

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

5 MAY -4 P3:27

SENATE

RECEIVED BY: 

S.B. No. 1994

INTRODUCED BY THE HONORABLE MAR ROXAS

EXPLANATORY NOTE

The passage of R.A. No. 1161 on 18 June 1954 marks the establishment of the Social Security System (SSS) for our country's wage earners and low-salaried employees. It took three (3) years from the time the law was enacted to formulate a complex system for a pension plan that will provide lifetime retirement income to employees. The creation of SSS is the response of the to its duty to promote social justice by insuring the well-being and economic stability of the people in all phases of national development as stated in Section 10 of the Constitution. Henceforth, R.A. No. 1161 was enacted pursuant to the "policy of the Republic of the Philippines to develop, establish gradually and perfect a social security system which shall be suitable to the needs of the people throughout the Philippines and shall provide protection to employees against the hazards of disability, sickness, old age and death."

Since the Social Security Act was implemented in 1957 up to 1989, the membership of SSS grew at a rate of 15%. Collective data from 1957 to 1959 show that it was the period whereby twenty-six (26) contributions were equivalent to one (1) benefit. As of the latest data from SSS in 2003, the ratio is one (1) contribution for every (1) benefit. This has been the case since 1985. Clearly, the amount of benefits that the SSS provides exceeds the rate of growth in the number of new entrants and contributions.

This bill seeks to address the fund deficiencies that the SSS will face in the future if these problems are not addressed. Specifically, this bill ensures that increases in the value or additions to the kinds of benefits should be supported by a corresponding increase in the rate of contribution. It will also free four percent (4%) of administrative and operating costs to more productive and profitable uses for the institution. Furthermore, to reduce the incidence of delinquent payments by employers and other offenses, the fine was increased by ten times.

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


MAR Roxas
Senator

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AN ACT

TO STRENGTHEN THE SOCIAL SECURITY SYSTEM THEREBY AMENDING FOR THIS
PURPOSE, 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:*

SECTION 1. Paragraph (2) of Section 4(b) of Republic Act No. 1161, as amended, 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:

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"(b) *The Social Security System.* - Subject to the provision of Section four (4), paragraph
seven (7) hereof, the SSS shall have the following powers and duties:

"(1) To submit annually not later than April 30, a public report to the President of the
Philippines and to the Congress of the Philippines THROUGH THE HOUSE COMMITTEE
ON GOVERNMENT ENTERPRISES AND PRIVATIZATION AND THE SENATE
COMMITTEE ON GOVERNMENT CORPORATIONS AND PUBLIC ENTERPRISES,
covering its activities in the administration and enforcement of this Act during the preceding
year including information ON THE ACTUARIAL VALUATION REPORT AND OTHER
DATA [information] and recommendations on broad policies for the development and
perfection of the program of the SSS;

"(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, 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] CAN BE

SUPPORTED BY THE CURRENT RATE OF CONTRIBUTION, OTHERWISE ANY INCREASE IN BENEFITS OR ANY ADDITION THEREOF SHALL ONLY BE IMPLEMENTED IF THE CURRENT CONTRIBUTION AND INCOME LEVELS CAN SUSTAIN SUCH AN INCREASE;

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SECTION 2. Section 18 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"Sec. 18. Employee's Contributions. - (a) 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, AS the employee's contribution in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the following schedule:

SALARY BRACKET	RANGE OF COMPENSATION	MONTHLY SALARY CREDIT	MONTHLY CONTRIBUTION		
			EMPLOYER	EMPLOYEE	TOTAL
I	1,000.00 - 1,249.99	1000	50.70	33.30	84.00
II	1,250.00 - 1,749.99	1500	76.00	50.00	126.00
III	1,750.00 - 2,249.99	2000	101.30	66.70	168.00
IV	2,250.00 - 2,749.99	2500	126.70	83.30	210.00
V	2,750.00 - 3,249.99	3000	152.00	100.00	252.00
VI	3,250.00 - 3,749.99	3500	177.30	116.70	294.00
VII	3,750.00 - 4,249.99	4000	202.70	133.30	336.00
VIII	4,250.00 - 4,749.99	4500	228.00	150.00	378.00
IX	4,750.00 - 5,249.99	5000	253.30	166.70	420.00
X	5,250.00 - 5,749.99	5500	278.70	183.70	462.40
XI	5,750.00 - 6,249.99	6000	304.00	200.00	504.00
XII	6,250.00 - 6,749.99	6500	329.30	216.78	546.00
XIII	6,750.00 - 7,249.99	7000	354.70	233.30	588.00
XIV	7,250.00 - 7,749.99	7500	380.00	250.00	630.00
XV	7,750.00 - 8,249.99	8000	403.30	266.70	672.00
XVI	8,250.00 - 8,749.99	8500	430.70	283.30	714.00
XVII	8,750.00 - OVER	9000	456.00	300.00	756.00

"The foregoing schedule of contribution shall also apply to self-employed and voluntary members. IT SHALL ALSO BE ADJUSTED EVERY FOUR (4) YEARS, OR WHENEVER NECESSARY, TO THE PREVAILING COST OF LIVING INDEX AS DETERMINED BY THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA); PROVIDED, FURTHER, THAT THE SAME SHALL BE IMPLEMENTED ONLY UPON APPROVAL OF CONGRESS.

"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.

SECTION 3. Section 25 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 25. Deposits and Disbursements. - All money paid to or collected by the SSS every year under this Act, and all accruals thereto shall be deposited, administered and disbursed in the same manner and under the same conditions and requirements as provided by law for other public special funds: *Provided,* That not more than [twelve] EIGHT percent [(12%)] (8%) of the total yearly contributions plus three percent (3%) of other revenues shall be disbursed for operational expenses such as salaries and wages, supplies and materials, depreciation and the maintenance of offices of the SSS: *Provided, further,* That if the expenses in any year are less than the maximum amount permissible, the difference shall not be availed of as additional expenses in the following years.

SECTION 4. Section 28 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"Sec. 28. Penal Clause. - (a) Whoever, for the purpose of causing any payment to be made under this Act, or under an agreement thereunder, where none is authorized to be paid, shall make or cause to be made false statement or representation as to any compensation paid or received or whoever makes or causes to be made any false statement of a material fact in any claim for any benefit payable under this Act, or application for loan with the SSS, or whoever makes or causes to be made any false statement, representation, affidavit or document in connection with such claim or loan, shall suffer the penalties provided for in Article One hundred seventy-two of the Revised Penal Code.

"(b) Whoever shall obtain or receive any money or check under this Act or any agreement thereunder, without being entitled thereto with intent to defraud any member, employer or the SSS, shall be fined not less than [five] FIFTY thousand pesos [(P5,000.00)] P50,000.00 nor more than [twenty] TWO HUNDRED thousand pesos [(P20,000.00)] P200,000.00 and imprisoned for not less than six (6) years and one (1) day nor more than twelve (12) years.

"(c) Whoever buys, sells, offers for sale, uses, transfers or takes or gives in exchange, or pledges or gives in pledge, except as authorized in this Act or in regulations made pursuant thereto, any stamp, coupon, ticket, book or other device, prescribed pursuant to Section Twenty-three hereof by the Commission for the collection or payment of contributions required herein, shall be fined not less than [five] FIFTY thousand pesos [(P5,000.00)] P50,000.00 nor more than [twenty] TWO HUNDRED thousand pesos [(P20,000.00)] P200,000.00, or imprisoned for not less than six (6) years and one (1) day nor more than twelve (12) years, or both, at the discretion of the court.

"(d) Whoever, with intent to defraud, alters, forges, makes or counterfeits any stamp, coupon, ticket, book or other device prescribed by the Commission for the collection or payment of any contribution required herein, or uses, sells, lends, or has in his possession

any such altered, forged or counterfeited materials, or makes, uses, sells or has in his possession any such altered, forged, material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book or other device, shall be fined not less than [five] FIFTY thousand pesos [(P5,000.00)] P50,000.00 nor more than [twenty] TWO HUNDRED thousand pesos [(P20,000.00)] P200,000.00 or imprisoned for not less than six years (6) and one (1) day nor more than twelve (12) years, or both, at the discretion of the court.

"(e) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations promulgated by the Commission, shall be punished by a fine of not less than [five] FIFTY thousand pesos [(P5,000.00)] P50,000.00 nor more than [twenty] TWO HUNDRED thousand pesos [(P20,000.00)] P200,000.00, or imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years, or both, at the discretion of the court: *Provided, That where the violation consists in failure or refusal to register employees or himself, in case of the covered self-employed or to deduct contributions from the employees' compensation and remit the same to the SSS, the penalty shall be a fine of not less Five thousand pesos (P5,000.00) nor more than Twenty thousand pesos (P20,000.00) and imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years.*

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"(J) WHENEVER THERE IS A DELAY IN THE REMITTANCE OF CONTRIBUTION TO THE COMMISSION, THE SAME AMOUNT SHALL BE PAID TO THE LATTER AND SHALL INCLUDE THREE PERCENT (3%) INTEREST PAYMENT MULTIPLIED BY THE NUMBER OF MONTHS BY WHICH THE REMITTANCE WAS DELAYED.

SECTION 5. *Separability Clause.* - If any provision of this Act is declared invalid, the other provisions not affected thereby shall remain valid.

SECTION 6. *Repealing Clause.* - All laws, proclamations, executive orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed, modified or amended accordingly: *Provided, That no person shall be deemed to be vested with any property or other right by virtue of the enactment or operation of this Act.*

SECTION 7. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,