

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 2210



Introduced by **Hon. Sol Aragon**

EXPLANATORY NOTE

The bill seeks to grant universal social pension for senior citizens, whether or not they are indigent. To provide inclusive and sustainable coverage, this bill proposes a minimum grant of Five Hundred Pesos (PHP 500) per month to all senior citizens, subject to review every two years, taking into consideration such factors as inflation and availability of funds.

Older persons are increasing in absolute numbers and more or less in proportion to overall population increases. Based on 2010 estimates, older persons aged 60 years and over account for 6.23 million or 6.7% of the total population. Life expectancy at birth has risen from 55 years in the early 1950s, to around 69 years today, while an individual reaching the age of 60 today can expect to live for another 17 years. This increase in life expectancy, coupled with reductions in fertility rates, translates to an ageing population. According to population projections undertaken by the Philippine Statistics Authority, the number of Filipinos over the age of 60 is set to nearly triple in the next 30 years, from 7.6 million in 2015 to 22.6 million in 2045. Over the same period, the proportion of the total population over the age of 60 will double from 7.5 to 15.9%.

While this trend is something to be celebrated, growing older can only be truly considered a success if our elders can live their later years with dignity and security. Despite constitutionally mandated social security for senior citizens, not all older people receive financial support from their children. When they do, it is often inadequate to cover basic needs such as health expenditures. This is mainly due to widespread poverty and vulnerability of Filipino families, with working adults forced to make a trade-off between supporting elder people and investing in young children. Depending completely on their children for financial

support also threatens the dignity of older persons – many of whom fear becoming dependent, and feel too proud or ashamed to ask for support.

Many factors have led to economic insecurity of older Filipinos. These include the challenges of securing a job as an individual advances in age because of ill health and disability, family responsibilities and age discrimination in the workplace.

Moreover, most Filipinos cannot currently expect to receive a pension in their old age. In 2016, only a little over a quarter of senior citizens (29%) received pensions based on previous working history (SSS, GSIS, and other pensions). There are two major barriers to expanding coverage of these pensions. First, the majority of Filipino workers are working in the informal employment sector (estimated between 70 and 75%). Second, many workers simply do not have sufficient disposable income to save for a pension. Furthermore, receipt of pension does not guarantee income security as about a third of SSS retirees (34%) receive less than PHP 2,000 per month, and half (52%) receive less than PHP 3,000 per month.

The Social Pension Program which was first completed in 2011 by virtue of Republic Act No. 9994 or the Expanded Senior Citizens Act of 2010 has made a significant dent in reducing the coverage gap. From 134,000 beneficiaries in 2011, the program expanded to 2.8 million or 33% indigent senior citizens in 2017. However, with the coverage of these schemes combined, there would still be around 3 million or 38% of senior citizens with no pension at all.

In a review conducted by the Coalition of Services of the Elderly (COSE) and HelpAge International, the Social pension for indigent seniors has significantly increased the income and expenditure but it remains limited. Two main issues limit the impact of social pension.

First, the means-tested nature of schemes excludes—by design—a large proportion of vulnerable older people whose incomes are too meager to contribute to social security earlier in their lives, but who fail to meet the strict eligibility criteria for the current social pension. Targeting errors also mean many of the very poorest older people are left out. A key finding of the research is that there are major issues to be addressed in the process of targeting and validation of older people. A common observation by both implementers and older people was that many older people recipients appear to not be the poorest, while many of the poorest miss out. One major issue identified is that the *Listahanan* database – which is based on household data – does not adequately measure issues related to the vulnerability of individual older people. The increasing role of LGUs in the targeting process is unlikely to resolve issues of accuracy, and may create additional challenges. One is that the highly subjective nature of decision-making can leave space for clientelism and corruption in the targeting process.

Another issue is that LGUs struggle to mobilize the necessary human resources to undertake the time-intensive process, which can lead to older people being enrolled without adequate validation.

Second, the benefit level of PHP 500 is low relative to both Filipino and international benchmarks, providing a limited level of income security. The benefit of PHP 500 amounts to less than half (41%) of the 2014 poverty line (PHP 1,225 per month) and just 28% of the national poverty line (PHP 1,756). The inadequacy of the benefit is exacerbated by the fact that it is not indexed to inflation. With rises in prices over the last 5 years, the real value of social pension benefit has depreciated from the PHP 500 when RA 9994 was passed to approximately PHP 415 – a 17% reduction in the real value of the benefit.

Older persons have contributed immensely to the nation in all manner of ways throughout their lives: by paying taxes, by contributing to the growth of the economy, and by raising future generations of Filipinos. Thus, this bill seeks to amend the social pension provision of RA 9994 and expand the coverage of social pension to all senior citizens while indexing the current benefit amount to inflation.

In view of the foregoing, the approval of this bill is earnestly sought.


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