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Congress of the Philippines

Metro Manila

Seventeenth Congress

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[REPUBLIC ACT NO. 11199]

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, REPEALING 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 House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.* – This Act shall be known as the "Social Security Act of 2018".

SEC. 2. *Declaration of Policy.* – It is the policy of the State to establish, develop, promote and perfect a sound and viable tax-exempt social security system suitable to the needs of the people throughout the Philippines which shall promote social justice through savings, and ensure meaningful social security protection to members and their beneficiaries against the hazards of disability, sickness, maternity, old age, death,

and other contingencies resulting in loss of income or financial burden. Towards this end, the State shall endeavor to extend social security protection to Filipino workers, local or overseas, and their beneficiaries.

In the pursuit of this policy, a social security program shall be developed emphasizing the value of "work, save, invest and prosper". The maximum profitability of investible funds and resources of the program shall be ensured through a culture of excellence in management grounded upon sound and efficient policies employing internationally recognized best practices.

SEC. 3. *Social Security System.* – (a) To carry out the purposes of this Act, the Social Security System, hereinafter referred to as "SSS", a corporate body, with principal place of business in Metro Manila, Philippines, is hereby created. In the discharge of its mandated responsibilities under this Act, the SSS shall function and operate as an independent and accountable government-owned and -controlled corporation (GOCC) within the corporate governance standards and principles of Republic Act No. 10149 (GCG Law), except as otherwise provided herein.

The SSS shall be directed and controlled by a Social Security Commission, hereinafter referred to as "Commission", composed of the Secretary of Finance as *ex officio* Chairperson, the SSS President and Chief Executive Officer as Vice-Chairperson who shall automatically act as the Commission Chairperson in the absence of the Finance Secretary, the Secretary of Labor and Employment, as *ex officio* member, and six (6) appointive members, three (3) of whom shall represent the workers' group, at least one (1) of whom shall be a woman; three (3), the employers' group, at least one (1) of whom shall be a woman; all of whom shall be appointed by the President of the Philippines and shall be of known competence, probity, integrity and recognized expertise in any of the fields of social security, pension fund, insurance, investment, banking and finance, economics, management, law or actuarial science and with at least ten (10) years of managerial or leadership experience. The six (6) members representing workers and employers groups shall be chosen from among the nominees of workers' and employers' organizations respectively, as endorsed by the Governance Commission for GOCCs following the fit and proper rule and

standards on integrity, experience, education, training and competence. The term of office of the regular appointive members of the Commission shall be three (3) years, which can be extended for another term of three (3) years: *Provided*, That the terms of the first six (6) appointive members shall be one (1), two (2), and three (3) years for every two (2) members, respectively, notwithstanding Section 17 of the GCG Law: *Provided, further*, That they shall continue to hold office until their successors shall have been appointed and duly qualified. All vacancies, prior to the expiration of the term, shall be filled for the unexpired term only.

The fiduciary duties of a member of the Commission include the following:

- (1) Act with utmost and undivided loyalty to the SSS;
- (2) Act with due care, extraordinary diligence and skill in the conduct of business and exercise utmost good faith in all transactions relating to his/her duties to the SSS and its properties, and in his/her dealings with and for the SSS he/she is held to the same strict rule of honesty and fair dealing between himself/herself and his/her principal as other agent;
- (3) Act for the benefit of the SSS and not for his/her own benefit;
- (4) Not to profit as individual by virtue of his/her position and ensure that profits received by him/her from the SSS' properties or businesses revert to the SSS and to hold the same as trustee for the benefit of the SSS and its members;
- (5) Avoid conflicts of interest and not to acquire an interest adverse to or in conflict with that of the SSS, while acting for the SSS or when dealing individually with third persons and declare any interest he/she may have in any particular matter before the Commission; and
- (6) Apply sound business principles to ensure the financial soundness of the SSS.

The compensation, *per diems*, allowances and incentives of the appointive members of the Commission shall be in accordance with and subject to GCG Law.

(b) The general conduct of the operations and management functions of the SSS shall be vested in the SSS President who shall serve as the Chief Executive Officer immediately responsible for carrying out the program of the SSS and the policies of the Commission. The SSS President shall be appointed by the President of the Philippines and shall be a person of known competence, probity, integrity and recognized expertise in social security, pension fund, insurance, investment, banking and finance, economics, management, law or actuarial science.

The SSS President may be removed for a valid cause or any of the following reasons in accordance with the requirement of due process:

(1) If he or she becomes physically or mentally incapacitated from discharging the duties and responsibilities of the office, and such incapacity has lasted for more than six (6) months;

(2) If he or she is guilty of acts or omissions which are of fraudulent or illegal character or which are manifestly opposed to the aims and interests of the SSS;

(3) If he or she no longer possess the qualifications specified in this Act;

(4) If he or she does not meet the standards of performance based on the evaluation by the Governance Commission for GOCCs under the GCG Law.

(c) An Office of the Actuary shall be created to conduct the necessary actuarial studies and present recommendations on premiums, investments and other related matters. The Commission, upon the recommendation of the SSS President, shall appoint the Chief Actuary and such other personnel as may be deemed necessary; prescribe their duties and establish such methods and procedures as may be necessary to ensure the efficient, honest and economical administration of the provisions and purposes of this Act: *Provided, however,* That the personnel of the SSS below the rank of Vice-President shall be appointed by the SSS President: *Provided, further,* That the personnel appointed by the SSS President, except those below the rank of assistant manager, shall be subject to the confirmation by the Commission: *Provided, further,* That the

personnel of the SSS shall be selected only from civil service eligibles and be subject to civil service rules and regulations: *Provided, finally*, That the SSS shall be exempt from the provisions of Republic Act No. 6758 and Republic Act No. 7430.

The Chief Actuary of the SSS can only be removed by just causes which include among others gross incompetence, gross inefficiency, disloyalty, conflict of interest, dishonesty and serious misconduct.

(d) The Commission shall fix the reasonable compensation, allowances and other benefits of all positions in the SSS, including its President and Chief Executive Officer, based on a comprehensive job analysis and audit of actual duties and responsibilities. The compensation plan shall be comparable with the prevailing compensation plan in the Government Service Insurance System (GSIS), the Bangko Sentral ng Pilipinas (BSP) and other government financial institutions and shall be subject to periodic review by the Commission no more than once every four (4) years without prejudice to merit reviews or increases based on productivity and efficiency.

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

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

(1) To formulate, adopt, amend and/or rescind such rules and regulations as may be necessary to carry out the provisions and purposes of this Act;

(2) To establish a Provident Fund for the members which will consist of contributions of employers and employees, self-employed, OFW and voluntary members based on (i) the SSS contribution rate in excess of twelve percent (12%), or (ii) monthly salary credit in excess of Twenty thousand pesos (P20,000.00) up to the prescribed maximum monthly salary credit and their earnings, for the payment of benefits to such members or their beneficiaries in addition to the benefits provided for under this Act: *Provided*, That a member may contribute voluntarily in excess of the prescribed SSS contribution rate and/or the maximum monthly salary credit, subject to such rules and regulations as the Commission may promulgate;

(3) To maintain a Provident Fund which consists of contributions made by both the SSS and its officials and employees and their earnings, for the payment of benefits to such officials and employees or their heirs under such terms and conditions as it may prescribe;

(4) To conduct continuing actuarial and statistical studies and valuations to determine the financial condition of the SSS and taking into consideration such studies and valuations and the limitations herein provided, to readjust the benefits, contributions, premium rates, interest rates or the allocation or reallocation of the funds to the contingencies covered;

(5) To approve restructuring proposals for the payment of due but unremitted contributions and unpaid loan amortizations under such terms and conditions as it may prescribe;

(6) To authorize cooperatives registered with the Cooperative Development Authority or associations registered with the appropriate government agency to act as collecting agents of the SSS with respect to their members: *Provided*, That the SSS shall accredit the cooperative or association: *Provided, further*, That the persons authorized to collect are bonded;

(7) To compromise or release, in whole or in part, any interest, penalty or any civil liability to SSS in connection with the investments authorized under Section 26 hereof, under such terms and conditions as it may prescribe;

(8) Any law to the contrary notwithstanding, to condone, enter into a compromise or release, in whole or in part, such penalties imposed upon delinquent social security contributions regardless of the amount involved under such valid terms and conditions it may prescribe through rules and regulations when the financial position of the employer demonstrates a clear inability to pay the assessed delinquency arising from economic crisis, serious business losses or financial reverses, or resulting from natural calamity or man-made disaster without fault on the part of the employer.

Provided, That the Social Security Commission shall, immediately after the passage of this Act, institute a

condonation of penalties of delinquent employers under Republic Act No. 10361, subject to such rules and regulations as the Social Security Commission may provide.

The Commission shall submit to the Office of the President of the Philippines, the Senate and the House of Representatives an annual report on the exercise of the powers under this provision, stating therein the following facts and information, among others: names and addresses of employers whose penalty delinquencies have been subjected to compromise or condonation; amount involved; amount compromised or condoned and the underlying reasons and justifications thereon, to determine that said powers are reasonably exercised and that the SSS is not unduly prejudiced;

(9) To implement the rate of contributions as well as the minimum and maximum monthly salary credits in accordance with the following schedule effective January of the year of implementation as follows:

Year of Implementation	Contribution Rate	Share		Monthly Salary Credit	
		Employer	Employee	Minimum	Maximum
2019	12%	8%	4%	P2,000.00	P20,000.00
2020	12%	8%	4%	P2,000.00	P20,000.00
2021	13%	8.5%	4.5%	P3,000.00	P25,000.00
2022	13%	8.5%	4.5%	P3,000.00	P25,000.00
2023	14%	9.5%	4.5%	P4,000.00	P30,000.00
2024	14%	9.5%	4.5%	P4,000.00	P30,000.00
2025	15%	10%	5%	P5,000.00	P35,000.00

Provided, That the domestic workers or “kasambahays” as defined under Republic Act No. 10361 or the Batas Kasambahay who are receiving a monthly income lower than minimum monthly salary credit prescribed under this Act shall pay contributions based on their actual monthly salary: *Provided, further*, That members, who are subject to compulsory coverage and receiving a monthly income lower

than the minimum monthly salary credit or more than the maximum monthly salary credit, and their employers, shall pay the SSS contributions based on the current minimum monthly salary credit or the maximum monthly salary credit, respectively, as provided in this Act.

The rate of penalty on unpaid loan amortizations shall be determined and fixed by the Commission from time to time through rules and regulations on the basis of applicable actuarial studies, rate of benefits, inflation, and other relevant socioeconomic data;

(10) To develop and administer a special social security program for workers, with unique economic, social, and geographic situations, as determined by the Commission: *Provided*, That the program may have different contributions and benefits that are proportionately calculated which must be fair, equitable, actuarially sound and viable: *Provided, further*, That the special program shall enjoy the same legal privileges as the regular social security program; and

(11) To approve, confirm, pass upon or review any and all actions of the SSS in the proper and necessary exercise of its powers and duties hereinafter enumerated.

(b) *The Social Security System.* – Subject to the provision of Section 4, Subsection (a)(11) hereof, the SSS shall have the following powers and duties:

(1) To submit annually not later than April 30, a public report to the President of the Philippines and to the Congress of the Philippines covering its activities in the administration and enforcement of this Act during the preceding year including information and recommendations on broad policies for the development and perfection of the program of the SSS;

(2) To require the Chief Actuary to submit a valuation report on the SSS benefit program every three (3) years, or more frequently as may be necessary, to undertake the necessary actuarial studies and calculations concerning increases in benefits taking into account inflation and the financial stability of the SSS, the individual income gap and poverty threshold for the elderly, similar benefits provided by other social protection programs of the government; and to

provide for feasible increases in benefits every four (4) years, including the addition of new ones, under such rules and regulations as the Commission may adopt: *Provided*, That the actuarial soundness of the reserve fund shall be guaranteed;

(3) To establish offices of the SSS to cover as many provinces, cities and congressional districts, including foreign countries whenever and wherever it may be expedient, necessary and feasible, and to inspect or cause to be inspected periodically such offices;

(4) To enter into agreements or contracts for such service and aid, as may be needed for the proper, efficient and stable administration of the SSS;

(5) To adopt or approve the annual and supplemental budget of receipts and expenditures including salaries and allowances of the SSS personnel, against all funds available to the SSS under this Act, and to authorize such capital and operating expenditures and disbursements of the SSS as may be necessary and proper for the effective management and operation of the SSS;

(6) To set up its accounting system and provide the necessary personnel therefor;

(7) To require reports, compilations and analyses of statistical and economic data and to make investigations as may be needed for the proper administration and development of the SSS;

(8) To acquire, develop and dispose of property, real or personal, on its own, or through a joint venture arrangement with the public and/or private sector, which may be necessary or expedient for the attainment of the purposes of this Act;

No injunction or restraining order issued by any court, tribunal or office shall bar, impede or delay the sale, development or disposition by the SSS of its property except on questions of ownership and national or public interest;

(9) To acquire, receive, or hold, by way of purchase, expropriation or otherwise, public or private property for the purpose of undertaking housing projects preferably for the benefit of low-income members and for the maintenance of

hospitals and institutions for the sick, aged and disabled, as well as schools for the members and their immediate families;

(10) To enter into agreement with the GSIS or any other entity, enterprise, corporation or partnership for the benefit of members transferring from one system to another subject to the provision of Republic Act No. 7699, otherwise known as the Portability Law;

(11) To sue and be sued in court; and

(12) To perform such other corporate acts as it may deem appropriate for the proper enforcement of this Act.

SEC. 5. *Settlement of Disputes.* – (a) Any dispute arising under this Act with respect to coverage, benefits, contributions and penalties thereon or any other matter related thereto, shall be cognizable by the Commission, and any case filed with respect thereto shall be heard by the Commission, or any of its members, or by hearing officers duly authorized by the Commission and decided within the mandatory period of twenty (20) days after the submission of the evidence. The filing, determination and settlement of disputes shall be governed by the rules and regulations promulgated by the Commission.

(b) *Appeal to Courts.* – Any decision of the Commission, in the absence of an appeal therefrom as herein provided, shall become final and executory fifteen (15) days after the date of notification, and judicial review thereof shall be permitted only after any party claiming to be aggrieved thereby has exhausted his remedies before the Commission. The Commission shall be deemed to be a party to any judicial action involving any such decision, and may be represented by an attorney employed by the Commission, or when requested by the Commission, by the Solicitor General or any public prosecutor.

(c) *Court Review.* – The decision of the Commission upon any disputed matter may be reviewed both upon the law and the facts by the Court of Appeals. For the purpose of such review, the procedure concerning appeals from the Regional Trial Court shall be followed as far as practicable and consistent with the purposes of this Act. Appeal from a decision of the Commission must be taken within fifteen (15) days from notification of such decision. If the decision of the Commission

involves only questions of law, the same shall be reviewed by the Supreme Court. No appeal bond shall be required. The case shall be heard in a summary manner, and shall take precedence over all cases, except that in the Supreme Court, criminal cases wherein life imprisonment or death has been imposed by the trial court shall take precedence. No appeal shall act as a supersedeas or a stay of the order of the Commission unless the Commission itself, or the Court of Appeals or the Supreme Court, shall so order.

(d) *Execution of Decisions.* – The Commission may, *motu proprio* or on motion of any interested party, issue a writ of execution to enforce any of its decisions or awards, after it has become final and executory, in the same manner as the decision of the Regional Trial Court by directing the city or provincial sheriff or the sheriff whom it may appoint to enforce such final decision or execute such writ; and any person who shall fail or refuse to comply with such decision, award or writ, after being required to do so shall, upon application by the Commission pursuant to Rule 71 of the Rules of Court, be punished for contempt.

SEC. 6. *Auditor and Counsel.* – (a) The Chairman of the Commission on Audit shall be the *ex officio* Auditor of the SSS. He or his representative shall check and audit all the accounts, funds and properties of the SSS in the same manner and as frequently as the accounts, funds and properties of the government are checked and audited under existing laws, and he shall have, as far as practicable, the same powers and duties as he has with respect to the checking and auditing of public accounts, funds and properties in general.

(b) The Secretary of Justice shall be the *ex officio* counsel of the SSS. He or his representative shall act as legal adviser and counsel thereof.

SEC. 7. *Oaths, Witnesses, and Production of Records.*
– When authorized by the Commission, an official or employee thereof shall have the power to administer oath and affirmation, take depositions, certify to official acts, and issue *subpoena* and *subpoena duces tecum* to compel the attendance of witnesses and the production of books, papers, correspondence and other records deemed necessary as evidence in connection with any question arising under this Act. Any

case of contumacy shall be dealt with by the Commission in accordance with law.

SEC. 8. *Terms Defined.* – For purposes of this Act, the following terms shall, unless the context indicates otherwise, have the following meanings:

(a) *SSS* – The Social Security System created by this Act.

(b) *Commission* – The Social Security Commission as herein created.

(c) *Employer* – Any person, natural or juridical, domestic or foreign, who carries on in the Philippines any trade, business, industry, undertaking, or activity of any kind and uses the services of another person who is under his orders as regards the employment, except the government and any of its political subdivisions, branches or instrumentalities, including corporations owned or controlled by the Government: *Provided*, That a self-employed person shall be both employee and employer at the same time.

(d) *Employee* – Any person who performs services for an employer in which either or both mental or physical efforts are used and who receives compensation for such services, where there is an employer-employee relationship: *Provided*, That a self-employed person shall be both employee and employer at the same time.

(e) *Dependents* – The dependents shall be the following:

(1) The legal spouse entitled by law to receive support from the member;

(2) The legitimate, legitimated or legally adopted, and illegitimate child who is unmarried, not gainfully employed, and has not reached twenty-one (21) years of age, or if over twenty-one (21) years of age, he is congenitally or while still a minor has been permanently incapacitated and incapable of self-support, physically or mentally; and

(3) The parent who is receiving regular support from the member.

(f) *Compensation* – All actual remuneration for employment, including the mandated cost-of-living allowance,

as well as the cash value of any remuneration paid in any medium other than cash except that part of the remuneration received during the month in excess of the maximum salary credit as provided in this Act.

(g) *Monthly salary credit* – The compensation base for contributions and benefits as indicated in this Act: *Provided*, That in the computation of benefits, the maximum monthly salary credit to be considered shall be Twenty thousand pesos (P20,000.00), until adjusted as provided in Section 4(a)(9).

(h) *Monthly* – The period from one end of the last payroll period of the preceding month to the end of the last payroll period of the current month if compensation is on hourly, daily or weekly basis; if on any other basis, 'monthly' shall mean a period of one (1) month.

(i) *Contribution* – The amount paid to the SSS by and on behalf of the members in accordance with the schedule provided in this Act.

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

(1) Services where there is no employer-employee relationship in accordance with existing labor laws, rules, regulations and jurisprudence;

(2) Service performed in the employ of the Philippine Government or instrumentality or agency thereof;

(3) Service performed in the employ of a foreign government or international organization, or their wholly-owned instrumentality: *Provided, however*, That this exemption notwithstanding, any foreign government, international organization or their wholly-owned instrumentality employing workers in the Philippines or employing Filipinos outside of the Philippines, may enter into an agreement with the Philippine Government for the inclusion of such employees in the SSS except those already covered by their respective civil service retirement systems: *Provided, further*, That the terms of such agreement shall conform with the provisions of this Act on coverage and amount of payment of contributions and benefits: *Provided, finally*, That the provisions of this Act shall be supplementary to any such agreement; and

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

(k) *Beneficiaries* – The dependent spouse until he or she remarries, the dependent legitimate, legitimated or legally adopted, and illegitimate children, who shall be the primary beneficiaries of the member: *Provided*, That the dependent illegitimate children shall be entitled to fifty percent (50%) of the share of the legitimate, legitimated or legally adopted children: *Provided, further*, That in the absence of the dependent legitimate, legitimated or legally adopted children of the member, his/her dependent illegitimate children shall be entitled to one hundred percent (100%) of the benefits. In their absence, the dependent parents who shall be the secondary beneficiaries of the member. In the absence of all the foregoing, any other person designated by the member as his/her secondary beneficiary.

(l) *Contingency* – The retirement, death, disability, injury or sickness and maternity of the member.

(m) *Average monthly salary credit* – The result obtained by dividing the sum of the last sixty (60) monthly salary credits immediately preceding the semester of contingency by sixty (60), or the result obtained by dividing the sum of all the monthly salary credits paid prior to the semester of contingency by the number of monthly contributions paid in the same period, whichever is greater: *Provided*, That the injury or sickness which caused the disability shall be deemed as the permanent disability for the purpose of computing the average monthly salary credit.

(n) *Average daily salary credit* – The result obtained by dividing the sum of the six (6) highest monthly salary credits in the twelve-month period immediately preceding the semester of contingency by one hundred eighty (180).

(o) *Semester* – A period of two (2) consecutive quarters ending in the quarter of contingency.

(p) *Quarter* – A period of three (3) consecutive calendar months ending on the last day of March, June, September and December.

(q) *Credited years of service* – For a member covered prior to January nineteen hundred and eighty-five (1985) minus the calendar year of coverage plus the number of calendar years in which six (6) or more contributions have been paid from January nineteen hundred and eighty-five (1985) up to the calendar year containing the semester prior to the contingency. For a member covered in or after January nineteen hundred and eighty-five (1985), the number of calendar years in which six (6) or more contributions have been paid from the year of coverage up to the calendar year containing the semester prior to the contingency: *Provided*, That the Commission may provide for a different number of contributions in a calendar year for it to be considered as a credited year of service.

(r) *Member* – The worker who is covered under Section 9, Section 9-A and Section 9-B of this Act.

(s) *Self-employed* – Any person whose income is not derived from employment, as defined under this Act, as well as those workers enumerated in Section 9-A hereof.

(t) *Net earnings* – Net income before income taxes plus non-cash charges such as depreciation and depletion appearing in the regular financial statement of the issuing or assuming institution.

(u) *Fixed charges* – Recurring expense such as amortization of debt discount and rentals for leased properties, including interest on funded and unfunded debt.

SEC. 9. *Coverage.* – (a) Coverage in the SSS shall be compulsory upon all employees including kasambahays or domestic workers not over sixty (60) years of age and their employers: *Provided*, That any benefit already earned by the employees under private benefit plans existing at the time of the approval of this Act shall not be discontinued, reduced or otherwise impaired: *Provided, further*, That private plans which are existing and in force at the time of compulsory coverage shall be integrated with the plan of the SSS in such a way where the employer's contribution to his private plan is more than that required of him in this Act, he shall pay to the SSS only the contribution required of him and he shall continue his contribution to such private plan less his contribution to the SSS so that the employer's total

contribution to his benefit plan and to the SSS shall be the same as his contribution to his private benefit plan before the compulsory coverage: *Provided, further*, That any changes, adjustments, modifications, eliminations or improvements in the benefits to be available under the remaining private plan, which may be necessary to adopt by reason of the reduced contributions thereto as a result of the integration, shall be subject to agreements between the employers and employees concerned: *Provided, further*, That the private benefit plan which the employer shall continue for his employees shall remain under the employer's management and control unless there is an existing agreement to the contrary: *Provided, finally*, That nothing in this Act shall be construed as a limitation on the right of employers and employees to agree on and adopt benefits which are over and above those provided under this Act.

(b) Spouses who devote full time to managing the household and family affairs, unless they are also engaged in other vocation or employment which is subject to mandatory coverage, may be covered by the SSS on a voluntary basis.

SEC. 9-A. *Compulsory Coverage of the Self-Employed.* – Coverage in the SSS shall also be compulsory upon such self-employed persons as may be determined by the Commission under such rules and regulations as it may prescribe, including, but not limited to, the following:

- (a) All self-employed professionals;
- (b) Partners and single proprietors of businesses;
- (c) Actors and actresses, directors, scriptwriters and news correspondents who do not fall within the definition of the term "employee" in Section 8(d) of this Act;
- (d) Professional athletes, coaches, trainers and jockeys; and
- (e) Individual farmers and fishermen.

Unless otherwise specified herein, all provisions of this Act applicable to covered employees shall also be applicable to the covered self-employed persons.

SEC. 9-B. *Compulsory Coverage of Overseas Filipino Workers (OFWs).* -

(a) Coverage in the SSS shall be compulsory upon all sea-based and land-based OFWs as defined under Republic Act No. 8042, otherwise known as the Migrant Workers and Overseas Filipinos Act of 1995, as amended by Republic Act No. 10022: *Provided*, That they are not over sixty (60) years of age.

All benefit provisions under this Act shall apply to all covered OFWs. The benefits include, among others, retirement, death, disability, funeral, sickness and maternity.

(b) Manning agencies are agents of their principals and are considered as employers of sea-based OFWs.

For purposes of the implementation of this Act, any law to the contrary notwithstanding manning agencies are jointly and severally or solidarily liable with their principals with respect to the civil liabilities incurred for any violation of this Act.

The persons having direct control, management or direction of the manning agencies shall be held criminally liable for any act or omission penalized under this Act notwithstanding Section 28(f) hereof.

(c) Land-based OFWs are compulsory members of the SSS and considered in the same manner as self-employed persons under such rules and regulations that the Commission shall prescribe.

(d) The Department of Foreign Affairs (DFA), the Department of Labor and Employment (DOLE) and all its agencies involved in deploying OFWs for employment abroad are mandated to negotiate bilateral labor agreements with the OFWs' host countries to ensure that the employers of land-based OFWs, similar to the principals of sea-based OFWs, pay the required SSS contributions, in which case these land-based OFWs shall no longer be considered in the same manner as self-employed persons in this Act. Instead, they shall be considered as compulsorily covered employees with employer and employee shares in contributions that shall be provided for in the bilateral labor agreements and their implementing administrative agreements: *Provided*, That in

countries which already extend social security coverage to OFWs, the DFA through the Philippine embassies and the DOLE shall negotiate further agreements to serve the best interests of the OFWs.

(e) The DFA, the DOLE and the SSS shall ensure compulsory coverage of OFWs through bilateral social security and labor agreements and other measures for enforcement.

(f) Upon the termination of their employment overseas, OFWs may continue to pay contributions on a voluntary basis to maintain their rights to full benefits.

(g) Filipino permanent migrants, including Filipino immigrants, permanent residents and naturalized citizens of their host countries may be covered by the SSS on a voluntary basis.

SEC. 10. *Effective Date of Coverage.* – Compulsory coverage of the employer shall take effect on the first day of his operation and that of the employee on the day of his employment: *Provided*, That the compulsory coverage of the self-employed person shall take effect upon his registration with the SSS.

SEC. 11. *Effect of Separation from Employment.* – When an employee under compulsory coverage is separated from employment, his employer's contribution on his account and his obligation to pay contributions arising from that employment shall cease at the end of the month of separation, but said employee shall be credited with all contributions paid on his behalf and entitled to benefits according to the provisions of this Act. He may, however, continue to pay the total contributions to maintain his right to full benefit.

SEC. 11-A. *Effect of Interruption of Business or Professional Income.* – If the self-employed member realizes no income in any given month, he shall not be required to pay contributions for that month. He may, however, be allowed to continue paying contributions under the same rules and regulations applicable to a separated employee member: *Provided*, That no retroactive payment of contributions shall be allowed other than as prescribed under Section 22-A hereof.

SEC. 12. *Monthly Pension.* -

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

(1) The sum of the following:

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

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

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

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

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

(b) Notwithstanding the preceding paragraph, 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: *Provided*, That the Commission, upon determination of actuarial soundness, may provide pension increase than the amounts specified herein.

(c) *Additional Benefit Allowance.* Pursuant to Memorandum from the Executive Secretary dated 22 February 2017, by authority of the President of the Republic of the Philippines, an additional monthly benefit allowance amounting to One thousand pesos (P1,000.00) shall be given to all retirement, death, and disability pensioners receiving monthly pensions in or after January two thousand seventeen (2017). The Commission may determine the grant of additional benefit allowance: *Provided*, That the actuarial soundness of the reserve fund shall be guaranteed. All other additional allowances to monthly pension subsequent to the Memorandum of the Executive Secretary dated February 22, 2017 shall be

subject to the requirement of fund viability and sustainability as determined by the Commission based on the recommendations of the Office of the Chief Actuary guaranteeing the actuarial soundness of the grant of such allowances.

SEC. 12-A. *Dependents' Pension.* – Where monthly pension is payable on account of death, permanent total disability or retirement, dependents' pension equivalent to ten percent (10%) of the monthly pension or Two hundred fifty pesos (P250.00), whichever is higher, shall also be paid for each dependent child conceived on or before the date of the contingency but not exceeding five (5), beginning with the youngest and without substitution: *Provided*, That where there are legitimate and illegitimate children, the former shall be preferred.

SEC. 12-B. *Retirement Benefits.* – (a) A member who has paid at least one hundred twenty (120) monthly contributions prior to the semester of retirement and who: (1) has reached the age of sixty (60) years and is already separated from employment or has ceased to be self-employed; or (2) has reached the age of sixty-five (65) years, shall be entitled for as long as he lives to the monthly pension: *Provided*, That he shall have the option to receive his first eighteen (18) monthly pensions in lump sum discounted at a preferential rate of interest to be determined by the SSS.

(b) A covered member who is sixty (60) years old at retirement and who does not qualify for pension benefits under paragraph (a) above, shall be entitled to a lump sum benefit equal to the total contributions paid by him and on his behalf: *Provided*, That he is separated from employment and is not continuing payment of contributions to the SSS on his own.

(c) The monthly pension shall be suspended upon the reemployment or resumption of self-employment of a retired member who is less than sixty-five (65) years old. He shall again be subject to Section Eighteen and his employer to Section Nineteen of this Act.

(d) Upon the death of the retired member, his primary beneficiaries as of the date of his retirement shall be entitled to receive the monthly pension: *Provided*, That if he has no primary beneficiaries and he dies within sixty (60) months from

the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the total monthly pensions corresponding to the balance of the five-year guaranteed period, excluding the dependents' pension.

(e) The monthly pension of a member who retires after reaching age sixty (60) shall be the higher of either: (1) the monthly pension computed at the earliest time he could have retired had he been separated from employment or ceased to be self-employed plus all adjustments thereto; or (2) the monthly pension computed at the time when he actually retires.

SEC. 13. *Death Benefits.* – Upon the death of a member who has paid at least thirty-six (36) monthly contributions prior to the semester of death, his primary beneficiaries shall be entitled to the monthly pension: *Provided*, That if he has no primary beneficiaries, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to thirty-six (36) times the monthly pension. If he has not paid the required thirty-six (36) monthly contributions, his primary or secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the monthly pension times the number of monthly contributions paid to the SSS or twelve (12) times the monthly pension, whichever is higher.

SEC. 13-A. *Permanent Disability Benefits.* – (a) Upon the permanent total disability of a member who has paid at least thirty-six (36) monthly contributions prior to the semester of disability, he shall be entitled to the monthly pension: *Provided*, That if he has not paid the required thirty-six (36) monthly contributions, he shall be entitled to a lump sum benefit equivalent to the monthly pension times the number of monthly contributions paid to the SSS or twelve (12) times the monthly pension, whichever is higher. A member who (1) has received a lump sum benefit; and (2) is reemployed or has resumed self-employment not earlier than one (1) year from the date of his disability shall again be subject to compulsory coverage and shall be considered a new member.

(b) The monthly pension and dependents' pension shall be suspended upon the reemployment or resumption of self-employment or the recovery of the disabled member from his permanent total disability or his failure to present himself for examination at least once a year upon notice by the SSS.

(c) Upon the death of the permanent total disability pensioner, his primary beneficiaries as of the date of disability shall be entitled to receive the monthly pension: *Provided*, That if he has no primary beneficiaries and he dies within sixty (60) months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the total monthly pensions corresponding to the balance of the five-year guaranteed period excluding the dependents' pension.

(d) The following disabilities shall be deemed permanent total:

- (1) Complete loss of sight of both eyes;
- (2) Loss of two limbs at or above the ankle or wrists;
- (3) Permanent complete paralysis of two limbs;
- (4) Brain injury resulting to incurable imbecility or insanity; and
- (5) Such cases as determined and approved by the SSS.

(e) If the disability is permanent partial, and such disability occurs before thirty-six (36) monthly contributions have been paid prior to the semester of disability, the benefit shall be such percentage of the lump sum benefit described in the preceding paragraph with due regard to the degree of disability as the Commission may determine.

(f) If the disability is permanent partial and such disability occurs after thirty-six (36) monthly contributions have been paid prior to the semester of disability, the benefit shall be the monthly pension for permanent total disability payable not longer than the period designated in the following schedule:

Complete and permanent loss of/use of	Number of Months
One thumb	10
One index finger	8
One middle finger	6

One ring finger	5
One little finger	3
One big toe	6
One hand	39
One arm	50
One foot	31
One leg	46
One ear	10
Both ears	20
Hearing of one ear	10
Hearing of both ears	50
Sight of one eye	25

(g) The percentage degree of disability which is equivalent to the ratio that the designated number of months of compensability bears to seventy-five (75), rounded to the next higher integer, shall not be additive for distinct, separate and unrelated permanent partial disabilities, but shall be additive for deteriorating and related permanent partial disabilities, to a maximum of one hundred percent (100%), in which case, the member shall be deemed as permanently totally disabled.

(h) In case of permanent partial disability, the monthly pension benefit shall be given in lump sum if it is payable for less than twelve (12) months.

(i) For the purpose of adjudicating retirement, death and permanent total disability pension benefits, contributions shall be deemed paid for the months during which the member received partial disability pension: *Provided*, That such contributions shall be based on his last contribution prior to his disability.

(j) Should a member who is on partial disability pension retire or die, his disability pension shall cease upon his retirement or death.

SEC. 13-B. *Funeral Benefit.* – A funeral grant equivalent to Twelve thousand pesos (P12,000.00) shall be paid, in cash or in kind, to help defray the cost of funeral expenses upon the death of a member, including permanently totally disabled member or retiree.

SEC. 14. *Sickness Benefit.* – (a) A member who has paid at least three (3) monthly contributions in the twelve-month period immediately preceding the semester of sickness or injury and is confined therefor for more than three (3) days in a hospital or elsewhere with the approval of the SSS, shall, for each day of compensable confinement or a fraction thereof, be paid by his employer, or the SSS, if such person is unemployed or self-employed, a daily sickness benefit equivalent to ninety percent (90%) of his average daily salary credit, subject to the following conditions:

(1) In no case shall the daily sickness benefit be paid longer than one hundred twenty (120) days in one (1) calendar year, nor shall any unused portion of the one hundred twenty (120) days of sickness benefit granted under this section be carried forward and added to the total number of compensable days allowable in the subsequent year;

(2) The daily sickness benefit shall not be paid for more than two hundred forty (240) days on account of the same confinement; and

(3) The employee member shall notify his employer of the fact of his sickness or injury within five (5) calendar days after the start of his confinement unless such confinement is in a hospital or the employee became sick or was injured while working or within the premises of the employer in which case, notification to the employer is not necessary: *Provided*, That if the member is unemployed or self-employed, he shall directly notify the SSS of his confinement within five (5) calendar days after the start thereof unless such confinement is in a hospital in which case notification is also not necessary: *Provided*, *further*, That in cases where notification is necessary, the

confinement shall be deemed to have started not earlier than the fifth day immediately preceding the date of notification.

(b) The compensable confinement shall begin on the first day of sickness, and the payment of such allowances shall be promptly made by the employer every regular payday or on the fifteenth and last day of each month, and similarly in the case of direct payment by the SSS, for as long as such allowances are due and payable: *Provided*, That such allowance shall begin only after all sick leaves of absence with full pay to the credit of the employee member shall have been exhausted.

(c) One hundred percent (100%) of the daily benefits provided in the preceding paragraph shall be reimbursed by the SSS to said employer upon receipt of satisfactory proof of such payment and legality thereof: *Provided*, That the employer has notified the SSS of the confinement within five (5) calendar days after receipt of the notification from the employee member: *Provided, further*, That if the notification to the SSS is made by the employer beyond five (5) calendar days after receipt of the notification from the employee member, said employer shall be reimbursed only for each day of confinement starting from the tenth calendar day immediately preceding the date of notification to the SSS: *Provided, finally*, That the SSS shall reimburse the employer or pay the unemployed member only for confinement within the one-year period immediately preceding the date the claim for benefit or reimbursement is received by the SSS, except confinement in a hospital in which case the claim for benefit or reimbursement must be filed within one (1) year from the last day of confinement.

(d) Where the employee member has given the required notification but the employer fails to notify the SSS of the confinement or to file the claim for reimbursement within the period prescribed in this section resulting in the reduction of the benefit or denial of the claim, such employer shall have no right to recover the corresponding daily allowance he advanced to the employee member as required in this section.

(e) The claim of reimbursement shall be adjudicated by the SSS within a period of two (2) months from receipt thereof: *Provided*, That should no payment be received by the

employer within one (1) month after the period prescribed herein for adjudication, the reimbursement shall thereafter earn simple interest of one percent (1%) per month until paid.

(f) The provisions regarding the notification required of the member and the employer as well as the period within which the claim for benefit or reimbursement may be filed shall apply to all claims filed with the SSS.

SEC. 14-A. *Maternity Leave Benefit.* – A female member who has paid at least three (3) monthly contributions in the twelve-month period immediately preceding the semester of her childbirth or miscarriage shall be paid a daily maternity benefit equivalent to one hundred percent (100%) of her average daily salary credit for sixty (60) days or seventy-eight (78) days in case of caesarian delivery, subject to the following conditions:

(a) That the employee shall have notified her employer of her pregnancy and the probable date of her childbirth, which notice shall be transmitted to the SSS in accordance with the rules and regulations it may provide;

(b) The full payment shall be advanced by the employer within thirty (30) days from the filing of the maternity leave application;

(c) That payment of daily maternity benefits shall be a bar to the recovery of sickness benefits provided by this Act for the same period for which daily maternity benefits have been received;

(d) That the maternity benefits provided under this section shall be paid only for the first four (4) deliveries or miscarriages;

(e) That the SSS shall immediately reimburse the employer of one hundred percent (100%) of the amount of maternity benefits advanced to the employee by the employer upon receipt of satisfactory proof of such payment and legality thereof; and

(f) That if an employee member should give birth or suffer miscarriage without the required contributions having been

remitted for her by her employer to the SSS, or without the latter having been previously notified by the employer of the time of the pregnancy, the employer shall pay to the SSS damages equivalent to the benefits which said employee member would otherwise have been entitled to.

SEC.14-B. *Unemployment Insurance or Involuntary Separation Benefits.* – A member who is not over sixty (60) years of age who has paid at least thirty-six (36) months contributions twelve (12) months of which should be in the eighteen-month period immediately preceding the involuntary unemployment or separation shall be paid benefits in the form of monthly cash payments equivalent to fifty percent (50%) of the average monthly salary credit for a maximum of two (2) months: *Provided*, That an employee who is involuntarily unemployed can only claim unemployment benefits once every three (3) years: *Provided, further*, That in case of concurrence of two or more compensable contingencies, only the highest benefit shall be paid, subject to the rules and regulations that the Commission may prescribe.

SEC. 15. *Non-Transferability of Benefits.* – The SSS shall promptly pay the benefits provided in this Act to such persons as may be entitled thereto in accordance with the provisions of this Act: *Provided*, That the SSS shall pay the retirement benefits on the day of contingency to qualified members who have submitted the necessary documents at least six (6) months before: *Provided, further*, That the beneficiary who is a national of a foreign country which does not extend benefits to a Filipino beneficiary residing in the Philippines, or which is not recognized by the Philippines, shall not be entitled to receive any benefit under this Act: *Provided, further*, That notwithstanding the foregoing, where the best interest of the SSS will be served, the Commission may direct payments without regard to nationality or country of residence: *Provided, further*, That if the recipient is a minor or a person incapable of administering his own affairs, the Commission shall appoint a representative under such terms and conditions as it may deem proper: *Provided, further*, That such appointment shall not be necessary in case the recipient is under the custody of or living with the parents or spouse of the member in which case the benefits shall be paid to such parents or spouse, as representative payee of the recipient. Such benefits are not transferable and no power of attorney or other document executed by those entitled thereto in favor of any

agent, attorney or any other person for the collection thereof on their behalf shall be recognized, except when they are physically unable to collect personally such benefits: *Provided, further,* That in case of death benefits, if no beneficiary qualifies under this Act, said benefits shall be paid to the legal heirs in accordance with the law of succession.

SEC. 16. *Exemption from Tax, Legal Process and Lien.* – All laws to the contrary notwithstanding, the SSS and all its assets and properties, all contributions collected and all accruals thereto and income or investment earnings therefrom as well as all supplies, equipment, papers or documents shall be exempt from any tax, assessment, fee, charge, or customs or import duty; and all benefit payments made by the SSS shall likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to attachments, garnishments, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the person or persons entitled thereto, except to pay any debt of the member to the SSS. No tax measure of whatever nature enacted shall apply to the SSS, unless it expressly revokes the declared policy of the State in Section 2 hereof granting tax-exemption to the SSS. Any tax assessment imposed against the SSS shall be null and void.

SEC. 17. *Fee of Agents, Attorneys, Etc.* – No agent, attorney or other person in charge of the preparation, filing or pursuing any claim for benefit under this Act shall demand or charge for his services any fee, and any stipulation to the contrary shall be null and void. The retention or deduction of any amount from any benefit granted under this Act for the payment of fees for such services is prohibited: *Provided, however,* That any member of the Philippine Bar who appears as counsel in any case heard by the Commission shall be entitled to attorney's fees not exceeding ten percent (10%) of the benefits awarded by the Commission, which fees shall not be payable before the actual payment of the benefits, and any stipulation to the contrary shall be null and void.

Any violation of the provisions of this Section shall be punished by a fine of not less than Five hundred pesos (P500.00) nor more than Five thousand pesos (P5,000.00), or imprisonment for not less than six (6) months nor more than one (1) year, or both, at the discretion of the court.

SEC. 18. *Employee's Contributions.* – Beginning on the last day of the calendar month when an employee's compulsory coverage takes effect and every month thereafter during his employment, the employer shall deduct and withhold from such employee's monthly salary, wage, compensation or earnings, the employee's contribution in an amount corresponding to his salary, wage, compensation or earnings during the month in accordance with the monthly salary credits, the schedule and the rate of contributions as may be determined and fixed by the Commission, subject to the provisions of Section 4(a)(9) of this Act.

The monthly salary credits, the schedule and the rate of contributions shall also apply to self-employed, voluntary, and other members.

SEC. 19. *Employer's Contributions.* – (a) Beginning on the last day of the month when an employee's compulsory coverage takes effect and every month thereafter during his employment, his employer shall pay, with respect to such covered employee, the employer's contribution in accordance with the schedule provided in this Act. Notwithstanding any contract to the contrary, an employer shall not deduct, directly or indirectly, from the compensation of his employees covered by the SSS or otherwise recover from them the employer's contributions with respect to such employees.

(b) The remittance of such contributions by the employer shall be supported by a quarterly collection list to be submitted to the SSS at the end of each calendar quarter indicating the correct ID number of the employer, the correct names and the SSS numbers of the employees and the total contributions paid for their account during the quarter.

SEC. 19-A. *Contributions of the Self-Employed Member.* – The contributions to the SSS of the self-employed member shall be determined in accordance with the schedule provided in this Act: *Provided*, That the monthly earnings declared by the self-employed member at the time of his registration with the SSS shall be considered as his monthly compensation and he shall pay both the employer and the employee contributions: *Provided, further*, That the contributions of self-employed persons earning One thousand pesos (P1,000.00) monthly or below may be reduced by the Commission.

The monthly earnings declared by the self-employed member at the time of his registration shall remain the basis of his monthly salary credit, unless he makes another declaration of his monthly earnings, in which case such latest declaration becomes the new basis of his monthly salary credit.

SEC. 20. *Government Contribution.* – As the contribution of the Government to the operation of the SSS, Congress shall annually appropriate out of any funds in the National Treasury not otherwise appropriated, the necessary sum or sums to meet the estimated expenses of the SSS for each ensuing year. In addition to this contribution, Congress shall appropriate from time to time such sum or sums as may be needed to assure the maintenance of an adequate working balance of the funds of the SSS as disclosed by suitable periodic actuarial studies to be made of the operations of the SSS.

SEC. 21 *Government Guarantee.* – The benefits prescribed in this Act shall not be diminished and to guarantee said benefits the Government of the Republic of the Philippines accepts general responsibility for the solvency of the SSS.

SEC. 22. *Remittance of Contributions.* – (a) The contribution imposed in the preceding section shall be remitted to the SSS within the first ten (10) days of each calendar month following the month for which they are applicable or within such time as the Commission may prescribe. Every employer required to deduct and to remit such contributions shall be liable for their payment and if any contribution is not paid to the SSS as herein prescribed, the delinquent employer shall pay besides the contribution a penalty thereon of two percent (2%) per month from the date the contribution falls due until paid. If deemed expedient and advisable by the Commission, the collection and remittance of contributions shall be made quarterly or semi-annually in advance, the contributions payable by the employees to be advanced by their respective employers: *Provided*, That upon separation of an employee, any contribution so paid in advance but not due shall be credited or refunded to his employer.

(b) The contributions payable under this Act in cases where an employer refuses or neglects to pay the same shall be collected by the SSS in the same manner as taxes are made collectible under the National Internal Revenue Code, as

amended. Failure or refusal of the employer to pay or remit the contributions herein prescribed shall not prejudice the right of the covered employee to the benefits of the coverage.

The right to institute the necessary action against the employer may be commenced within twenty (20) years from the time the delinquency is known or the assessment is made by the SSS, or from the time the benefit accrues, as the case may be.

(c) Should any person, natural or juridical, defaults in any payment of contributions, the Commission may also collect the same in either of the following ways:

(1) By an action in court, which shall hear and dispose of the case in preference to any other civil action; or

(2) By issuing a warrant to the Sheriff of any province or city commanding him to levy upon and sell any real and personal property of the debtor. The Sheriff's sale by virtue of said warrant shall be governed by the same procedure prescribed for executions against property upon judgments by a court of record.

(d) The last complete record of monthly contributions paid by the employer or the average of the monthly contributions paid during the past three (3) years as of the date of filing of the action for collection shall be presumed to be the monthly contributions payable by and due from the employer to the SSS for each of the unpaid month, unless contradicted and overcome by other evidence: *Provided*, That the SSS shall not be barred from determining and collecting the true and correct contributions due the SSS even after full payment pursuant to this paragraph, nor shall the employer be relieved of his liability under Section Twenty-eight of this Act.

SEC. 22-A. Remittance of Contributions of Self-Employed Member. – Self-employed members shall remit their monthly contributions quarterly on such dates and schedules as the Commission may specify through rules and regulations: *Provided*, That no retroactive payment of contributions shall be allowed, except as provided in this Section.

SEC. 23. Method of Collection and Payment. – The SSS shall require a complete and proper collection and payment of

contributions and proper identification of the employer and the employee. Payment may be made in cash, checks, stamps, coupons, tickets, or other reasonable devices that the Commission may adopt.

SEC. 24. *Employment Records and Reports.* – (a) Each employer shall immediately report to the SSS the names, ages, civil status, occupations, salaries and dependents of all his employees who are subject to compulsory coverage: *Provided*, That if an employee subject to compulsory coverage should die or become sick or disabled or reach the age of sixty (60) without the SSS having previously received any report or written communication about him from his employer, the said employer shall pay to the SSS damages equivalent to the benefits to which said employee member would have been entitled had his name been reported on time by the employer to the SSS, except that in case of pension benefits, the employer shall be liable to pay the SSS damages equivalent to the accumulated pension due as of the date of settlement of the claim or to the five (5) years' pension, whichever is higher, including dependents' pension: *Provided, further*, That if the contingency occurs within thirty (30) days from the date of employment, the employer shall be relieved of his liability for damages: *Provided, further*, That any person or entity engaging the services of an independent contractor shall be subsidiarily liable with such contractor for any civil liability incurred by the latter under this Act: *Provided, finally*, That the same person or entity engaging the services of an independent contractor shall require such contractor to post a surety bond to guarantee the payment of the worker's benefits.

(b) Should the employer misrepresent the true date of employment of the employee member or remit to the SSS contributions which are less than those required in this Act or fail to remit any contribution due prior to the date of contingency, resulting in a reduction of benefits, such employer shall pay to the SSS damages equivalent to the difference between the amount of benefit to which the employee member or his beneficiary is entitled had the proper contributions been remitted to the SSS and the amount payable on the basis of contributions actually remitted: *Provided*, That if the employee member or his beneficiary is entitled to pension benefits, the damages shall be equivalent to the accumulated pension due as of the date of settlement of the claim or to

the five (5) years' pension, whichever is higher, including dependents' pension.

In addition to the liability mentioned in the preceding paragraphs (a) and (b) hereof, the employer shall also be liable for the payment of the corresponding unremitted contributions and penalties thereon.

(c) The records and reports duly accomplished and submitted to the SSS by the employer or the member, as the case may be, shall be kept confidential by the SSS except in compliance with a *subpoena duces tecum* issued by the courts, shall not be divulged without the consent of the SSS President or any official of the SSS duly authorized by him, shall be presumed correct as to the data and other matters stated therein, unless the necessary corrections to such records and reports have been properly made by the parties concerned before the right to the benefit being claimed accrues, and shall be made the basis for the adjudication of the claim. If as a result of such adjudication the SSS in good faith pays a monthly pension to a beneficiary who is inferior in right to another beneficiary or with whom another beneficiary is entitled to share, such payments shall discharge the SSS from liability unless and until such other beneficiary notifies the SSS of his claim prior to the payments.

(d) Every employer shall keep true and accurate work records for such period and containing such information as the Commission may prescribe, in addition to an "Annual Register of New and Separated Employees" which shall be secured from the SSS wherein the employer shall enter on the first day of employment or on the effective date of separation, the names of the persons employed or separated from employment, their SSS numbers, and such other data that the Commission may require and said annual register shall be submitted to the SSS in the month of January of each year. Such records shall be open for inspection by the SSS or its authorized representatives quarterly or as often as the SSS may require.

The SSS may also require each employer to submit, with respect to the persons in his employ, reports needed for the effective administration of this Act.

(e) Each employer shall require, as a condition to employment, the presentation of a registration number secured

by the prospective employee from the SSS in accordance with such procedure as the SSS may adopt: *Provided*, That in case of employees who have earlier been assigned registration numbers by virtue of a previous employment, such numbers originally assigned to them should be used for purposes of this Section: *Provided, further*, That the issuance of such registration numbers by the SSS shall not exempt the employer from complying with the provisions of paragraph (a) of this Section.

(f) Notwithstanding any law to the contrary, microfilm, or non-erasable optical disk and other similar archival media copies of original SSS records and reports, or copies of such records and reports duly certified by the official custodian thereof, shall have the same evidentiary value as the originals and be admissible as evidence in all legal proceedings.

(g) Notwithstanding any law to the contrary, local government units shall, prior to issuing any annual business license or permit, require submission of certificate of SSS coverage and compliance with the provisions of this Act: *Provided*, That the certification or clearance shall be issued by the SSS within five (5) working days from receipt of the request.

SEC. 24-A. *Report and Registration of the Self-Employed Member.* – Each covered self-employed member shall, within thirty (30) days from the first day he started the practice of his profession or business operations, register and report to the SSS his name, age, civil status, and occupation, average monthly net income and his dependents.

SEC. 25. *Deposit and Disbursements.* – All money paid to or collected by the SSS every year under this Act, and all accruals thereto, shall be deposited, administered and disbursed in the same manner and under the same conditions and requirements as provided by law for other public special funds: *Provided*, That not more than twelve percent (12%) of the total yearly contributions plus three percent (3%) of other revenues shall be disbursed for administrative and operational expenses such as salaries and wages, supplies and materials, depreciation, and the maintenance of offices of the SSS: *Provided, further*, That if the expenses in any year are less

than the maximum amount permissible, the difference shall not be availed of as additional expenses in the following years.

SEC. 26. *Investment of Reserve Funds.* – All revenues of the SSS that are not needed to meet the current administrative and operational expenses incidental to the carrying out of this Act shall be accumulated in a fund to be known as the “Reserve Fund”. Such portions of the Reserve Fund as are not needed to meet the current benefit obligations thereof shall be known as the “Investment Reserve Fund” which the Commission shall manage and invest with the skill, care, prudence and diligence necessary to earn an annual income not less than the average rates of treasury bills or any other acceptable market yield indicator in any or in all of the following undertaking, under such rules and regulations as may be prescribed by the Commission: *Provided*, That investments shall satisfy the requirements of liquidity, safety/security and yield in order to ensure the actuarial solvency of the funds of the SSS: *Provided, further*, That the SSS shall submit an annual report on all investments made to both the Senate and House of Representatives:

(a) In bonds, securities, promissory notes or other evidence of indebtedness of the Government of the Philippines, or in bonds, securities, promissory notes or other evidence of indebtedness to which the full faith, credit and unconditional guarantee of the Government of the Philippines is pledged: *Provided*, That at least fifteen percent (15%) of the investment reserve fund shall be invested for these purposes;

(b) In bonds, securities, promissory notes or other evidence of indebtedness of the Government of the Philippines, or any of its agencies or instrumentalities to finance domestic infrastructure projects such as roads, bridges, ports, telecommunications, and other similar projects: *Provided*, That the instruments issued by an agency or instrumentality of the government shall be guaranteed by the Government of the Philippines or any government financial institution or acceptable multilateral agency: *Provided, further*, That the SSS shall have priority over the revenues of the projects: *Provided, finally*, That such investments shall not exceed thirty percent (30%) of the Investment Reserve Fund;

(c) In bonds, securities, promissory notes or other evidence of indebtedness of government financial institutions or

government corporations with acceptable credit or guarantee: *Provided*, That such investments shall not exceed thirty percent (30%) of the Investment Reserve Fund;

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

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

In short and medium-term loans to members such as salary, educational, livelihood, calamity, and emergency loans: *Provided*, That not more than five percent (5%) of the Investment Reserve Fund at any time shall be invested for housing purposes: *Provided, further*, That not more than twenty five percent (25%) of the Investment Reserve Fund shall be invested in short-and medium-term loans;

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

(g) In real estate property, including shares of stocks involving real estate property, and investments secured by first mortgages on real estate or other collaterals acceptable to the SSS: *Provided*, That such projects and investments shall, in the determination of the Commission, redound to the benefit of the SSS, its members, as well as the general public: *Provided, further*, That investment in real estate property and joint ventures including shares of stocks involving real estate property, shall not exceed ten percent (10%) of the Investment Reserve Fund: *Provided, finally*, That investments in other income earning projects and investment secured by first mortgages and or other collaterals shall not exceed twenty-five percent (25%) of the Investment Reserve Fund;

(h) In bonds, debentures, securities, promissory notes or other evidence of indebtedness of any prime corporation or multilateral institutions to finance domestic projects: *Provided*, That the issuing or assuming entity or its predecessors shall not have defaulted in the payment of interest on any of its securities and that during each of any three (3) including the last two (2) of the five (5) fiscal years next preceding the date of acquisition by the SSS of such bonds, debentures or other evidence of indebtedness, the net earnings of the issuing or assuming institution available for its fixed charges, as defined in this Act, shall have been not less than one and one-quarter times the total of its fixed charges for such year: *Provided, further*, That such investments shall not exceed forty percent (40%) of the Investment Reserve Fund;

(i) In preferred or common shares of stocks listed or to be listed in the stock exchange and other securities trading markets or options or warrants to such stock or, subject to prior approval of the BSP, such other risk management instruments of any prime or solvent corporation or financial institution created or existing under the laws of the Philippines with proven track record of profitability over the last three (3) years and payment of dividends at least once over the same period: *Provided*, That such investments shall not exceed forty percent (40%) of the Investment Reserve Fund;

(j) In domestic or foreign mutual funds in existence for at least three (3) years: *Provided*, That such investments shall not exceed forty percent (40%) of the Investment Reserve Fund: *Provided, further*, That investments in foreign mutual funds shall not exceed one percent (1%) of the Investment Reserve

Fund in the first year which shall be increased by one percent (1%) for each succeeding year, but in no case shall it exceed fifteen percent (15%) of the Investment Reserve Fund;

(k) In foreign currency deposits or investment-grade rated foreign currency-denominated debts, prime and nonspeculative equities, and other BSP approved financial instruments or other assets issued in accordance with the existing laws of the countries where such financial instruments are issued: *Provided*, That these instruments or assets are listed in bourses of the respective countries where these instruments or assets are issued: *Provided, further*, That the issuing company has proven track record of profitability over the last three (3) years and payment of dividends at least once over the same period: *Provided, finally*, That such investments shall not exceed one percent (1%) of the Investment Reserve Fund in the first year which shall be increased by one percent (1%) for each succeeding year, but in no case shall it exceed fifteen percent (15%) of the Investment Reserve Fund;

(l) In loans secured by such collaterals like cash, pensions, government securities or guarantees of multilateral institutions including loans to pensioners: *Provided*, That such investments shall not exceed thirty percent (30%) of the Investment Reserve Fund; and

(m) In other BSP approved investment instruments with the same intrinsic quality as those enumerated in paragraphs (a) to (l) hereof, subject to the policies and guidelines which the Commission may formulate.

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

60% in private securities

5% in housing

30% in real estate related investments

- 25% in short and medium-term member loans
- 30% in government financial institutions and corporations
- 15% in any particular industry
- 7.5% in foreign-currency denominated investments
- 5% in private-sponsored infrastructure projects without guarantee
- 5% private and government sponsored infrastructure projects with guarantee
- 5% in private and government sponsored infrastructure projects.

SEC. 26-A. *Fund Managers.* – As part of its investment operations, the SSS may appoint local or, in the absence thereof, foreign fund managers to manage the Investment Reserve Fund, as it may deem appropriate.

SEC. 26-B. *Mortgagor Insurance Account.* – (a) As part of its investment operations, the SSS shall act as insurer of all or part of its interest on SSS properties mortgaged to the SSS, or lives of mortgagors whose properties are mortgaged to the SSS. For this purpose, the SSS shall establish a separate account to be known as the “Mortgagors’ Insurance Account”. All amounts received by the SSS in connection with the aforesaid insurance operations shall be placed in the Mortgagors’ Insurance Account. The assets and liabilities of the Mortgagors’ Insurance Account shall at all times be clearly identifiable and distinguishable from the assets and liabilities in all other accounts of the SSS. Notwithstanding any provision of law to the contrary, the assets held in the Mortgagors’ Insurance Account shall not be chargeable with the liabilities arising out of any other business the SSS may conduct but shall be held and applied exclusively for the benefit of the owners or beneficiaries of the insurance contracts issued by the SSS under this paragraph.

(b) The SSS may insure any of its interest or part thereof with any private company or reinsurer. The Insurance Commission or its authorized representatives shall make an

examination into the financial condition and methods of transacting business of the SSS at least once in two (2) years, but such examination shall be limited to the insurance operation of the SSS as authorized under this paragraph and shall not embrace the other operations of the SSS; and the report of said examination shall be submitted to the Commission and a copy thereof shall be furnished the Office of the President of the Philippines within a reasonable time after the close of the examination: *Provided*, That for each examination, the SSS shall pay to the Insurance Commission an amount equal to the actual expense of the Insurance Commission in the conduct of examination, including the salaries of the examiners and of the actuary of the Insurance Commission who have been assigned to make such examination for the actual time spent in said examination: *Provided, further*, That the general law on insurance and the rules and regulations promulgated thereunder shall have suppletory application insofar as it is not in conflict with this Act and its rules and regulations.

SEC. 27. *Records and Reports.* – The SSS President shall keep and cause to keep records of operations of the funds of the SSS and of disbursements thereof and all accounts of payments made out of said funds. During the month of January of each year, the SSS President shall prepare for submission to the President of the Philippines and to Congress of the Philippines a report of operations of the SSS during the preceding year, including statistical data on the number of persons covered and benefited, their occupations and employment status, the duration and amount of benefits paid, the finances of the SSS at the close of the said year, and recommendations. He shall also cause to be published in two (2) newspapers of general circulation in the Philippines a synopsis of the annual report, showing in particular the status of the finances of the SSS and the benefits administered.

SEC. 28. *Penal Clause.* – (a) Whoever, for the purpose of causing any payment to be made under this Act, or under an agreement thereunder, where none is authorized to be paid, shall make or cause to be made false statement or representation as to any compensation paid or received or whoever makes or causes to be made any false statement of a material fact in any claim for any benefit payable under this Act, or application for loan with the SSS, or whoever

makes or causes to be made any false statement, representation, affidavit or document in connection with such claim or loan, shall suffer the penalties provided for in Article One hundred seventy-two of the Revised Penal Code.

(b) Whoever shall obtain or receive any money or check under this Act or any agreement thereunder, without being entitled thereto with intent to defraud any member, employer or the SSS, shall be fined not less than Five thousand pesos (P5,000.00) nor more than Twenty thousand pesos (P20,000.00) and imprisoned for not less than six (6) years and one (1) day nor more than twelve (12) years.

(c) Whoever buys, sells, offers for sale, uses, transfers or takes or gives in exchange, or pledges or gives in pledge, except as authorized in this Act or in regulations made pursuant thereto, any stamp, coupon, ticket, book or other device, prescribed pursuant to Section Twenty-three hereof by the Commission for the collection or payment of contributions required herein, shall be fined not less than Five thousand pesos (P5,000.00) nor more than Twenty thousand pesos (P20,000.00), or imprisoned for not less than six (6) years and one (1) day nor more than twelve (12) years, or both, at the discretion of the court.

(d) Whoever, with intent to defraud, alters, forges, makes or counterfeits any stamp, coupon, ticket, book or other device prescribed by the Commission for the collection or payment of any contribution required herein, or uses, sells, lends, or has in his possession any such altered, forged or counterfeited materials, or makes, uses, sells or has in his possession any such altered, forged, material in imitation of the material used in the manufacture of such stamp, coupon, ticket, book or other device, shall be fined not less than Five thousand pesos (P5,000.00) nor more than Twenty thousand pesos (P20,000.00) or imprisoned for not less than six (6) years and one (1) day nor more than twelve (12) years, or both, at the discretion of the court.

(e) Whoever fails or refuses to comply with the provisions of this Act or with the rules and regulations promulgated by the Commission, shall be punished by a fine of not less than Five thousand pesos (P5,000.00) nor more than Twenty thousand pesos (P20,000.00), or imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years,

or both, at the discretion of the court: *Provided*, That where the violation consists in failure or refusal to register employees or himself, in case of the covered self-employed or to deduct contributions from the employees' compensation and remit the same to the SSS, the penalty shall be a fine of not less than Five thousand pesos (P5,000.00) nor more than Twenty thousand pesos (P20,000.00) and imprisonment for not less than six (6) years and one (1) day nor more than twelve (12) years.

(f) If the act or omission penalized by this Act be committed by an association, partnership, corporation or any other institution, its managing head, directors or partners shall be liable for the penalties provided in this Act for the offense.

(g) Any employee of the SSS who receives or keeps funds or property belonging, payable or deliverable to the SSS and who shall appropriate the same, or shall take or misappropriate, or shall consent, or through abandonment or negligence, shall permit any other person to take such property or funds, wholly or partially, or shall otherwise be guilty of misappropriation of such funds or property, shall suffer the penalties provided in Article Two hundred seventeen of the Revised Penal Code.

(h) Any employer who, after deducting the monthly contributions or loan amortizations from his employee's compensation, fails to remit the said deduction to the SSS within thirty (30) days from the date they became due, shall be presumed to have misappropriated such contributions or loan amortizations and shall suffer the penalties provided in Article Three hundred fifteen of the Revised Penal Code.

(i) Criminal action arising from a violation of the provisions of this Act may be commenced by the SSS or the employee concerned either under this Act or in appropriate cases under the Revised Penal Code: *Provided*, That such criminal action may be filed by the SSS in the city or municipality where the SSS office is located, if the violation was committed within its territorial jurisdiction or in Metro Manila, at the option of the SSS.

SEC. 29. *Government Aid.* – The establishment of the SSS shall not disqualify the members and employers from

receiving such government assistance, financial or otherwise, as may be provided.

SEC. 30. *Implementing Rules and Regulations.* – The Commission shall promulgate the necessary rules and regulations to implement this Act not later than ninety (90) days after its effectivity.

SEC. 31. *Transitory Clause.* – Any employer who is delinquent or has not remitted all contributions due and payable to the SSS may, within six (6) months from the effectivity of this Act, remit said contributions or submit a proposal to pay the same in installment within a period as approved by the Commission from the effectivity of this Act without incurring the prescribed penalty, subject to the implementing rules and regulations which the Commission may prescribe: *Provided*, That the employer submits the corresponding collection lists together with the remittance or proposal to pay in installments: *Provided, further*, That in case the employer fails to remit contributions within the six-month grace period or defaults in the payment of any amortization provided in the approved proposal, the prescribed penalty shall be imposed from the time the contributions first became due as provided in Section 22(a) hereof: *Provided, finally*, That upon approval and payment in full or in installments of contributions due and payable to the SSS, any pending case filed against the employer shall be withdrawn without prejudice to the (i) refiling of the case in the event the employer fails to remit in full the required delinquent contributions or defaults in the payment of any installment under the approved proposal and (ii) the reimposition of the prescribed penalty from the time the contributions first became due as provided in Section 22(a) hereof.

SEC. 32. *Separability Clause.* – If, for any reason, any part, section, or provision of this Act is held invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 33. *Repealing Clause.* – Republic Act No. 1161 and Republic Act No. 8282 and all other laws, proclamations, executive orders, rules and regulations or parts thereof inconsistent with this Act are hereby repealed, modified or amended accordingly: *Provided*, That no person shall be deemed to be vested with any property or other right by virtue of the enactment or operation of this Act.

SEC. 34. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,



GLORIA MACAPAGAL-ARROYO
*Speaker of the House
of Representatives*



VICENTE C. SOTTO III
President of the Senate

This Act which is a consolidation of Senate Bill No. 1753 and House Bill No. 2158 was passed by the Senate and the House of Representatives on November 28, 2018.



DANTE ROBERTO P. MALING
*Acting Secretary General
House of Representatives*



MYRA MARIE D. VILLARICA
Secretary of the Senate

Approved: FEB 07 2019



RODRIGO ROA DUTERTE
President of the Philippines



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