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 16th 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.  
ELIZABETH S. CO
Republic of the Philippines
HOUSE OF THE REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 1551

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

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

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 TRANCHE 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:

xxx
xxx
xxx

(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]:

xxx
xxx
xxx

(3) 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 DELINQUENCY 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:

xxx xxx xxx

(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:


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 the
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
SOVENCY OF THE FUNDS OF THE SSS;

(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;

(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;

(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 [abated] 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
(UIFTS) 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%) (1%) 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 [rated A-] INVESTMENT-RATE
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 payment 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%) (1%) 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,