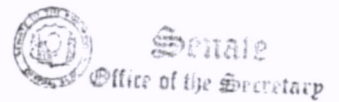


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



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SENATE

SENATE BILL NO. 1753

RECEIVED BY:

Prepared jointly by the Committees on Government Corporations and Public Enterprises, and Labor, Employment, and Human Resources Development with Senators Recto, Villanueva, Trillanes IV, Villar, Ejercito, Binay, Legarda, Escudero, Poe, Sotto III, Zubiri, Gordon and Gatchalian as authors thereof.

AN ACT

RATIONALIZING AND EXPANDING THE POWERS AND DUTIES OF THE SOCIAL SECURITY COMMISSION TO ENSURE THE LONG-TERM VIABILITY OF THE SOCIAL SECURITY SYSTEM, FURTHER AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED BY REPUBLIC ACT NO. 8282, OTHERWISE KNOWN AS THE "SOCIAL SECURITY ACT OF 1997"

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

1 **SEC. 1.** Section 4 of Republic Act No. 1161, as amended, is hereby further amended to read
2 as follows:

3 "SEC. 4. *Powers and Duties of the Commission and SSS.* –

4 (a) The Commission. - For the attainment of its main objectives as set forth in
5 Section 2 hereof, the Commission shall have the following powers and duties:

6 “(1) To adopt, amend and rescind, [subject to the approval of the President of the
7 Philippines,] such rules and regulations as may be necessary to carry out the provisions and
8 purposes of this Act;

9 “(2) To establish a provident fund for the members which will consist of voluntary
10 contributions of employers and/or employees, self-employed and voluntary members and their
11 earnings, for the payment of benefits to such members or their beneficiaries, subject to such
12 rules and regulations as it may promulgate [and approved by the President of the Philippines];

13 "x x x;

1 “(6) To compromise or release, in whole or in part, any interest, penalty or any civil
2 liability to SSS in connection with the investments authorized under Section 26 hereof, under
3 such terms and conditions as it may prescribe [and approved by the President of the
4 Philippines];

5 “(7) ANY LAW TO THE CONTRARY NOTWITHSTANDING, TO CONDONE, ENTER
6 INTO A COMPROMISE OR RELEASE, IN WHOLE OR IN PART, SUCH PENALTIES
7 IMPOSED UPON DELINQUENT SOCIAL SECURITY CONTRIBUTIONS REGARDLESS OF
8 THE AMOUNT INVOLVED UNDER SUCH VALID TERMS AND CONDITIONS IT MAY
9 PRESCRIBE THROUGH RULES AND REGULATIONS WHEN THE FINANCIAL POSITION
10 OF THE EMPLOYER DEMONSTRATES A CLEAR INABILITY TO PAY THE ASSESSED
11 DELINQUENCY.

12 “THE COMMISSION SHALL SUBMIT TO BOTH THE SENATE AND THE HOUSE
13 OF REPRESENTATIVES AN ANNUAL REPORT ON THE EXERCISE OF THE POWERS
14 UNDER THIS PROVISION, STATING THEREIN THE FOLLOWING FACTS AND
15 INFORMATION, AMONG OTHERS: NAMES AND ADDRESSES OF EMPLOYERS WHOSE
16 PENALTY DELINQUENCIES HAVE BEEN THE SUBJECT OF COMPROMISE OR
17 CONDONATION; AMOUNT INVOLVED; AMOUNT COMPROMISED OR CONDONED AND
18 THE JUSTIFICATIONS THEREON, TO DETERMINE THAT SAID POWERS ARE
19 REASONABLY EXERCISED AND THAT THE SSS IS NOT UNDULY DEPRIVED OF
20 REVENUES;

21 “(8) TO DETERMINE AND FIX FROM TIME TO TIME, THROUGH RULES AND
22 REGULATIONS, THE MINIMUM AND MAXIMUM MONTHLY SALARY CREDITS OF
23 MEMBER-EMPLOYEES, THE SCHEDULE AND THE RATE OF CONTRIBUTIONS OF
24 EMPLOYERS AND MEMBER-EMPLOYEES, THE RATE OF PENALTY ON DUE BUT
25 UNREMITTED CONTRIBUTIONS OF EMPLOYERS AND MEMBER-EMPLOYEES AND

1 UNPAID LOAN AMORTIZATIONS OF MEMBER-EMPLOYEES, TAKING INTO
2 CONSIDERATION ACTUARIAL CALCULATIONS, RATE OF BENEFITS, INFLATION, AND
3 OTHER RELEVANT SOCIO-ECONOMIC DATA; *PROVIDED*, THAT THE ADJUSTMENT OF
4 THE MAXIMUM MONTHLY SALARY CREDIT SHALL BE DONE GRADUALLY, TAKING
5 INTO ACCOUNT THE ECONOMIC AND FINANCIAL EXIGENCIES OF ALL
6 STAKEHOLDERS;

7 "(9) TO DEVELOP AND ADMINISTER A SEPARATE AND SPECIAL SOCIAL
8 SECURITY PROGRAM FOR VOLUNTARY, SELF-EMPLOYED, AND OTHER MEMBERS,
9 WITH UNIQUE ECONOMIC, SOCIAL, AND GEOGRAPHIC SITUATIONS, AS DETERMINED
10 BY THE COMMISSION: *PROVIDED*, THAT THE SPECIAL PROGRAM MAY HAVE
11 DIFFERENT CONTRIBUTION, PENSION AND BENEFIT SCHEMES, WHICH MUST BE FAIR
12 AND EQUITABLE, ACTUARIALLY SOUND AND VIABLE, AND DESIGNED TO ADDRESS
13 THE NEEDS AND CIRCUMSTANCES OF VOLUNTARY AND SELF-EMPLOYED, AND
14 OTHER MEMBERS: *PROVIDED, FURTHER*, THAT THE SPECIAL PROGRAM ENJOY THE
15 SAME LEGAL PRIVILEGES AS THE REGULAR SOCIAL SECURITY PROGRAM; AND

16 "[{(7)} (10)] To approve, confirm, pass upon or review any and all actions of the SSS in
17 the proper and necessary exercise of its powers and duties hereinafter enumerated:

18 "(b) *The Social Security System*. - Subject to the provision of Section [four (4)] 4,
19 [paragraph (A), subparagraph seven (7)] **SUBSECTION (a) (10)** hereof, the SSS shall have the
20 following powers and duties:

21 "x x x;

22 "(2) To require the actuary to submit a valuation report on the SSS benefit program
23 every four (4) years, or more frequently as may be necessary, to undertake the necessary
24 actuarial studies and calculations concerning increases in benefits taking into account inflation
25 and the financial stability of the SSS, **THE INDIVIDUAL INCOME GAP AND POVERTY**

1 THRESHOLD FOR THE ELDERLY, SIMILAR BENEFITS PROVIDED BY OTHER SOCIAL
2 PROTECTION PROGRAMS OF THE GOVERNMENT; and to provide for feasible increases in
3 benefits every four (4) years, including the addition of new ones, under such rules and
4 regulations as the Commission may adopt [subject to the approval of the President of the
5 Philippines]: *Provided*, That the actuarial soundness of the reserve fund shall be guaranteed[;
6 *Provided further*, That such increases in benefits shall not require any increase in the rate of
7 contribution];

8 " x x x;

9 (9) TO ESTABLISH A SEPARATE ACCOUNT TO BE KNOWN AS THE
10 "INSURANCE FUND", SUBJECT TO SUCH RULES AND REGULATIONS AS IT MAY
11 PRESCRIBE, FOR WHICH SSS MEMBERS AND THEIR DEPENDENTS MAY APPLY FOR
12 LIFE OR NON-LIFE INSURANCE COVERAGE AS MAY BE DESIGNED BY THE SSS, FOR
13 THEMSELVES AND/OR THEIR DEPENDENTS. ANY EMPLOYER MAY LIKEWISE APPLY
14 FOR GROUP INSURANCE COVERAGE FOR ITS EMPLOYEES. THE PAYMENT OF THE
15 PREMIUMS/INSTALLMENTS FOR OPTIONAL LIFE OR NON-LIFE INSURANCE MAY BE
16 MADE BY THE INSURED OR HIS/HER EMPLOYER AND/OR ANY PERSON ACCEPTABLE
17 TO THE SSS.

18 "THE SSS SHALL ADMINISTER THE INSURANCE FUND DESCRIBED HEREIN
19 AND SUCH OTHER FUNDS THAT MAY BE CREATED FOR SPECIAL GROUP OF SSS
20 MEMBERS. THE SSS SHALL MAINTAIN THE REQUIRED RESERVES TO GUARANTEE
21 THE FULFILLMENT OF ITS OBLIGATIONS UNDER THIS ACT: *PROVIDED*, THAT THE
22 GENERAL LAW ON INSURANCE AND THE RULES AND REGULATIONS PROMULGATED
23 THEREUNDER SHALL HAVE SUPPLEMENTARY APPLICATION INSOFAR AS IT IS NOT IN
24 CONFLICT WITH THIS ACT AND ITS RULES AND REGULATIONS.

1 "THE INSURANCE FUND SHALL BE SUBJECTED TO EXAMINATION BY THE
2 INSURANCE COMMISSION OR ITS DULY AUTHORIZED REPRESENTATIVE.

3 "(10) TO INSURE OR REINSURE ANY OF ITS INTERESTS OR PART THEREOF
4 WITH ANY REPUTABLE INSURANCE COMPANY WHETHER DOMESTIC OR FOREIGN;

5 "(11) TO ESTABLISH A SUBSIDIARY OR AFFILIATE AS IT MAY DEEM PROPER
6 IN CONNECTION WITH ITS LOAN PROGRAM FOR ITS MEMBERS, WHICH FUNDS SHALL
7 AT ALL TIMES BE MANAGED SEPARATELY FROM THE FUNDS ALLOCATED FOR THE
8 RETIREMENT OF ITS MEMBERS;

9 "THE SSS SHALL IMMEDIATELY COLLECT UPON DEFAULT USING SUCH
10 LEGAL MEASURES AVAILABLE, INCLUDING BUT NOT LIMITED TO RESORT TO SMALL
11 CLAIMS COURT.

12 " x x x."

13 **SEC. 2.** Section 8(j) of Republic Act No. 1161, as amended, is hereby further amended to read
14 as follows:

15 "(j) *Employment* - Any service performed by an employee for his employer except:

16 (1) Employment purely casual and not for the purpose of occupation or business of the
17 employer;

18 [(2) Service performed on or in connection with an alien vessel by an employee if he is
19 employed when such vessel is outside the Philippines;]

20 [(3)] (2) Service performed in the employ of the Philippine Government or
21 instrumentality or agency thereof;

22 [(4)] (3) Service performed in the employ of a foreign government or international
23 organization, or their wholly-owned instrumentality: *Provided, however,* That this exemption
24 notwithstanding, any foreign government, international organization or their wholly-owned
25 instrumentality employing workers in the Philippines or employing Filipinos outside of the

1 Philippines, **SHALL** enter into an agreement with the Philippine government for the inclusion of
2 such employees in the SSS except those already covered by their respective civil service
3 retirement systems: *Provided, further*, That the terms of such agreement shall conform with the
4 provisions of this Act on coverage and amount of payment of contributions and benefits:
5 *Provided, finally*, That the provisions of this Act shall be supplementary to any such agreement;
6 and

7 ~~[(5)]~~ (4) Such other services performed by temporary and other employees which may
8 be excluded by regulation of the Commission. Employees of *bona fide* independent contractors
9 shall not be deemed employees of the employer engaging the service of said contractors."

10 **SEC. 3.** A new Section 9-B is hereby added to read as follows:

11 **"SEC. 9-B. COMPULSORY COVERAGE OF OVERSEAS FILIPINO WORKERS**
12 **(OFWS). COVERAGE IN THE SSS SHALL BE COMPULSORY UPON ALL SEA-BASED**
13 **AND LAND-BASED OFWS: PROVIDED, THAT THEY ARE NOT OVER SIXTY (60) YEARS**
14 **OF AGE.**

15 **"UNLESS OTHERWISE SPECIFIED HEREIN, ALL PROVISIONS OF THIS ACT**
16 **APPLICABLE TO COVERED EMPLOYEES SHALL ALSO BE APPLICABLE TO COVERED**
17 **SEA-BASED OFWS. FOR PURPOSES OF THIS ACT, LICENSED MANNING AGENCIES**
18 **ARE AGENTS OF THEIR PRINCIPALS AND ARE CONSIDERED AS EMPLOYERS OF SEA-**
19 **BASED OVERSEAS WORKER FOR THE PURPOSES OF THE IMPLEMENTATION OF**
20 **SOCIAL SECURITY LAW, ANY LAW TO THE CONTRARY NOTWITHSTANDING.**

21 **"FOR PURPOSES OF SOCIAL SECURITY, LAND-BASED OFWS ARE**
22 **CONSIDERED COMPULSORY SELF-EMPLOYED MEMBERS OF THE SSS. THE**
23 **DEPARTMENT OF FOREIGN AFFAIRS (DFA), THE DEPARTMENT OF LABOR AND**
24 **EMPLOYMENT (DOLE) AND ALL ITS AGENCIES INVOLVED IN SENDING OFWS FOR**
25 **EMPLOYMENT ABROAD ARE MANDATED TO NEGOTIATE BILATERAL LABOR**

1 AGREEMENTS WITH THE OFWS' HOST COUNTRIES TO SEE TO IT THAT THE
2 PRINCIPALS OF SEA-BASED FILIPINO WORKERS ARE PAYING THE REQUIRED SSS
3 CONTRIBUTIONS. THEY SHALL LIKEWISE NEGOTIATE BILATERAL LABOR
4 AGREEMENTS TO SEE TO IT THAT EMPLOYER'S SHARE OF THE LAND-BASED OFWS
5 MAY LATER BE SECURED THROUGH JOINT ENFORCEMENT BY BOTH COUNTRIES,
6 SIGNATORIES TO THE SAME AGREEMENT, IN WHICH CASE LAND-BASED OFWS IN
7 THE SAID FOREIGN COUNTRY WILL NO LONGER BE TREATED AS COMPULSORY
8 SELF-EMPLOYED MEMBERS OF THE SSS BUT RATHER COMPULSORY REGULAR
9 COVERED MEMBERS WHICH HAVE EMPLOYER-EMPLOYEE SHARES IN THEIR
10 CONTRIBUTIONS. *PROVIDED*, THAT, IN COUNTRIES WHICH ALREADY GIVE SOCIAL
11 SECURITY TO FILIPINOS, THE DFA THROUGH THE PHILIPPINE EMBASSIES AND THE
12 DOLE SHALL DETERMINE THE FEASIBILITY OF NEGOTIATING FURTHER
13 AGREEMENTS THAT WILL SERVE THE BEST INTERESTS OF THE OFWS;

14 "THE DEPARTMENT OF FOREIGN AFFAIRS (DFA), THE DEPARTMENT OF
15 LABOR AND EMPLOYMENT (DOLE) AND THE SOCIAL SECURITY SYSTEM (SSS) SHALL
16 ENSURE COMPULSORY COVERAGE AND ACCESS OF OFWS TO SOCIAL SECURITY
17 AGREEMENTS AND LABOR AGREEMENTS CONCLUDED BETWEEN THE PHILIPPINES
18 AND OTHER STATES OR COUNTRIES."

19 **SEC. 4.** Section 12 of Republic Act No. 1161, as amended, is hereby further amended to read
20 as follows:

21 "SEC. 12. Monthly Pension. –

22 (a) The monthly pension shall be the highest of the following amounts:

23 (1) The sum of the following:

24 (i) Three hundred pesos (P300.00); plus

25 (ii) Twenty percent (20%) of the average monthly salary credit; plus

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

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

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

6 (b) Notwithstanding the preceding paragraph, the minimum pension shall be One
7 thousand two hundred pesos (P1,200.00)) for members with at least ten (10) credited years of
8 service and Two thousand four hundred pesos (P2,400.00) for those with twenty (20) credited
9 years of service: **PROVIDED, THAT, THE COMMISSION, UPON DETERMINATION OF**
10 **ACTUARIAL SOUNDNESS, MAY PROVIDE A HIGHER PENSION INCREASE THAN THE**
11 **AMOUNTS SPECIFIED HEREIN."**

12 **"(C) ADDITIONAL BENEFIT ALLOWANCE. PURSUANT TO MEMORANDUM FROM**
13 **THE EXECUTIVE SECRETARY DATED 22 FEBRUARY 2017, BY AUTHORITY OF THE**
14 **PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES, AN ADDITIONAL**
15 **MONTHLY BENEFIT ALLOWANCE AMOUNTING TO ONE THOUSAND PESOS (P1,000.00)**
16 **SHALL BE GIVEN TO ALL RETIREMENT, DEATH, AND DISABILITY PENSIONERS**
17 **RECEIVING MONTHLY PENSIONS IN OR AFTER JANUARY TWO THOUSAND**
18 **SEVENTEEN (2017). THE COMMISSION MAY DETERMINE THE GRANT OF A HIGHER**
19 **BENEFIT ALLOWANCE: PROVIDED, THAT THE ACTUARIAL SOUNDNESS OF THE**
20 **RESERVE FUND SHALL BE GUARANTEED."**

21 **SEC. 5.** Section 18 of Republic Act No. 1161, as amended, is hereby further amended to read
22 as follows:

23 "SEC. 18. *Employee's Contributions.* –

24 [(a)] Beginning [as of] **ON** the last day of the calendar month when an employee's
25 compulsory coverage takes effect and every month thereafter during his employment, the

1 employer shall deduct and withhold from such employee's monthly salary, wage, compensation
 2 or earnings, the employee's contribution in an amount corresponding to his salary, wage,
 3 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	216.70	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	405.30	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

4 "The foregoing schedule of contribution shall also apply to self-employed and voluntary
 5 members.

6 "The maximum monthly salary credit shall be Nine thousand pesos (P9,000.00)
 7 effective January Nineteen hundred and ninety six (1996): *Provided*, That it shall be
 8 increased by One thousand pesos (P1,000.00) every year thereafter until it shall have reached
 9 Twelve Thousand pesos (P12,000.00) by Nineteen hundred and ninety nine (1999): *Provided*,
 10 *further*, That the minimum and maximum monthly salary credits as well as the rate of
 11 contributions may be fixed from time to time by the Commission through rules and regulations
 12 taking into consideration actuarial calculations and rate of benefits, subject to the approval of
 13 the President of the Philippines.] **THE MONTHLY SALARY CREDITS, THE SCHEDULE AND**
 14 **THE RATE OF CONTRIBUTIONS AS MAY BE DETERMINED AND FIXED BY THE**
 15 **COMMISSION.**

1 "THE MONTHLY SALARY CREDITS, THE SCHEDULE AND THE RATE OF
2 CONTRIBUTIONS SHALL ALSO APPLY TO SELF-EMPLOYED, VOLUNTARY, AND
3 OTHER MEMBBERS."

4 **SEC. 6.** Section 22, paragraph (a) of Republic Act No. 1161, as amended, is hereby further
5 amended to read as follows:

6 "SEC. 22. *Remittance of Contributions.* – (a) The contribution imposed in the
7 preceding section shall be remitted to the SSS within the first ten (10) days of each calendar
8 month following the month for which they are applicable or within such time as the Commission
9 may prescribe. Every employer required to deduct and to remit such contributions shall be
10 liable for their payment and if any contribution is not paid to the SSS as herein prescribed, [he]
11 **THE DELINQUENT EMPLOYER** shall pay besides the contribution a penalty thereon [of three
12 percent (3%) per month] from the date the contribution falls due until paid.

13 "THE RATE OF THE PENALTY ON DELINQUENT CONTRIBUTIONS PER MONTH
14 SHALL BE DETERMINED AND FIXED BY THE COMMISSION THROUGH RULES AND
15 REGULATIONS, TAKING INTO CONSIDERATION THE CURRENT INFLATION RATE AND
16 OTHER RELEVANT SOCIO-ECONOMIC DATA. If deemed expedient and advisable by the
17 Commission, the collection and remittance of contributions shall be made quarterly or semi-
18 annually in advance, the contributions payable by the employees to be advanced by their
19 respective employers: Provided, That upon separation of an employee, any contribution so paid
20 in advance but not due shall be credited or refunded to his employer."

21 **SEC. 7.** Section 26 of Republic Act No. 1161, as amended, is hereby further amended to read
22 as follows:

23 "SEC.26. *Investment of Reserve Funds.* - All revenues of the SSS that are not
24 needed to meet the current administrative and operational expenses incidental to the carrying
25 out of this Act shall be accumulated in a fund to be known as the "Reserve Fund." Such

1 portions of the Reserve Fund as are not needed to meet the current benefit obligations thereof
2 shall be known as the "Investment Reserve Fund" which the Commission shall manage and
3 invest with the skill, care, prudence and diligence necessary [under the circumstances then
4 prevailing that a prudent man acting like capacity and familiar with such matters would
5 exercise in the conduct of an enterprise of a like character and with similar aims. Pursuant
6 thereto, and in line with the basic principles of safety, good yield and liquidity, the Commission
7 shall invest funds] to earn an annual income not less than the average rates of treasury bills or
8 any other acceptable market yield indicator in any or in all of the following **UNDERTAKING,**
9 **UNDER SUCH RULES AND REGULATIONS AS MAY BE PRESCRIBED BY THE**
10 **COMMISSION: PROVIDED, THAT INVESTMENTS SHALL SATISFY THE REQUIREMENTS**
11 **OF LIQUIDITY, SAFETY/SECURITY AND YIELD IN ORDER TO ENSURE THE ACTUARIAL**
12 **SOLVENCY OF THE FUNDS OF THE SSS: PROVIDED, FURTHER, THAT THE SSS SHALL**
13 **SUBMIT AN ANNUAL REPORT ON ALL INVESTMENTS MADE TO BOTH THE SENATE**
14 **AND HOUSE OF REPRESENTATIVES;**

15 " x x x;

16 "(b) In bonds, securities, promissory notes or other evidence of indebtedness of the
17 Government of the Philippines, or any of its agencies or instrumentalities to finance domestic
18 infrastructure projects such as roads, bridges, ports, telecommunications, and other similar
19 projects[: *Provided*, That the instruments issued by an agency or instrumentality of the
20 government shall be guaranteed by the Government of the Philippines or any government
21 financial institution or acceptable multilateral agency: *Provided, further*, That the SSS shall
22 have priority over the revenues of the projects: *Provided, finally*, That such investments shall
23 not exceed thirty percent (30%) of the Investment Reserve Fund;] **OR EQUITY INVESTMENTS**
24 **IN PRIVATE SECTOR INFRASTRUCTURE OR DEVELOPMENT PROJECTS NORMALLY**
25 **FINANCED, CONSTRUCTED, OPERATED, AND MAINTAINED BY THE PUBLIC SECTOR**

1 BUT WHICH WILL BE WHOLLY OR PARTLY IMPLEMENTED BY THE PRIVATE SECTOR
2 THROUGH CONTRACTUAL ARRANGEMENTS UNDER REPUBLIC ACT NO. 6957, AS
3 AMENDED BY REPUBLIC ACT NO. 7718;

4 "(c) In bonds, securities, promissory notes or other evidence of indebtedness of
5 government financial institutions or government corporations with acceptable credit or
6 guarantee[: *Provided*, That such investments shall not exceed thirty percent (30%) of the
7 Investment Reserve Fund];

8 "(d) In bonds, securities, deposits, promissory notes or other evidence of indebtedness
9 of any bank doing business in the Philippines and in good standing with the *Bangko Sentral ng*
10 *Pilipinas* to finance loans to private corporations doing business in the Philippines, including
11 schools, hospitals, small-and-medium scale industries, cooperatives and non-governmental
12 organizations, in which case the collaterals or securities shall be assigned to the SSS, under
13 such terms and conditions as the Commission may prescribe: *Provided*, That in the case of
14 bank deposits, they shall not exceed at any time the unimpaired capital and surplus or total
15 private deposits of the depository bank, whichever is smaller: *Provided, further*, That said bank
16 shall first have been designated as a depository for this purpose by the Monetary Board of the
17 *Bangko Sentral ng Pilipinas*[: *Provided, finally*, That such investments shall not exceed forty
18 percent (40%) of the Investment Reserve Fund];

19 "(e) In bonds, securities, promissory notes or other evidence of indebtedness of shelter
20 agencies of the National Government or financial intermediaries to finance housing loans of
21 members; and in long-term direct individual or group housing loans giving priority to the low-
22 income groups, up to a maximum of ninety percent (90%) of the appraised value of the
23 properties to be mortgaged by the borrowers; and

24 "In short and medium term loans to members **AND PENSIONERS** such as salary,
25 educational, livelihood, [marital] calamity, [and] emergency **AND PENSION LOANS:**

1 *[Provided, That not more than thirty five (35%) of the Investment Reserve Fund at any time*
2 *shall be invested for housing purposes: Provided, further, That not more than ten percent*
3 *(10%) of the Investment Reserve Fund shall be invested in short and medium term loans];*

4 “(f) In bonds, securities, promissory notes or other evidence of indebtedness of
5 educational or medical institutions to finance the construction, improvement and maintenance
6 of schools and hospitals and their equipment and facilities[:*Provided, That such investments*
7 *shall not exceed ten percent (10%) of the Investment Reserve Fund];*

8 “(g) In real estate property including shares of stocks involving real estate property,
9 and investment secured by first mortgages on real estate or other collaterals acceptable to the
10 SSS: *Provided, That such projects and investments shall, in the determination of the*
11 *Commission, redound to the benefit of the SSS, its members, as well as the general public[:*
12 *Provided, further, That investment in real estate property, including shares of stocks involving*
13 *real estate property, shall not exceed five percent (5%) of the Investment Reserve Fund:*
14 *Provided, finally, That investments in other income earning projects and investment secured by*
15 *first mortgages and or other collaterals shall not exceed twenty five percent (25%) of the*
16 *Investment Reserve Fund];*

17 “(h) In bonds, debentures, securities, promissory notes or other evidence of
18 indebtedness of any prime corporation or multilateral institutions to finance domestic projects:
19 *Provided, That the issuing or assuming entity or its predecessors shall not have defaulted in*
20 *the payment of interest on any of its securities and that during each of any three (3) including*
21 *the last two (2) of the five (5) fiscal years next preceding the date of acquisition by the SSS of*
22 *such bonds, debentures or other evidence of indebtedness, the net earnings of the issuing or*
23 *assuming institution available for its fixed charges, as defined in this Act, shall have been not*
24 *less than one and one-quarter times the total of its fixed charges for such year [: Provided,*

1 further, That such investments shall not exceed thirty percent (30%) of the Investment Reserve
2 Fund];

3 “(i) In preferred or common shares of stocks listed or to be listed in the stock
4 exchange **AND OTHER SECURITIES TRADING MARKETS** or options or warrants to such
5 stock[s] or, subject to prior approval of the *Bangko Sentral ng Pilipinas*, such other risk
6 management instruments of any prime or solvent corporation or financial institution created or
7 existing under the laws of the Philippines with proven track record of profitability over the last
8 three (3) years and payment of dividends at least once over the same period[: *Provided,*
9 *further,* That such investments shall not exceed thirty percent (30%) of the Investment Reserve
10 Fund];

11 “(j) In domestic or foreign mutual funds in existence for at least three (3) years [:
12 *Provided,* That such investments shall not exceed twenty percent (20) of the Investment
13 Reserve Fund: *Provided, further,* That investments in foreign mutual funds shall not exceed
14 one percent (1%) of the Investment Reserve Fund in the first year which shall be increased by
15 one percent (1%) for each succeeding year, but in no case shall it exceed seven and one-half
16 percent (7.5%) of the Investment Reserve Fund];

17 “(k) In foreign currency deposits or [triple “A”] **INVESTMENT-GRADE RATED** foreign
18 currency-denominated debts, prime and non-speculative equities, and other *Bangko Sentral ng*
19 *Pilipinas* approved financial instruments or other assets issued in accordance with the existing
20 laws of the countries where such financial instruments are issued: *Provided,* That these
21 instruments or assets are listed in bourses of the respective countries where these instruments
22 or assets are issued: *Provided, further,* That the issuing company has proven track of record of
23 profitability over the last three (3) years and [a record of regular dividend pay-out] **PAYMENT**
24 **OF DIVIDENDS AT LEAST ONCE** over the same period [:*Provided, finally,* That such
25 investments shall not exceed one percent (1%) of the Investment Reserve Fund in the first year

1 which shall be increased by one percent (1%) for each succeeding year, but in no case shall it
2 exceed seven and one-half percent (7.5%) of the Investment Reserve Fund];

3 “(l) In loans secured by such collaterals like cash, government securities or
4 guarantees of multilateral institutions[:*Provided*, That such investments shall not exceed thirty
5 percent (30%) of the Investment Reserve Fund]; and

6 “(m) In other *Bangko Sentral ng Pilipinas* approved investment instruments with the
7 same intrinsic quality as those enumerated in paragraphs (a) to (l) hereof, subject to the
8 policies and guidelines which the Commission may formulate.

9 “No portion of the Investment Reserve Fund or income thereof shall accrue to the
10 general fund of the National Government or to any of its agencies or instrumentalities, including
11 government-owned or controlled corporations, except as may be allowed under this Act[:
12 *Provided*, That no portion of the Investment Reserve Fund shall be invested for any purpose or
13 any instrument, institution or industry over and above the prescribed cumulative ceilings as
14 follows:

15 40% in private securities

16 35% in housing

17 30% in real estate related investments

18 10% in short and medium-term member loans

19 30% in government financial institutions and corporations

20 30% in infrastructure projects

21 15% in any particular industry

22 7.5% in foreign-currency denominated investments].”

23 **SEC. 8. *Implementing Rules and Regulations.*** – The Commission shall promulgate the
24 necessary rules and regulations to implement this Act not later than ninety (90) days after its effectivity.

1 **SEC. 9. *Transitory Clause.*** - Any employer who is delinquent or has not remitted all
2 contributions due and payable to the SSS may, within six (6) months from the effectivity of this Act,
3 remit said contributions or submit a proposal to pay the same in installment within a period **AS**
4 **APPROVED BY THE SOCIAL SECURITY COMMISSION** from the effectivity of this Act without
5 incurring the prescribed penalty, subject to the implementing rules and regulations which the
6 Commission may prescribe: *Provided*, That the employer submits the corresponding collection lists
7 together with the remittance or proposal to pay in installments: *Provided, further*, That in case the
8 employer fails to remit contributions within the six-month grace period or defaults in the payment of any
9 amortization provided in the approved proposal, the prescribed penalty shall be imposed from the time
10 the contributions first became due as provided in

11 Section 22 (a) hereof.

12 **SEC. 10. *Separability Clause.*** - If, for any reason, any part, section, or provision of this Act is
13 held invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full
14 force and effect.

15 **SEC. 11. *Repealing Clause.*** - All laws, proclamations, executive orders, rules and regulations
16 or parts thereof inconsistent with this Act are hereby repealed, modified or amended
17 accordingly: *Provided*, That no person shall be deemed to be vested with any property or other right by
18 virtue of the enactment or operation of this Act.

19 **SEC. 12. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its publication in
20 the Official Gazette or in a newspaper of general circulation.

21 Approved,

22