

Ninth Congress of the Philippines)
First Regular Session)

SENATE OF THE PHILIPPINES
OFFICE OF THE SECRETARY
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S E N A T E

S. NO. 768

Introduced by Senator Ernesto F. Herrera

EXPLANATORY NOTE

The average productive years of a worker is from 15 to 20 years. This is probably the reason why retirement laws for old age pension are so pegged accordingly. In the case of workers in the public sector covered by the Government Service Insurance System (GSIS), they must have at least served the government for fifteen (15) years and be at least sixty years of age (Section 11, P.D. 1146), while workers in the private sector covered by the Social Security System (SSS) must likewise be at least 60 years of age and have paid at least one hundred twenty (120) monthly contributions prior to the semester of retirement. Evidently, one of the indispensable requirements for retirement benefits is the ability of the worker to satisfy the length of service or contributions requirements.

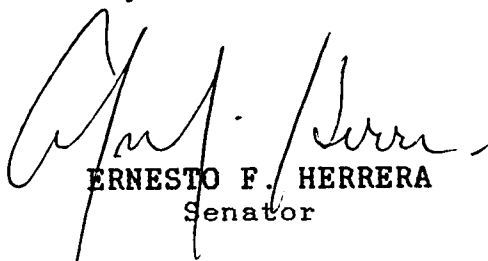
But there are instances when because of force of circumstances that a worker may be compelled to sever employment relationship in the private sector to accept public employment, or vice-versa. In these cases contemplated, the transfer of a worker from one sector to another will undoubtedly waste a considerable number of years of service of employment accumulated before his transfer and in all probability also forfeits whatever premiums or contributions that may have been paid to the System on account of his membership, together with other benefits that are anchored on these contributions. A typical illustration of this situation is a worker who worked for less than ten (10) years in the private sector and later on worked in the government for less than fifteen (15) years or inversely. This particular worker may have worked for a total of more than twenty (20) years, yet under the present set-up, he is not qualified for old age pension in the light of the minimum requirement of length of service or payment of contributions. This is also true in the availment of other benefits such as sickness, disability or death, where there is a minimum number of contributions required before a worker could be entitled thereto. The concept of social justice pervading the 1987 Constitution demands that this apparent gap be forthwith plugged.

This brings to focus the issue of portability of membership contributions, similar to the one being implemented now by the Home Development Fund (PAG-IBIG). Under the Pag-ibig program, contributions paid by a worker while working in the private sector will be credited even if he transfers to the public sector. Thus, he does not lose his privileges to the benefits even if he transfers from one office to another.

8

Because of the pathetic predicament of some of our workers who were forced by necessity to transfer from one office to another and from one sector to another, it is now imperative, if we are to protect their welfare, to extend to such situated workers the privilege of portability of contributions. Under this Bill, the continuity of one's service or the payment of contribution is not unduly interrupted even if a worker transfers from one sector to another. His contributions will be credited to him, regardless of which sector his employer belongs. However, to effect this, there must be some arrangement where contributions paid by the worker as well as contributions paid by the employer for his behalf should be transferred to the System that now covers him. Accordingly, a worker will enjoy all the benefits under the System he transfers to, as if there is no interruption in his service but must, however, forfeit whatever benefits he was entitled to under the System that formerly covered him.

Passage of this Bill is earnestly recommended.


ERNESTO F. HERRERA
Senator

MEH/ps1
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Ninth Congress of the Philippines)
First Regular Session)

SENATE OF THE PHILIPPINES)
OFFICE OF THE SECRETARY
RECEIVED
DATE: SEP 25 1952
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S E N A T E

S. NO. 768

Introduced by Senator Ernesto F. Herrera

AN ACT
INSTITUTING PORTABILITY SCHEME IN THE SOCIAL INSURANCE SYSTEMS BY
CREDITING WORKERS' MEMBERSHIP CONTRIBUTIONS FROM ONE SYSTEM TO
ANOTHER

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

1 SECTION 1. It is hereby declared the policy of the
2 State to promote the welfare of our workers by recognizing
3 their efforts in productive endeavors and to alleviate the
4 plight of these workers by providing benefits for their long
5 years of contribution to the national economy.

6 SEC. 2. Definition of Terms - As used in this Act
7 unless the context indicates otherwise:

8 a. System - means either the Social Security System
9 (SSS) under RA 1161, as amended, or the Government
10 Service Insurance System (GSIS) under PD 1146, as
11 amended.

12 b. Sector - refers to either the public or private
13 employment sector.

14 c. Contributions - means the contribution paid by
15 the employee or worker to either the GSIS or the
16 SSS on account of his membership.

1 SEC. 3. Existing laws to the contrary
 2 notwithstanding, a covered member of the Social Security
 3 System or the Government Service Insurance System, who
 4 transfers employment from one sector to another shall be
 5 compulsorily covered by the new System as if there is no
 6 interruption in the continuity of his service and for this
 7 purpose, contributions paid on account of his membership to
 8 the System shall be credited to him despite such transfer.

9 SEC. 4. Contributions paid by such member personally
 10 and those that were paid by his employer in his behalf to
 11 the System that previously covered him shall be remitted to
 12 the System that presently covers him within thirty (30) days
 13 from notice of such transfer.

14 SEC. 5. A member who transfers employment as
 15 mentioned in the immediately preceding section shall
 16 henceforth forfeit his right to the benefits under the
 17 former System but is automatically entitled to retirement,
 18 sickness, disability, death and other benefits under the
 19 present System that covers him.

20 SEC. 6. The Civil Service Commission, for the
 21 government sector and the Department of Labor and Employment
 22 for the private sector, together with the Social Security
 23 System and the Government Service Insurance System shall,
 24 within thirty (30) days from the effectivity of this Act,
 25 promulgate such rules and regulations necessary to implement
 26 the provisions hereof.

27 SEC. 7. All laws or parts thereof, Decrees, Orders,
 28 or rules and regulations inconsistent with this Act are
 29 hereby repealed or modified accordingly.

1 SEC. 8. This Act shall take effect fifteen (15) days
2 after its complete publication in the official Gazette or
3 in at least two (2) national newspapers of general
4 circulation whichever comes earlier.

Approved,

MEH/psl
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