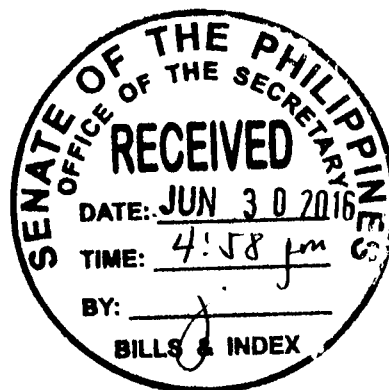


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
FIRST REGULAR SESSION )

SENATE

S.B. No. 145



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Introduced by **Senator Cynthia A. Villar**

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**AN ACT**  
**MANDATING A TWO THOUSAND PESO ACROSS-THE-BOARD INCREASE IN**  
**THE MONTHLY PENSION WITH CORRESPONDING ADJUSTMENT OF THE**  
**MINIMUM 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 the policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life of all.*"<sup>1</sup>

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.

As early as 1954, the Social Security System (SSS) was created through the enactment 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 of promoting their well-being in the spirit of social justice.*"<sup>2</sup>

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. Section 12 of Republic Act No. 1161 provides that 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*

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<sup>1</sup> The 1987 Philippine Constitution, Article II, Section 9

<sup>2</sup> Republic Act 1161, Section 2 on Declaration of Policy

*years of continuous service immediately prior to his retirement.*<sup>3</sup> The law was amended several times to increase the amount of the monthly pension, among others, to make it adequate for pensioners as they face the 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) for members with at least ten (10) credited years of service and Two thousand four hundred pesos (P2, 400) for those with twenty (20) credited years of service."<sup>4</sup>

It has thus been nineteen (19) 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 enormously grown 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 has provided a 5% across-the-board pension increase for its 1.9 million retired members in 2014<sup>5</sup>, 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 nineteen 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, the attached bill mandates a P2,000.00 across-the-board increase in the monthly pension, with corresponding adjustment of the minimum monthly pension, of the country's retirees under the SSS.

This bill was approved by the Senate and the House of Representatives, but regrettably met a presidential veto in the preceding 16<sup>th</sup> Congress. The undersigned is hopeful that the merits of the bill will be fully appreciated this present 17<sup>th</sup> Congress.

I earnestly recommend the immediate passage of this bill.

  
CYNTHIA A. VILLAR

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<sup>3</sup> Ibid, Section 12

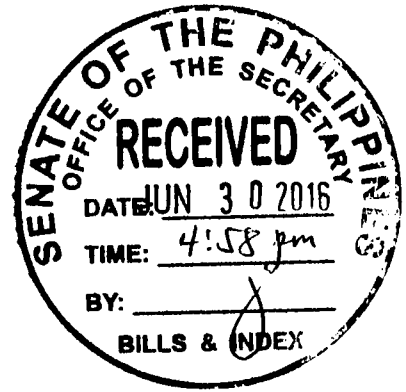
<sup>4</sup> Republic Act 8282, Section 12

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

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

1 SECTION 1. Any provision of law to the contrary notwithstanding, the Social  
2 Security Commission is hereby mandated to implement a Two thousand peso  
3 (P2,000.00) across-the-board increase in the monthly pension under the Social  
4 Security System.

5 SEC. 2. Section 12 of Republic Act No. 1161, as amended by Republic Act  
6 No. 2 8282, is hereby further amended to read as follows:

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

9 "(1) The sum of the following:

- 10 i) Three hundred pesos (P300.00); plus  
11 ii) Twenty percent (20%) of the average monthly salary  
12 credit; plus  
13 iii) Two percent (2%) of the average monthly salary  
14 credit for each credited year of service in excess of  
15 ten (10) years; or

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

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

4           “(b) Notwithstanding the preceding paragraph, the minimum  
5 **MONTHLY** pension shall be [One thousand two hundred pesos  
6 (P1,200)] **THREE THOUSAND TWO HUNDRED PESOS (P3, 200.00)**  
7 for members with at least ten (10) credited years of service and [Two  
8 thousand four hundred pesos (P2,400.00)] **FOUR THOUSAND FOUR**  
9 **HUNDRED PESOS (P4,400.00)** for those with twenty (20) credited  
10 years of service.

11           SEC. 3. Any law, presidential decree or issuance, executive order, letter of  
12 instruction, administrative order, rule or and regulation inconsistent with the  
13 provisions of this Act is hereby repealed, modified or amended accordingly.

14           SEC. 3. This Act shall take effect fifteen (15) days after its publication in the  
15 Official Gazette or in at least two (2) national newspapers of general circulation,  
16 whichever comes earlier.

17           Approved,