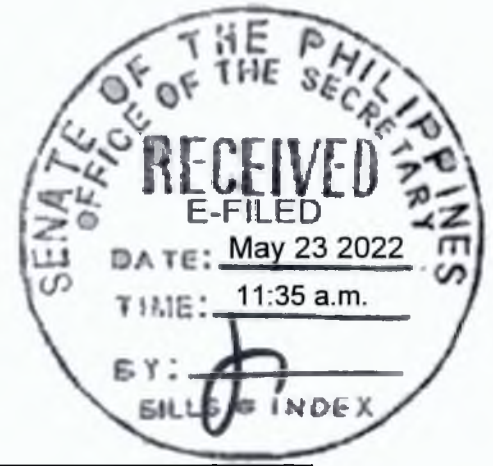


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE
P.S.R. No. 1006

INTRODUCED BY SENATOR FRANCIS "TOL" N. TOLENTINO

RESOLUTION

1
2 **URGING THE SENATE COMMITTEE ON GOVERNMENT CORPORATIONS AND**
3 **PUBLIC ENTERPRISES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION,**
4 **ON THE PHILIPPINE SOCIAL SECURITY SYSTEM'S REPORTED MASSIVE NET**
5 **LOSSES ON ITS 2021 UNAUDITED FINANCIAL STATEMENTS AND THE**
6 **EFFECTS ON ITS FINANCIAL VIABILITY**

7 WHEREAS, Article II, Section 9 of the Constitution enjoins the State to pursue
8 policies that provide adequate social services, promote full employment, a rising
9 standard of living, and an improved quality of life for all that will ensure the prosperity
10 and independence of the nation and free the people from poverty;

11 WHEREAS, Article XVI, Section 8 of the Constitution further mandates the State
12 to endeavor the review and upgrading of pensions and other benefits due to retirees
13 of both the government and the private sectors;

14 WHEREAS, the Congress enacted Republic Act (R.A.) No. 11199, otherwise
15 known as the "*Social Security Act of 2018*," establishing a social security system that
16 protects members and their beneficiaries against the hazards of disability, sickness,
17 maternity, old age, death, and other contingencies resulting in loss of income or
18 financial burden. The social security protection shall extend to Filipino workers, local
19 or overseas, and their beneficiaries;

20 WHEREAS, the earliest version of the Social Security Act was enacted in 1954
21 as R.A. No. 1161, otherwise known as the "*Social Security Act of 1954*." This was

1 amended in 1997 upon the enactment of R.A. No. 8282, which substantially increased
2 social security benefits, expanded their coverage, offered flexibility in investments,
3 imposed stiffer penalties for violators of the law, extended condonation of penalties
4 of delinquent employers, and established a voluntary provident fund for members;

5 WHEREAS, as of April 2021, 40.49 million Filipinos are enrolled with the Social
6 Security System (SSS). From this, about 76% or 30.77 million are employed members,
7 while 5.03 million are voluntary paying members, 3.35 million are self-employed
8 members, and 1.34 million are Overseas Filipino Workers (OFW) members;¹

9 WHEREAS, in 2021, however, SSS reported a huge net loss of Php843.9 billion
10 as shown in its 2021 unaudited financial statements. The losses allegedly resulted
11 from a change in accounting standard brought by Philippine Financial Reporting
12 Standards (PFRS) 4;²

13 WHEREAS, SSS further explained that the increase in its net loss from the
14 previous year is due to the recognition of the Margin for Adverse Deviation (MfAD) in
15 policy reserves.³ Considered as a buffer for conservatism, MfAD are elements in the
16 assumptions used in the calculation of an actuarial liability for possible unfavorable
17 deviations from expected experience;⁴

18 WHEREAS, although SSS ensured that its cash flows and funding situation
19 remain secured, there is a need to study the effects of its net losses to ensure it
20 remains financially viable for paying out benefits to covered members;

21 WHEREAS, with the increasing membership base of SSS, there is likewise a
22 need to revisit existing social security benefits guaranteed under the Social Security
23 Act of 2018 to further assist Filipino pensioners and beneficiaries in addressing their
24 financial burdens;

25 WHEREAS, finally, the effect of the aforementioned reported losses should be
26 scrutinized for the purpose of crafting laws and regulations that would provide further
27 security to the agency's long-term financial standing in order to fulfill its fiduciary
28 duties to all its stakeholders;

¹ https://www.sss.gov.ph/sss/appmanager/pages.jsp?page=PR2022_025

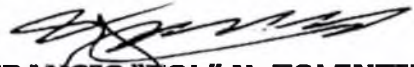
² <https://mb.com.ph/2022/05/17/sss-clarifies-p843-9-billion-loss-from-2021-unaudited-financial-statements/>

³ <https://mb.com.ph/2022/05/17/sss-clarifies-p843-9-billion-loss-from-2021-unaudited-financial-statements/>

⁴ <https://www.lawinsider.com/dictionary/margin-for-adverse-deviations>

1 **NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved, to direct the
2 Committee on Government Corporations and Public Enterprises to conduct an inquiry,
3 in aid of legislation, on the reported millions of losses in the Social Security System's
4 2021 unaudited financial statements to ensure its financial viability and capacity to
5 carry out its fiduciary responsibilities to the general public.

Adopted,


FRANCIS "TOL" N. TOLENTINO