pension of P1,200.00 shall be provided to those with at least ten (10) creditable years of service and P2,400.00 to those with at least twenty (20) years of creditable years of service. Those who have retired under the previous SSS Law are receiving even smaller amounts of monthly pension.

Considering the escalating cost of living, the meager amount of monthly pension that the SSS pensioners receive is no longer adequate to support even their basic needs. It is an unfortunate reality that the monthly pension from SSS has become insufficient for the monthly food sustenance and maintenance medicines of pensioners who are old and mostly suffering from various medical conditions. Without appropriate and immediate intervention, the SSS would fail in its role to provide basic economic security for the people, curb poverty, provide economic stability, redistribute income and preserve important social and individual values¹.

Consequently, an effective social security protection will depend significantly on a robust financial capacity, extensive membership, and sustainability of benefits vis-à-vis revenues. As such, a sound intervention would include addressing two crucial concerns that adversely affect the SSS fund life and put the future of the social security at risk: one, the SSS Commission's constrained capacity to improve collection rate and efficiency that deprives them of additional funds that could be used for social security protection and investments; and two, the restricted investment options that keeps the Commission from maximizing potential market gains and made them more dependent on membership contributions to extend benefits and services. For this reason, it is prudent to provide the Social Security Commission powers to ensure prudent fiscal management and sound investment strategies to secure the future of the SSS and its 32.5 million members.

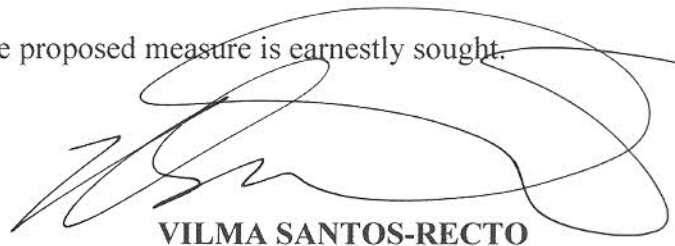
¹ Social Security System. (2004). *Actuarial Study Notes*. Quezon City: Social Security System.

This bill intends to alleviate the worsening situation of SSS pensioners by providing an across-the-board increase in the monthly pension of all SSS pensioners by P2,000.00, regardless of the effectivity of their retirement. It is hoped that this increase in the monthly pension of SSS pensioners will, to some extent, help them support their basic necessities in life.

To fund such undertaking, this bill seeks to empower the Social Security Commission, bolstering its collection capabilities, and improving its revenue generation. It also grants more flexibility by allowing the Commission to formulate and implement measures to improve its collection rate and efficiency by expanding membership coverage and encouraging member compliance. The bill also provides the Commission with a broader menu of investment options to increase its non-contribution revenue. Through these interventions, this bill likewise aims to strengthen the revenue generation capability of the SSS and allow it to provide better services and benefits to its active members and pensioners.

Social security protection is one of the keystones in protecting the right of all the people to human dignity, reduction of social, economic, and political inequalities, and the removal of cultural inequities. As such, it is imperative to ensure that adequate social security protection would be enjoyed by the generations to come.

In view of the foregoing, the swift passage of the proposed measure is earnestly sought.

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VILMA SANTOS-RECTO

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REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE "SOCIAL
SECURITY LAW"

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress
assembled:*

1 **SECTION 1.** Section 4(a) of Republic Act No. 1161, as amended, is hereby further
2 amended to read as follows:

3 "Sec. 4. *Powers and Duties of the Commission and SSS. – (a) The Commission. –*

4 For the attainment of its main objectives as set forth in Section 2 hereof, the Commission
5 shall have the following powers and duties:

6 "x x x

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

12 "x x x

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

17 "x x x

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

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

9 “(8) TO DETERMINE AND FIX FROM TIME TO TIME THROUGH THE ISSUANCE OF
10 RULES AND REGULATIONS, THE MINIMUM AND MAXIMUM MONTHLY SALARY CREDITS
11 OF MEMBER-EMPLOYEES, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS OF
12 EMPLOYERS AND MEMBER EMPLOYEES, THE RATE OF PENALTY ON DUE BUT
13 UNREMITTED CONTRIBUTIONS OF EMPLOYERS AND MEMBER EMPLOYEES AND UNPAID
14 LOAN AMORTIZATIONS OF ITS MEMBERS, TAKING INTO CONSIDERATION ACTUARIAL
15 CALCULATIONS, RATE OF BENEFITS, INFLATION AND OTHER RELEVANT SOCIO-
16 ECONOMIC DATA: *PROVIDED*, THAT THE ADJUSTMENT OF THE MAXIMUM SALARY
17 CREDIT SHALL BE DONE GRADUALLY, TAKING INTO ACCOUNT THE ECONOMIC AND
18 FINANCIAL EXIGENCIES OF ALL STAKEHOLDERS: *PROVIDED, FURTHER*, THAT THE
19 ADJUSTMENT OF THE MONTHLY SALARY CREDIT EXCEEDING THE PREVAILING SALARY
20 OF THE PRESIDENT OF THE PHILIPPINES AND THE MODIFICATION OF THE SCHEDULE
21 AND THE RATE OF CONTRIBUTIONS SHALL BE SUBJECT TO THE APPROVAL OF THE
22 PRESIDENT OF THE PHILIPPINES; AND

23 “[(7)] (9) To approve, confirm, pass upon or review any and all actions of the SSS
24 in the proper and necessary exercise of its powers and duties hereinafter enumerated.”

25 “(b) *The Social Security System* – Subject to the provision of Section [Four (4),
26 paragraph seven (7)] 4, SUBSECTION (a9) hereof, the SSS shall have the following
27 powers and duties:

28 “x x x

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

38 “x x x”

SEC. 2. Section 12 of Republic Act No. 1161, as amended by Republic Act No. 8282, is hereby further amended to read as follows:

“SEC. 12. *Monthly Pension* – (a) The monthly pension shall be the highest of the following amounts:

“(1) The sum of the following:

“(i) Three hundred pesos (P300); plus

“(ii) Twenty percent (20%) of the average monthly salary credit; plus

“(iii) Two percent (2%) of the average monthly salary credit for each credited year of service in excess of ten (10) years; or

“(2) Forty percent (40%) of the average monthly salary credit; or

“(3) One thousand pesos (P1,000.00): Provided:, That the monthly pension shall be in no case be paid for an aggregate amount of less than sixty (60) months.

“(b) Notwithstanding the preceding paragraph, the minimum pension shall be One thousand two hundred pesos (P1,200.00) for members with at least ten (10) credited years of service and Two thousand four hundred pesos (P2,400.00) for those with twenty (20) credited years of service: **PROVIDED, THAT THE MINIMUM MONTHLY PENSION PROVIDED HEREIN SHALL BE INCREASED BY TWO THOUSAND PESOS (P2,000.00): PROVIDED, FURTHER, THAT THE COMMISSION SHALL ALSO INCREASE THE MONTHLY PENSIONS OF ALL OTHER PENSIONERS BY TWO THOUSAND PESOS (P2,000.00); PROVIDED, EVEN FURTHER, THAT THE INCREASE SHALL BE IMPLEMENTED IN TWO EQUALLY-DIVIDED TRANCHES, WITH THE FIRST TRANCHE TO BE GIVEN IMMEDIATELY UPON THE EFFECTIVITY OF THIS ACT, AND THE SECOND TRANCHE TO BE PROVIDED NOT LATER THAN THREE YEARS THEREAFTER: PROVIDED, FINALLY, THAT THE COMMISSION, UPON DETERMINATION OF ACTUARIAL SOUNDNESS, MAY PROVIDE A HIGHER PENSION INCREASE THAN THE AMOUNTS PROVIDED HEREIN.**

SEC. 3. Section 18(a) of the 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 following schedule:

Range of Compensation	Monthly Salary Credit	Employer – Employee							SE/VM/OFW	
		Social Security		EC		Total Contribution		Total	Contribution	Total
		ER	EE	Total	ER	ER	EE			
1,000 – 1,249.99	1,000	73.70	36.30	110	10	83.70	36.30	120		110
1,250 – 1,749.99	1,500	110.50	54.50	165	10	120.50	54.50	175		165
1,750 – 2,249.99	2,000	147.30	72.70	220	10	157.30	72.70	230		220

1	2,250 – 2,749.99	2,500	184.20	90.80	275	10	194.20	90.80	285	275
2	2,750 – 3,249.99	3,000	221.00	109.00	330	10	231.00	109.00	340	330
3	3,250 – 3,749.99	3,500	257.80	127.20	385	10	267.80	127.20	395	385
4	3,750 – 4,249.99	4,000	294.70	145.30	440	10	304.70	145.30	450	440
5	4,250 – 4,749.99	4,500	331.50	163.50	495	10	341.50	163.50	505	495
6	4,750 – 5,249.99	5,000	368.30	181.70	550	10	378.30	181.70	560	550
7	5,250 – 5,749.99	5,500	405.20	199.80	605	10	415.20	199.80	615	605
8	5,750 – 6,249.99	6,000	442.00	218.00	660	10	452.00	218.00	670	660
9	6,250 – 6,749.99	6,500	478.80	236.20	715	10	488.80	236.20	725	715
10	6,750 – 7,249.99	7,000	515.70	254.30	770	10	525.70	254.30	780	770
11	7,250 – 7,749.99	7,500	552.50	272.50	825	10	562.50	272.50	835	825
12	7,750 – 8,249.99	8,000	589.30	290.70	880	10	599.30	290.70	890	880
13	8,250 – 8,749.99	8,500	626.20	308.80	935	10	636.20	308.80	945	935
14	8,750 – 9,249.99	9,000	663.00	327.00	990	10	673.00	327.00	1,000	990
15	9,250 – 9,749.99	9,500	699.80	345.20	1,045	10	709.80	345.20	1,055	1,045
16	9,750 – 10,249.99	10,000	736.70	363.30	1,100	10	746.70	363.30	1,110	1,100
17	10,250 – 10,749.99	10,500	773.50	381.50	1,155	10	783.50	381.50	1,165	1,155
18	10,750 – 11,249.99	11,000	810.30	399.70	1,210	10	820.30	399.70	1,220	1,210
19	11,250 – 11,749.99	11,500	847.20	417.80	1,265	10	857.20	417.80	1,275	1,265
20	11,750 – 12,249.99	12,000	884.00	436.00	1,320	10	894.00	436.00	1,330	1,320
21	12,250 – 12,749.99	12,500	920.80	454.20	1,375	10	930.80	454.20	1,385	1,375
22	12,750 – 13,249.99	13,000	957.70	472.30	1,430	10	967.70	472.30	1,440	1,430
23	13,250 – 13,749.99	13,500	994.50	490.50	1,485	10	1,004.50	490.50	1,495	1,485
24	13,750 – 14,249.99	14,000	1,031.30	508.70	1,540	10	1,041.30	508.70	1,550	1,540
25	14,250 – 14,749.99	14,500	1,068.20	526.80	1,595	10	1,078.20	526.80	1,605	1,595
26	14,750 – 15,249.99	15,000	1,105.00	545.00	1,650	30	1,135.00	545.00	1,680	1,650
27	15,250 – 15,749.99	15,500	1,141.80	563.20	1,705	30	1,171.80	563.20	1,735	1,705
28	15,750 – OVER	16,000	1,178.70	581.30	1,760	30	1,208.70	581.30	1,790	1,760

The foregoing schedule of contribution shall also apply to self-employed and voluntary members.

“The maximum monthly salary credit shall be nine thousand pesos (P9,000.00) effective January nineteen hundred and ninety six (1996): *Provided*, That it shall be increased by One thousand pesos (P1,000.00) every year thereafter until it shall have reached Twelve thousand pesos (P12,000.00) by nineteen hundred and ninety nine (1999): *Provided, further*, That the minimum and maximum monthly salary credits as well as the rate of contributions may be fixed from time to time by the Commission through rules and regulations taking into consideration actuarial calculations and rate of benefits, subject to the approval of the President of the Philippines.] **THE MONTHLY SALARY CREDIT, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS AS MAYBE DETERMINED AND FIXED BY THE COMMISSION: *PROVIDED*, THAT THE ADJUSTMENT OF THE MONTHLY SALARY CREDIT AND MODIFICATION OF THE SCHEDULE AND THE RATE OF CONTRIBUTIONS SHALL BE SUBJECT TO THE PROVISIONS OF SECTION 4, SUBSECTION (a8) HEREOF.**

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

1 **SEC. 3.** Section 22(a) of Republic Act No. 1161, as amended, is hereby further amended
2 to read as follows:

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

19 **SEC. 4.** Section 26, paragraphs (b) and (i) of Republic Act No. 1161, as amended, are
20 hereby further amended to read as follows:

21 “**SEC. 26. *Investment of Reserve Funds.*** – All revenues of the SSS that are not
22 needed to meet the current administrative and operational expenses incidental to the
23 carrying out of this Act shall be accumulated in a fund to be known as the “Reserve
24 Fund”. Such portions of the Reserve Fund as are not needed to meet the current benefit
25 obligations thereof shall be known as the “Investment Reserve Fund” which the
26 Commission shall manage and invest with the skill, care, prudence and diligence
27 necessary [under the circumstances then prevailing that a prudent man acting in like
28 capacity and familiar with such matters would exercise in the conduct of an enterprise of
29 a like character and with similar aims. Pursuant thereto, and in line with the basic
30 principles of safety, good yield and liquidity, the Commission shall invest the funds] to
31 earn an annual income not less than the average rates of treasury bills or any acceptable
32 market yield indicator in any of the following **UNDERTAKING, UNDER SUCH RULES AND**
33 **REGULATIONS AS MAY BE PRESCRIBED BY THE COMMISSION: *PROVIDED*, THAT**
34 **INVESTMENTS SHALL SATISFY THE REQUIREMENTS OF LIQUIDITY, SAFETY/SECURITY**
35 **AND YIELD IN ORDER TO ENSURE THE ACTUARIAL SOLVENCY OF THE FUNDS OF THE**
36 **SSS: *PROVIDED, FURTHER*, THAT THE SSS SHALL SUBMIT AN ANNUAL REPORT ON ALL**
37 **INVESTMENTS MADE TO BOTH HOUSES OF CONGRESS OF THE PHILIPPINES:**

38 “x x x

1 “(b) In bonds, securities, promissory notes or other evidence of indebtedness of the
2 Government of the Philippines or any of its agencies or instrumentalities [to finance domestic
3 infrastructure projects such as roads, bridges, ports, telecommunications, and other similar
4 projects: *Provided*, That the instrument issued by an agency or instrumentality of the
5 government shall be guaranteed by the Government of the Philippines or any government
6 financial institution or acceptable multilateral agency: *Provided, further*, That the SSS shall
7 have priority over the revenues of the projects: *Provided, finally*, That such investments shall
8 not exceed thirty percent (30%) of the Investment Reserve Fund;] **OR EQUITY INVESTMENTS**
9 **IN PRIVATE SECTOR INFRASTRUCTURE OR DEVELOPMENT PROJECTS NORMALLY FINANCED,**
10 **CONSTRUCTED, OPERATED AND MAINTAINED BY THE PUBLIC SECTOR BUT WHICH WILL BE**
11 **WHOLLY OR PARTLY IMPLEMENTED BY THE PRIVATE SECTOR, INCLUDING BUT NOT**
12 **LIMITED TO, POWER PLANTS, HYDROPOWER PROJECTS, HIGHWAYS, TOLL WAYS,**
13 **RAILROADS AND RAILWAYS, TRANSPORT SYSTEMS, PORTS, AIRPORTS, CANALS, DAMS,**
14 **WATER SUPPLY, IRRIGATION, LAND RECLAMATION PROJECTS, INDUSTRIAL ESTATES OR**
15 **TOWNSHIPS, HOUSING, GOVERNMENT BUILDINGS, TOURISM PROJECTS, MARKETS,**
16 **SLAUGHTERHOUSES, WAREHOUSES, SOLID WASTE MANAGEMENT, SEWERAGE, DRAINAGE,**
17 **DREDGING, TELECOMMUNICATIONS, INFORMATION TECHNOLOGY NETWORKS AND**
18 **DATABASE INFRASTRUCTURE, AND OTHER INFRASTRUCTURE AND DEVELOPMENT PROJECTS**
19 **UNDERTAKEN THROUGH CONTRACTUAL ARRANGEMENTS AS DEFINED UNDER REPUBLIC**
20 **ACT NO. 6957 ENTITLED, “AN ACT AUTHORIZING THE FINANCING, CONSTRUCTION,**
21 **OPERATION AND MAINTENANCE OF INFRASTRUCTURE PROJECTS BY THE PRIVATE SECTOR**
22 **AND FOR OTHER PURPOSES,” AS AMENDED, AND SUCH OTHER VARIATIONS AS MAY BE**
23 **APPROVED BY THE PRESIDENT OF THE PHILIPPINES.**

24 “X X X

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

32 “X X X”

33 **SEC. 5. *Implementing Rules and Regulations.*** – Within ninety (90) days from effectivity
34 of this Act, the Commission shall promulgate the rules and regulations to effectively implement
35 the provisions of this Act.

36 **SEC. 6. *Separability Clause.*** – If any provision, section or part of this Act shall be
37 declared unconstitutional or invalid, such judgment shall not affect, invalidate or impair any
38 other provisions, sections or parts hereof.

1 **SEC. 7. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations which are
2 inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

3 **SEC. 8. *Effectivity.*** – This Act shall take effect fifteen (15) days following its publication
4 in at least two (2) newspapers of general circulation or in the *Official Gazette*.

5 Approved,