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SENATE

Senate Bill No. 2879

RECEIVED BY: J

Introduced by Senator Cynthia A. Villar

AN ACT INCREASING THE MONTHLY PENSION UNDER THE SOCIAL SECURITY SYSTEM, AMENDING FOR THIS PURPOSE SECTION 12 OF REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE SOCIAL SECURITY ACT OF 1997

EXPLANATORY NOTE

The 1987 Philippine Constitution provides that *"The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all."*¹

It has indeed been a consistent policy of the Republic of the Philippines to establish and maintain a social security service that ensures the protection and promotion of the general welfare of the people.

The Social Security System (SSS) was created through the enactment in 1954 of Republic Act No. 1161 or the Social Security Law pursuant to a policy *"to establish, develop, promote and perfect a sound and viable tax-exempt social security service suitable to the needs of the people throughout the Philippines which shall provide to covered employees and their families protection against the hazards of disability, sickness, old age and death, with a view to promoting their well-being in the spirit of social justice."*²

In protecting and promoting the well-being of employees and their families, the Social Security Law provides benefits which, among others, include monthly pensions of retirees. Under Section 12 of Republic Act No. 1161 enacted in 1954, the minimum monthly pension or annuity was twenty-five pesos *"if the employee has paid his contributions for at least ten years and has rendered to an employer at least three years of continuous service immediately prior to his retirement."*³ The law was amended several times with respect to the amount of the monthly pension, among others, in obvious realization that it should as much as possible be adequate for pensioners to face a rising cost of living.

In the latest amendment of Section 12 of the Social Security Law, Republic Act No. 8282 enacted in 1997 provided that *"the minimum pension shall be One thousand two hundred pesos (P1,200.00) for members with at least ten (10) credited years of service and Two thousand four hundred pesos (P2,400.00) for those with twenty (20) credited years of service."*⁴

¹ The 1987 Philippine Constitution, Article II, Section 9

² Republic Act 1161, Section 2 on Declaration of Policy

³ Ibid, Section 12

⁴ Republic Act 8282, Section 12

It has thus been eighteen (18) years since the Social Security Law was amended and there is no doubt that since then the cost of living being faced by pensioners has risen such that there is a necessity to amend the law, at least with respect to the minimum amount of the monthly pension being received by retirees. While the Social Security System have provided a 5% across-the-board pension increase for its 1.9 million retired members in 2014⁵, it is submitted that such 5% increase may be a pittance and definitely not sufficient to cover the rising cost of living for the past 18 years.

In view of the social justice thrust of our Constitution and in order to adequately provide for the well-being of the country's retirees, this bill seeks to provide an increase by Two thousand pesos (P2,000.00) in the amount of SSS pensions that retirees may receive.

I recommend the immediate passage of this bill.


CYNTHIA A. VILLAR

⁵ <http://www.philstar.com/headlines/2014/06/07/1331966/sss-members-get-5-pension-hike>



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1 **AN ACT INCREASING THE MONTHLY PENSION UNDER THE SOCIAL**
2 **SECURITY SYSTEM, AMENDING FOR THIS PURPOSE SECTION 12 OF**
3 **REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE**
4 **SOCIAL SECURITY ACT OF 1997**

5 *Be it enacted by the Senate and House of Representatives of the Philippines in*
6 *Congress assembled:*

7 **SECTION 1.** The Social Security Commission is hereby mandated to implement
8 an across-the-board increase of Two thousand pesos (P2,000.00) in the monthly
9 pension under the Social Security System.

10 **SEC. 2.** Section 12 of Republic Act No. 1161, as amended, otherwise known as
11 the Social Security Law is hereby further amended to read as follows:

12 "SEC. 12. Monthly Pension. – (a) The monthly pension shall be the
13 highest of the following amounts:

14 "(1) The sum of the following:

15
16 "(i) Three hundred pesos (P300.00); plus

17 "(ii) Twenty percent (20%) of the average monthly salary
18 credit; plus

19 "(iii) Two percent (2%) of the average monthly salary credit
20 for each credited year of service in excess of ten (10) years;
21 or

22 "(2) Forty percent (40%) of the average monthly salary credit; or

23 "(3) One thousand pesos (P1,000.00): *Provided*, That the monthly
24 pension shall in no case be paid for an aggregate amount of less
25 than sixty (60) months.

26 "(b) Notwithstanding the preceding paragraph, the minimum
27 **MONTHLY** pension shall be [One thousand two hundred pesos
28 (P1,200.00)] **THREE THOUSAND TWO HUNDRED PESOS (P3,200.00)**
29 for members with at least ten (10) credited years of service and [Two
30 thousand four hundred pesos (P2,400.00)] **FOUR THOUSAND FOUR**
31 **HUNDRED PESOS (P4,400.00)** for those with twenty (20) credited years
32 of service.

1 **"THE COMMISSION SHALL EQUITABLY ADJUST THE**
2 **MONTHLY PENSIONS OF OTHER ENTITLED MEMBERS OR**
3 **BENEFICIARIES WHOSE MONTHLY PENSIONS ARE HIGHER THAN**
4 **THE MINIMUM MONTHLY PENSION TO PRESERVE THE INTEGRITY**
5 **OF THE PENSION PROGRAM."**

6 **SEC. 3.** Any law, decree, executive order, proclamation, rule and regulation, and
7 other issuance, or part or parts thereof, inconsistent with the provisions of this Act is
8 hereby repealed or modified accordingly.

9 **SEC. 4.** This Act shall take effect fifteen (15) days after its publication in the
10 Official Gazette or in a newspaper of general circulation.

11 Approved,