



16 JUL 20 P3:05

SENATE 58

)

RECEIVE BY:

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT PROVIDING FOR ENHANCED SOCIAL PROTECTION FOR THE WORKING POOR AND PROVIDING FUNDS THEREOF

EXPLANATORY NOTE

The Philippine Social Security Act of 1954 gave rise to the Social Security System (SSS) in the country intended to provide protection against likelihoods and eventualities such as disability and injury, sickness, maternity, old age, and death.

One's contributions to SSS translate to investments into one's future and the future of their family. Contributions give citizens access to benefits such as disability aid, retirement relief, and life insurance. SSS also offers loans at reasonable rates that can be used for various purposes like putting a child through school or putting up a small business.

These benefits can make the world of a difference to Filipinos, particularly those burdened by financial instability. However, contributions of individuals earning below P 100,000 annually are intermittent.

Our social protection programs cover the poorest of the poor but only 6.5% of the 12 million self-employed Filipinos are paying their SSS contributions. This is a lost opportunity for countrymen considered our working poor as well as our marginal income earners –farmers, fishermen, market and street vendors, and micro-entrepreneurs across the country.

This bill is the financial support and incentive system our MIEs need to encourage them to invest in their future and their security.

Let us ensure that all working Filipinos are being provided for and that our MIEs are not left behind as we continue to push for inclusive growth in the country.

Let us make the vital adjustments that help Filipinos help themselves.

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

Senator Paolo Benigno "Bam" A. Aquino IV



SEVENTEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES

First Regular Session

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

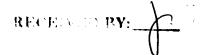
25

16 JUL 20 P3:05

SENATE S.B. No. <u>658</u>

)

)



Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT PROVIDING FOR ENHANCED SOCIAL PROTECTION FOR THE WORKING POOR AND PROVIDING FUNDS THEREOF

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

SECTION 1. Short Title. - This Act shall be known as the "Working Poor Protection 2 Act".

SEC. 2. Declaration of Policies. - The State shall uplift the standard of living and quality of life of all Filipinos. Towards this end, the government shall undertake a comprehensive approach to poverty eradication that shall consist of multi-layered programs, which address the specific needs of the near poor, the working poor, and the poorest of the poor.

The State affirms its commitment to the millennium development goals and sustainable development goals, and adheres to international standards on working conditions and social protection floors. Specifically, the government shall provide assistance in order that the near poor and the working poor can enjoy the benefit of meaningful social protection against the hazards of disability, sickness, maternity, old-age, death, and other contingencies resulting in the loss of income or financial burden.

- **SEC. 3.** *Definition of Terms.* As used in this Act, the following terms are hereby defined:
 - a) Social Protection refers to programs of the government aimed to protect workers against contingencies resulting in loss of income or financial burden;
 - b) Working poor refers to a worker with an average monthly income that is not sufficient to place a typical Filipino household above the poverty line as defined by the Philippine Statistics Authority (PSA) or such other government agencies mandated to prepare the official poverty statistics of the country; and
 - c) Near Poor refers to a worker with an average monthly income that is sufficient to place a typical Filipino household above, by no more than 20%, the poverty line as defined by the Philippine Statistics Authority (PSA) or such other government agencies mandated to prepare the official poverty statistics of the country.

ARTICLE II ENHANCED SOCIAL PROTECTION FOR SELF-EMPLOYED WORKERS

SEC. 4. Enhanced Social Protection for the Working Poor. - All workers, whether employed or self-employed, shall be covered by the Social Security System (SSS), the Employee's Compensation (EC) Fund, the Philippine Health Insurance Corporation (Philhealth), and the Home Development Mutual Fund (PAG-IBIG) and they shall be entitled to all the benefits in accordance with the pertinent provisions provided by law.

A self-employed working poor who has a monthly income that is at least P2,750 but less than P9,250 shall be entitled to a counterpart government contribution for every valid monthly contribution to the SSS and the EC Fund based on the following schedule:

11	Range of Income	Monthly Salary	EC	SSS	SSS
12			Contribution	Contribution	Contribution
13			SE's Share	SE's Share	Gov't Share
14	P 2,750 – P 3,249.99	P 3,000	100 %	33 1/3%	66 2/3 %
15	P 3,250 – P 3,749.99	P 3,500	100 %	42 6/7 %	57 1/7 %
16	P 3,750 - P 4,249.99	P 4,000	100 %	50 %	50 %
17	P 4,250 - P 4,749.99	P 4,500	100 %	55 5/9%	44 4/9 %
18	P 4,750 - P 5,249.99	P 5,000	100 %	60 %	40 %
19	P 5,250 – P 5,749.99	P 5,500	100 %	63 7/11 %	36 4/11 %
20	P 5,750 – P 6,249.99	P 6,000	100 %	66 2/3 %	33 1/3 %
21	P 6,250 – P 6,749.99	P 6,500	100 %	69 3/13 %	30 10/13 %
22	P 6,750 - P 7,249.99	P 7,000	100 %	71 3/7 %	28 4/7 %
23	P 7,250 - P 7,749.99	P 7,500	100 %	73 1/3 %	26 2/3 %
24	P 7,750 - P 8,249.99	P 8,000	100 %	75 %	25 %
25	P 8,250 - P 8,749.99	P 8,500	100 %	76 8/17 %	23 9/17 %

Provided, that contributions from government and the working poor shall be subject to review by the ECC and the SSS, taking into consideration poverty thresholds provided by the Philippine Statistics Authority (PSA) not later than five (5) years after the effectivity of this Act and every six (6) years thereafter.

SECTION 5. Government Contribution. - The government contribution shall be paid only upon payment of the contribution by the working poor, subject to the schedule of payment prepared and prescribed by the SSS.

ARTICLE III ADMINISTRATION AND FUNDING

SECTION 6: Social Protection Fund. - A Social Protection Fund is hereby established under the budget of the SSS. This fund shall be used solely for the purpose of this Act and may not be used for other social protection programs of the government. This fund will be sourced from the following:

1 a) Ten percent (10%) of the share of the national government in all lotteries conducted 2 by the Philippine Charity Sweepstakes Office (PCSO); 3 b) Ten percent (10%) of the share of the national government in the earnings of the 4 Philippine Amusement and Gaming Corporation (PAGCOR); and 5 c) ten percent (10%) of the eighty percent (80%) of the remaining balance of the 6 incremental revenue derived from Republic Act No. 10351 allocated for the universal 7 health care under the National Health Insurance Program (PHILHEALTH), the 8 attainment of the millennium development goals and health awareness programs. 9 SECTION 7. Administration of the Fund. - The Social Protection Fund shall be administered 10 by the SSS as a separate and distinct fund from the SSS Investment Reserve Fund. The 11 government contributions provided for under this Act shall be drawn from the fund. 12 **SECTION 8.** Responsibilites of the SSS. - The SSS shall have the following responsibilities: 13 a) Administer the Social Protection Fund, including the preparation of an annual 14 financial report; 15 b) Device systems and procedures for the timely computation of aggregate government 16 contributions: and 17 c) Undertake coverage campaigns among the working poor. 18 SECTION 9. Identification of the Working Poor. On a nationwide basis, the government 19 shall select the working poor using a standardized targeting system and shall verify their 20 monthly average income. The government shall conduct a revalidation of this selection 21 every three (3) years. 22 **ARTICLE IV** 23 **MISCELLANEOUS PROVISIONS** 24 SECTION 10. Transitory Provision. - Section 4 of this Act shall be implemented in the 25 beginning of the year following the approval of this Act. 26 27 SECTION 11. Implementing Rules and Regulations. - Within sixty (60) days from the 28 effectivity of this Act, the Lead Convenor of the National Anti-Poverty Commission, in 29 coordination with the Secretary of Labor and Employment, the President and Chief 30 Executive Officer of the Social Security System, and the Executive Director of the Employee's 31 Compensation Commission shall promulgate the necessary rules and regulations for the 32 effective implementation of this Act. 33 ARTICLE V 34 **FINAL PROVISIONS** 35 SECTION 11. Separability Clause. - If any provision of this Act is subsequently declared 36 invalid or unconstitutional, other provisions hereof which are not affected thereby shall 37 remain in full force and effect.

- **SEC. 13.** Repealing Clause. All laws, acts, presidential decrees, executive orders, issuances, presidential proclamations, rules and regulations or parts thereof which are contrary to and inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.
- **SEC. 15.** *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.
- 8 Approved.