



SENATE
S. No. 1500

20 MAY -4 P 4 03

Introduced by Senator Grace Poe

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AN ACT
RATIONALIZING AND EXPANDING THE POWERS AND DUTIES OF THE
SOCIAL SECURITY COMMISSION AND THE SOCIAL SECURITY SYSTEM,
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

Last January 2017, President Rodrigo Duterte approved the ₱1,000 increase in the minimum monthly pension of retired Social Security System (SSS) members, half of the proposed pension hike. The approval came with a corresponding 1.5% contribution rate hike in May 2017 to compensate for the impact of the pension increase. The other half is projected to be given by 2022 as the SSS still seeks to strengthen its fund base.¹

At the heart of the issues on pensions and contribution is the need to balance the provision of the people's needs and complex financial and actuarial realities.

These two realities can be harmonized by addressing the low absorptive capacity and design flaws of the SSS and the Social Security Commission through institutional reform.

Some reform measures in this proposal include:

1. Empowering the SSS Commission to condone, enter into a compromise, or release in whole or in part, penalties imposed upon delinquent social security contributions;
2. Enabling the Commission to determine and fix the minimum and maximum monthly contributions of SSS members;

¹ De Vera, B. *SSS seeks to delay 2nd round of pension hike to 2020*. Retrieved from <https://business.inquirer.net/250819/sss-seeks-delay-2nd-round-pension-hike-2020#ixzz5ufmqsz5o>

3. Enabling the SSS to provide for feasible increases in benefits without Presidential approval and allowing for a corresponding increase in the rates of contribution.

Approval of this measure is eagerly sought.



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1 authorized under Section 26 hereof, under such terms and conditions as it
2 may prescribe [~~and approved by the President of the Philippines; and~~];

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

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

22 **"(8) TO DETERMINE AND FIX FROM TIME TO TIME, THROUGH**
23 **RULES AND REGULATIONS, THE MINIMUM AND MAXIMUM**
24 **MONTHLY SALARY CREDITS OF MEMBER- EMPLOYEES, THE**
25 **SCHEDULE AND THE RATE OF CONTRIBUTIONS OF EMPLOYERS AND**
26 **MEMBER-EMPLOYEES, THE RATE OF PENALTY ON DUE BUT**
27 **UNREMITTED CONTRIBUTIONS OF EMPLOYERS AND MEMBER-**
28 **EMPLOYEES AND UNPAID LOAN AMORTIZATIONS OF MEMBER-**
29 **EMPLOYEES, TAKING INTO CONSIDERATION ACTUARIAL**
30 **CALCULATIONS, RATE OF BENEFITS, INFLATION, AND OTHER**
31 **RELEVANT SOCIOECONOMIC DATA; AND**
32

"(9) TO DEVELOP AND ADMINISTER A SEPARATE AND SPECIAL SOCIAL SECURITY PROGRAM FOR VOLUNTARY AND SELF-EMPLOYED MEMBERS, INCLUDING OTHER MEMBER CLASSIFICATIONS WITH UNIQUE ECONOMIC SITUATIONS, AS DETERMINED BY THE COMMISSION; *PROVIDED*, THAT THE SPECIAL PROGRAM MAY HAVE DIFFERENT CONTRIBUTION, PENSION AND BENEFIT SCHEMES, WHICH MUST BE FAIR AND EQUITABLE, ACTUARIALLY SOUND AND VIABLE, AND DESIGNED TO ADDRESS THE NEEDS AND CIRCUMSTANCES OF VOLUNTARY AND SELF-EMPLOYED MEMBERS; *PROVIDED*, FURTHER, THAT THE SPECIAL PROGRAM SHALL ENJOY THE SAME LEGAL PRIVILEGES AS THE REGULAR SOCIAL SECURITY SYSTEM;

"~~(7)~~**(10)** 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.

"*The Social Security System.* – Subject to the provision of Section ~~four (4)~~ 4, ~~[paragraph seven (7)]~~ **SUBSECTION (A.9)** hereof, the SSS shall have the following powers and duties:

"X X X

“(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, to undertake the necessary actuarial studies and calculations concerning increases in benefits taking into account inflation and the financial stability of the SSS, **THE INDIVIDUAL INCOME GAP AND POVERTY THRESHOLD FOR THE ELDERLY, SIMILAR BENEFITS PROVIDED BY OTHER SOCIAL PROTECTION PROGRAMS OF THE GOVERNMENT**, and to provide for 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 the approval of the President of the Philippines]~~: 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]~~;

"X X X."

Sec. 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 ON 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, SCHEDULE, AND THE RATE OF CONTRIBUTIONS AS MAY BE DETERMINED AND FIXED BY THE COMMISSION.

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

Sec. 4. SEC. 3. 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, [he] THE DELINQUENT EMPLOYER 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. If deemed expedient and advisable by the Commission, the collection and remittance of

1 contributions shall be made quarterly or semi-annually in advance, the
2 contributions payable by the employees to be advanced by their respective
3 employers: *Provided*, That upon separation of an employee, any contribution
4 so paid in advance but not due shall be credited or refunded to his employer.”

5 Sec. 5. *Implementing Rules and Regulations.* — The Commission shall
6 promulgate the necessary rules and regulations to implement this Act not later than
7 ninety (90) days after its effectivity.

8 Sec. 6. *Separability Clause.* — If, for any reason, any part, section or
9 provision of this Act is held invalid or unconstitutional, the remaining provisions not
10 affected thereby shall continue to be in full force and effect.

11 Sec. 7. *Repealing Clause.* — All laws, decrees, orders, rules, regulations and
12 other issuances or parts thereof which are inconsistent with the provisions of this Act
13 are hereby repealed or modified accordingly. Republic Act No. 1161, as amended, is
14 further amended accordingly.

15 Sec. 8. *Effectivity Clause.* — This Act shall take effect fifteen (15) days after
16 its publication in the Official Gazette or in a newspaper of general circulation.

Approved,