

SENATE

S. No. 1663

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AN ACT FURTHER STRENGTHENING THE SOCIAL
SECURITY SYSTEM THEREBY AMENDING FOR THIS
PURPOSE REPUBLIC ACT NO. 1161, AS AMENDED,
OTHERWISE KNOWN AS THE SOCIAL SECURITY LAW

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

1 SECTION 1. Republic Act No. 1161, as amended, otherwise
2 known as the "Social Security Law", is hereby further amended
3 to read as follows:

4 "SEC. 1. *Short Title.* - This Act shall be known
5 as the "Social Security ACT [Law] OF 1997".

6 "SEC. 2. *Declaration of Policy.* - It is the policy
7 of the STATE [Republic of the Philippines] to establish,
8 develop, promote and perfect a sound and viable tax-
9 exempt social security SYSTEM [service] suitable to the
10 needs of the people throughout the Philippines which shall
11 PROMOTE SOCIAL JUSTICE AND provide

1 PROTECTION to MEMBERS [covered employees] and
2 their BENEFICIARIES [families protection] against the
3 hazards of disability, sickness, MATERNITY, old age and
4 death, RESULTING IN LOSS OF INCOME OR
5 FINANCIAL BURDEN. TOWARDS THIS END, THE
6 STATE SHALL ENDEAVOR TO EXTEND SOCIAL
7 SECURITY PROTECTION TO WORKERS AND THEIR
8 BENEFICIARIES. [with a view to promoting their well-
9 being in the spirit of social justice]

10 "SEC. 3. *Social Security System.* - (a) To carry
11 out the purposes of this Act, the Social Security System,
12 HEREINAFTER REFERRED TO AS "SSS", A
13 CORPORATE BODY, with principal place of business in
14 Metro Manila, Philippines, is hereby created. The SSS
15 shall be directed and controlled by a Social Security
16 Commission, HEREINAFTER REFERRED TO AS
17 "COMMISSION", composed of the Secretary of Labor and
18 Employment OR HIS DULY DESIGNATED
19 UNDERSECRETARY, the SSS PRESIDENT
20 [Administrator] and seven (7) appointive members, three
21 (3) of whom shall represent the WORKERS' [labor]
22 group, AT LEAST one (1) of whom shall be a woman;[,]
23 three (3), the EMPLOYERS' [management] group, AT
24 LEAST one (1) of whom shall be a woman;[,] and one
25 (1), general public, to be appointed by the President of

1 the Philippines. THE SIX (6) MEMBERS
2 REPRESENTING WORKERS AND EMPLOYERS
3 SHALL BE CHOSEN FROM AMONG THE
4 NOMINEES OF WORKERS' AND EMPLOYERS'
5 ORGANIZATIONS, RESPECTIVELY. The Chairman of
6 the Commission shall be designated by the President OF
7 THE PHILIPPINES from among its members. The term
8 of the appointive members shall be three (3) years:
9 *Provided*, That the terms of the first six (6) appointive
10 members shall be one (1), two (2) and three (3) years
11 for every two (2) members, respectively: *PROVIDED*,
12 *FURTHER*, THAT THEY SHALL CONTINUE TO HOLD
13 OFFICE UNTIL THEIR SUCCESSORS SHALL HAVE
14 BEEN APPOINTED AND DULY QUALIFIED. All
15 vacancies, PRIOR TO [except through] the expiration of
16 the term, shall be filled for the unexpired term only. The
17 appointive members of the Commission shall receive AT
18 LEAST TWO [One] thousand five hundred pesos
19 (P2,500.00) *per diem* for each meeting actually attended
20 by them, BUT NOT TO EXCEED TEN THOUSAND
21 PESOS (P10,000.00) A MONTH: *Provided*, That [no
22 compensation shall be paid for more than eight meetings
23 a month.] members of the Commission who hear AND
24 EVALUATE cases pending before the Commission shall
25 also receive a *per diem* of AT LEAST TWO [One]

1 thousand five hundred pesos (P2,500.00), BUT NOT TO
2 EXCEED FIFTEEN THOUSAND PESOS (P15,000.00) A
3 MONTH: *PROVIDED*, *FURTHER*, THAT SAID
4 MEMBERS OF THE COMMISSION SHALL ALSO
5 RECEIVE REASONABLE TRANSPORTATION AND
6 REPRESENTATION ALLOWANCES AS MAY BE
7 FIXED BY THE COMMISSION, BUT NOT TO
8 EXCEED TEN THOUSAND PESOS (P10,000.00) A
9 MONTH.

10 “(b) The general conduct of the operations and
11 management functions of the SSS shall be vested in the
12 SSS PRESIDENT [Administrator] who shall serve as the
13 chief executive officer immediately responsible for carrying
14 out the program of the SSS and the policies of the
15 Commission. The SSS PRESIDENT [Administrator] shall
16 be a person who has had previous experience in technical
17 and administrative fields related to the purposes of this
18 Act. He shall be appointed by the President of the
19 Philippines and shall receive a salary to be fixed by the
20 Commission with the approval of the President OF THE
21 PHILIPPINES, payable from the funds of the SSS.

22 “(c) The Commission, upon the recommendation of
23 the SSS PRESIDENT [Administrator], shall appoint an
24 actuary and such other personnel as may be deemed
25 necessary; fix their REASONABLE compensation,

1 ALLOWANCES AND OTHER BENEFITS; prescribe their
2 duties and establish such methods and procedures as may
3 BE NECESSARY TO insure the efficient, honest and
4 economical administration of the provisions and purposes
5 of this Act: *Provided, however,* That the personnel of the
6 SSS BELOW THE RANK OF VICE-PRESIDENT SHALL
7 BE APPOINTED BY THE SSS PRESIDENT:
8 *PROVIDED, FURTHER,* THAT THE PERSONNEL
9 APPOINTED BY THE SSS PRESIDENT, EXCEPT
10 THOSE BELOW THE RANK OF ASSISTANT
11 MANAGER, SHALL BE SUBJECT TO THE
12 CONFIRMATION BY THE COMMISSION: *PROVIDED,*
13 *FURTHER,* THAT THE PERSONNEL OF THE SSS shall
14 be selected only from civil service eligibles and be subject
15 to civil service rules and regulations: *PROVIDED,*
16 *FINALLY,* THAT THE SSS SHALL BE EXEMPT FROM
17 THE PROVISIONS OF REPUBLIC ACT NO. 6758 AND
18 REPUBLIC ACT NO. 7430.

19 "SEC. 4. *Powers and Duties of the Commission*
20 *AND SSS. - (A) THE COMMISSION. -* For the attainment
21 of its main objectives as set forth in Section 2 hereof, the
22 Commission shall have the following powers and duties:

23 "[a] (1) TO [To] adopt, amend and rescind, subject
24 to the approval of the President OF THE PHILIPPINES,

1 such rules and regulations as may be necessary to carry
2 out the provisions and purposes of this Act;[.]

3 "(2) TO ESTABLISH A PROVIDENT FUND FOR
4 THE MEMBERS WHICH WILL CONSIST OF
5 VOLUNTARY CONTRIBUTIONS OF EMPLOYERS
6 AND/OR EMPLOYEES, SELF-EMPLOYED AND
7 VOLUNTARY MEMBERS AND THEIR EARNINGS,
8 FOR THE PAYMENT OF BENEFITS TO SUCH
9 MEMBERS OR THEIR BENEFICIARIES, SUBJECT TO
10 SUCH RULES AND REGULATIONS AS IT MAY
11 PROMULGATE AND APPROVED BY THE PRESIDENT
12 OF THE PHILIPPINES;

13 "(3) TO MAINTAIN A PROVIDENT FUND
14 WHICH CONSISTS OF CONTRIBUTIONS MADE BY
15 BOTH THE SSS AND ITS OFFICIALS AND
16 EMPLOYEES AND THEIR EARNINGS, FOR THE
17 PAYMENT OF BENEFITS TO SUCH OFFICIALS AND
18 EMPLOYEES OR THEIR HEIRS UNDER SUCH TERMS
19 AND CONDITIONS AS IT MAY PRESCRIBE;

20 "(4) TO APPROVE RESTRUCTURING
21 PROPOSALS FOR THE PAYMENT OF DUE BUT
22 UNREMITTED CONTRIBUTIONS AND UNPAID LOAN
23 AMORTIZATIONS UNDER SUCH TERMS AND
24 CONDITIONS AS IT MAY PRESCRIBE;

1 “(5) TO AUTHORIZE COOPERATIVES
 2 REGISTERED WITH THE COOPERATIVE
 3 DEVELOPMENT AUTHORITY OR ASSOCIATIONS
 4 REGISTERED WITH THE APPROPRIATE
 5 GOVERNMENT AGENCY TO ACT AS COLLECTING
 6 AGENTS OF THE SSS WITH RESPECT TO THEIR
 7 MEMBERS: *PROVIDED*, THAT THE SSS SHALL
 8 ACCREDIT THE COOPERATIVE OR ASSOCIATION:
 9 *PROVIDED, FURTHER*, THAT THE PERSONS
 10 AUTHORIZED TO COLLECT ARE BONDED; AND

11 “(6) TO APPROVE, CONFIRM, PASS UPON OR
 12 REVIEW ANY AND ALL ACTIONS OF THE SSS IN
 13 THE PROPER AND NECESSARY EXERCISE OF ITS
 14 POWERS AND DUTIES HEREINAFTER
 15 ENUMERATED.

16 “(B) THE SOCIAL SECURITY SYSTEM. -
 17 SUBJECT TO THE PROVISION OF SECTION FOUR,
 18 PARAGRAPH SIX HEREOF, THE SSS SHALL HAVE
 19 THE FOLLOWING POWERS AND DUTIES:

20 “[b] (1) TO [To] submit annually not later than
 21 March 31, a public report to the President of the
 22 Philippines covering its activities in the administration and
 23 enforcement of this Act during the preceding year
 24 including information and recommendation on broad

1 policies for the development and perfection of the program
 2 of the SSS;[.]

3 “[c] (2) TO [To] require the actuary to submit a
 4 valuation report on the SSS benefit program every five (5)
 5 years, or more frequently as may be necessary, [and] to
 6 undertake the necessary actuarial studies and calculations
 7 concerning increases in benefits TAKING INTO
 8 ACCOUNT INFLATION and the financial stability of the
 9 SSS, and to provide for [the] feasible increases in benefits
 10 EVERY FIVE (5) YEARS, INCLUDING [and] the
 11 addition of new ones, under such rules and regulations as
 12 the Commission may adopt, subject to the approval of the
 13 President OF THE PHILIPPINES: *Provided*, That the
 14 actuarial soundness of the reserve fund shall be
 15 guaranteed; [*Provided, further*, That such increases in
 16 benefits shall not require any increase in the rate of
 17 contribution.]

18 “[d] (3) TO [To] establish branch[es] OFFICES of
 19 the SSS [System], whenever and wherever it may be
 20 expedient or necessary, and to inspect or cause to be
 21 inspected periodically such branch[es] [.] OFFICES;

22 “[e] (4) TO [To] enter into agreements or contracts
 23 for such service and aid, as may be needed for the proper,
 24 efficient and stable administration of the SSS; [System.]

25 “[f] (5) TO [To] adopt, from time to time, a budget
 26 of expenditures including salaries of personnel, against

1 all funds available to the SSS [System] under this
2 Act;[.]

3 "[g] (6) TO [To] set up its accounting system and
4 provide the necessary personnel therefor;[.]

5 "[h] (7) TO [To] require reports, compilations and
6 analyses of statistical and economic data and to make
7 investigation as may be needed for the proper
8 administration and development of the SSS; [System.]

9 "[i] (8) TO [To] acquire AND DISPOSE OF
10 property, real or personal, which may be necessary or
11 expedient for the attainment of the purposes of this Act;[.]

12 "[j] (9) TO [To] acquire, receive, or hold, by way
13 of purchase, expropriation or otherwise, public or private
14 property for the purpose of undertaking housing projects
15 preferably for the benefit of low-INCOME MEMBERS
16 [salaried employees] and for the maintenance of hospitals
17 and institutions for the sick, aged and DISABLED, AS
18 WELL AS SCHOOLS FOR THE MEMBERS AND
19 THEIR IMMEDIATE FAMILIES; [infirm employees and
20 immediate members of their families.]

21 "[k] (10) TO [To] sue and be sued in court;[.]
22 AND

23 "[l] (11) TO [To] perform such other CORPORATE
24 acts as it may deem appropriate for the proper
25 enforcement of this Act.

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

12 "(b) *Appeal to courts* - Any decision of the
13 Commission, in the absence of an appeal therefrom as
14 herein provided, shall become final AND EXECUTORY
15 fifteen (15) days after the date of notification, and judicial
16 review thereof shall be permitted only after any party
17 claiming to be aggrieved thereby has exhausted his
18 remedies before the Commission. The Commission shall
19 be deemed to be a party to any judicial action involving
20 any such decision, and may be represented by an attorney
21 employed by the Commission, or when requested by the
22 Commission, by the Solicitor General or any PUBLIC
23 PROSECUTOR. [fiscal]

24 "(c) *Court Review* - The decision of the Commission
25 upon any disputed matter may be reviewed both upon the

1 law and the facts by the Court of Appeals. For the
2 purpose of such review the procedure concerning appeals
3 from the REGIONAL TRIAL COURT [Court of First
4 Instance] shall be followed as far as practicable and
5 consistent with the purposes of this Act. Appeal from a
6 decision of the Commission must be taken within fifteen
7 (15) days from notification of such decision. If the decision
8 of the Commission involves only questions of law, the
9 same shall be reviewed by the Supreme Court. No appeal
10 bond shall be required. The case shall be heard in a
11 summary manner, and shall take precedence over all cases,
12 except that in the Supreme Court, criminal cases wherein
13 life imprisonment or death has been imposed by the trial
14 court shall take precedence. No appeal shall act as a
15 *supersedeas* or a stay of the order of the Commission
16 unless the Commission itself, or the Court of Appeals or
17 the Supreme Court, shall so order.

18 “(d) *Execution of decisions* - [Any decision or award
19 of the Commission after the same has become final and
20 executory shall be enforced and executed in the same
21 manner as the decisions of Courts of First Instance and
22 the Commission shall have the power to issue to] THE
23 COMMISSION MAY, *MOTU PROPRIO* OR ON
24 MOTION OF ANY INTERESTED PARTY, ISSUE A
25 WRIT OF EXECUTION TO ENFORCE ANY OF ITS

1 DECISIONS OR AWARDS, AFTER IT HAS BECOME
2 FINAL AND EXECUTORY, IN THE SAME MANNER
3 AS THE DECISION OF THE REGIONAL TRIAL
4 COURT BY DIRECTING the city or provincial sheriff or
5 the sheriff whom it may appoint TO ENFORCE SUCH
6 FINAL DECISION OR EXECUTE such writ;[s of
7 execution as may be necessary for the enforcement of such
8 decision or award] and any person who shall fail or refuse
9 to comply with such decision, award or writ, after being
10 required to do so shall, upon application by the
11 Commission, PURSUANT TO RULE 71 OF THE RULES
12 OF COURT, be punished [by the proper court] for
13 contempt.

14 “SEC. 6. *Auditor and Counsel.* - (a) The
15 CHAIRMAN OF THE COMMISSION [Commissioner]
16 on Audit shall be the *ex-officio* Auditor of the SSS. He
17 or his representative shall check and audit all the accounts,
18 funds and properties of the SSS in the same manner and
19 as frequently as the accounts, funds and properties of the
20 government are checked and audited under existing laws,
21 and he shall have, as far as practicable, the same powers
22 and duties as he has with respect to the checking and
23 auditing of public accounts, funds and properties in
24 general.

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

4 “SEC. 7. *Oaths, Witnesses, and Production of*
5 *Records.* - When authorized by the Commission, an
6 official or employee thereof shall have the power to
7 administer oath and affirmation, take depositions, certify
8 to official acts and issue *subpoena* and *subpoena duces*
9 *tecum* to compel the attendance of witnesses and the
10 production of books, papers, correspondence and other
11 records deemed necessary as evidence in connection with
12 any question arising under this Act. Any case of
13 contumacy shall be dealt with BY THE COMMISSION
14 in accordance with LAW. [the provisions of section five
15 hundred eighty of the Administrative Code]

16 “SEC. 8. *Terms Defined.* - For the purposes of this
17 Act, the following terms shall, unless the context indicates
18 otherwise, have the following meanings:

19 “(a) SSS - The Social Security System created by
20 this Act.

21 “(b) Commission - The Social Security Commission
22 as herein created.

23 “(c) Employer - Any person, natural or juridical,
24 domestic or foreign, who carries on in the Philippines
25 any trade, business, industry, undertaking or activity of any

1 kind and uses the services of another person who is under
2 his orders as regards the employment, except the
3 Government and any of its political subdivisions, branches
4 or instrumentalities, including corporations owned or
5 controlled by the Government: *Provided*, That a self-
6 employed PERSON [professional] shall be both employee
7 and employer at the same time.

8 “(d) Employee - Any person who performs services
9 for an employer in which either or both mental and
10 physical efforts are used and who receives compensation
11 for such services, where there is an employer-employee
12 relationship: *Provided*, That a self-employed PERSON
13 [professional] shall be both employee and employer at the
14 same time.

15 “(e) Dependents - The DEPENDENTS SHALL BE
16 THE FOLLOWING: [legitimate, legitimated or legally
17 adopted child who is unmarried, not gainfully employed,
18 and not over twenty-one years of age, or over twenty-one
19 years of age, provided that he is congenitally incapacitated
20 and incapable of self-support, physically or mentally, the
21 legitimate spouse dependent for support upon the
22 employee; and the legitimate parents wholly dependent
23 upon the covered employee for regular support.]

24 “(1) THE LEGAL SPOUSE ENTITLED BY LAW
25 TO RECEIVE SUPPORT FROM THE MEMBER;

1 “(2) THE LEGITIMATE, LEGITIMATED OR
2 LEGALLY ADOPTED, AND ILLEGITIMATE CHILD
3 WHO IS UNMARRIED, NOT GAINFULLY EMPLOYED
4 AND HAS NOT REACHED TWENTY-ONE YEARS OF
5 AGE, OR IF OVER TWENTY-ONE YEARS OF AGE,
6 HE IS CONGENITALLY OR WHILE STILL A MINOR
7 HAS BEEN PERMANENTLY INCAPACITATED AND
8 INCAPABLE OF SELF-SUPPORT, PHYSICALLY OR
9 MENTALLY; AND

10 “(3) THE PARENT WHO IS RECEIVING
11 REGULAR SUPPORT FROM THE MEMBER.

12 “(f) Compensation - All actual remuneration for
13 employment, including the mandated cost of living
14 allowance, as well as the cash value of any remuneration
15 paid in any medium other than cash except that part of
16 the remuneration received during the month in excess of
17 THE MAXIMUM SALARY CREDIT AS PROVIDED
18 UNDER SECTION EIGHTEEN OF THIS ACT. [three
19 thousand pesos (P3,000)]

20 “(g) Monthly salary credit - The compensation base
21 for contributions and benefits as indicated in the schedule
22 in section eighteen of this Act.

23 “(h) Monthly - The period from one end of the
24 last payroll period of the preceding month to the end of
25 the last payroll period of the current month if

1 compensation is on hourly, daily or weekly basis; if on
2 any other basis, monthly shall mean a period of one
3 (1) month.

4 “(i) Contribution - The amount paid to the SSS by
5 AND ON BEHALF OF the MEMBER [employee and by
6 his employer] in accordance with section eighteen of this
7 Act.

8 “(j) Employment - Any service performed by an
9 employee for his employer, except-

10 [“(1) Agricultural labor when performed by a share
11 or leasehold tenant or worker who is not paid any regular
12 daily wage or base pay and who does not work for an
13 uninterrupted period of at least six (6) months in a year;

14 [“(2) Domestic service in a private home;]

15 [“(3)] (1) Employment purely casual and not for the
16 purpose of occupation or business of the employer;

17 [“(4) Service performed by an individual in the
18 employ of his son, daughter, or spouse and service
19 performed by a child under the age of twenty-one years
20 in the employ of his parents;]

21 [“(5)] (2) Service performed on or in connection
22 with an alien vessel by an employee if he is employed
23 when such vessel is outside the Philippines;

1 “[(6)] (3) Service performed in the employ of the
2 Philippine Government or instrumentality or agency
3 thereof,

4 “[(7)] (4) Service performed in the employ of a
5 foreign government or international organization, or their
6 wholly-owned instrumentality. *Provided, however,* That this
7 exemption notwithstanding, any foreign government,
8 international organization or their wholly-owned
9 instrumentality employing workers in the Philippines or
10 employing Filipinos outside of the Philippines, may enter
11 into an agreement with the Philippine Government for the
12 inclusion of such employees in the SSS except those
13 already covered by their respective civil service retirement
14 systems: *Provided, further,* That the terms of such
15 agreement shall conform with the provisions of this Act
16 on coverage and amount of payment of contributions and
17 benefits: *Provided, finally,* That the provisions of this Act
18 shall be supplementary to any such agreement;[.] AND

19 “[(8)] (5) Such other services performed by
20 temporary AND OTHER employees which may be
21 excluded by regulation of the Commission. Employees of
22 *bona fide* independent contractors shall not be deemed
23 employees of the employer engaging the services of said
24 contractors.

1 “(k) Beneficiaries - The dependent spouse until he
2 OR SHE remarries, THE [and] dependent LEGITIMATE,
3 LEGITIMATED OR LEGALLY ADOPTED, AND
4 ILLEGITIMATE children, who shall be the primary
5 beneficiaries OF THE MEMBER: *PROVIDED,* THAT
6 THE DEPENDENT ILLEGITIMATE CHILDREN SHALL
7 BE ENTITLED TO FIFTY PERCENT (50%) OF THE
8 SHARE OF THE LEGITIMATE, LEGITIMATED OR
9 LEGALLY ADOPTED CHILDREN: *PROVIDED,*
10 *FURTHER,* THAT IN THE ABSENCE OF THE
11 DEPENDENT LEGITIMATE, LEGITIMATED OR
12 LEGALLY ADOPTED CHILDREN OF THE MEMBER,
13 HIS/HER DEPENDENT ILLEGITIMATE CHILDREN
14 SHALL BE ENTITLED TO ONE HUNDRED PERCENT
15 (100%) OF THE BENEFITS. In their absence, the
16 dependent parents [and, subject to the restrictions imposed
17 on dependent children, the legitimate descendants and
18 illegitimate children] who shall be the secondary
19 beneficiaries OF THE MEMBER;[.] IN [In] the absence
20 of ALL [any] of the foregoing, any other person
21 designated by the MEMBER [covered employee] as HIS/
22 HER secondary beneficiary.

23 “(l) Contingency - The retirement, death,
24 [permanent] disability, injury or sickness, AND
25 MATERNITY of the MEMBER. [covered employee]

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1 “(m) Average monthly salary credit - The result
 2 obtained by dividing the sum of the LAST SIXTY (60)
 3 monthly salary credits [in the sixty-month period]
 4 immediately preceding the semester of contingency by
 5 SIXTY (60) [the number of calendar months of coverage
 6 in the same period], or the result obtained by dividing the
 7 sum of all the monthly salary credits paid prior to the
 8 semester of contingency by the number of MONTHLY
 9 CONTRIBUTIONS PAID [calendar months of coverage]
 10 in the same period, whichever is greater[; except where
 11 the month of contingency falls within eighteen (18)
 12 months from the month of coverage, in which case it is
 13 the result obtained by dividing the sum of all monthly
 14 salary credits paid prior to the month of contingency by
 15 the total number of calendar months of coverage in the
 16 same period]: *Provided*, That the injury or sickness which
 17 caused the disability shall be deemed as the permanent
 18 disability for the purpose of computing the average
 19 monthly salary credit.

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

24 “(o) Semester - A period of two (2) consecutive
 25 quarters ending in the quarter of contingency.

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

4 [“(q) Replacement ratio - The sum of twenty percent
 5 and the quotient obtained by dividing three hundred by
 6 the sum of three hundred forty and the average monthly
 7 salary credit.]

8 “[(r)] (Q) Credited years of service - For a member
 9 covered prior to January nineteen hundred EIGHTY
 10 [seventy] five (1985) minus the calendar year of coverage
 11 plus the number of calendar years in which six (6) or
 12 more contributions have been paid from January
 13 NINETEEN HUNDRED EIGHTY-FIVE (1985) [1975] up
 14 to the calendar year containing the semester prior to the
 15 contingency. For a member covered in or after January
 16 NINETEEN HUNDRED EIGHTY-FIVE (1985), [1975]
 17 the number of calendar years in which six (6) or more
 18 contributions have been paid from the year of coverage
 19 up to the calendar year containing the semester prior to
 20 the contingency: *PROVIDED*, THAT THE COMMISSION
 21 MAY PROVIDE FOR A DIFFERENT NUMBER OF
 22 CONTRIBUTIONS IN A CALENDAR YEAR FOR IT TO
 23 BE CONSIDERED AS A CREDITED YEAR OF
 24 SERVICE.

1 “(R) MEMBER - THE WORKER WHO IS
2 COVERED UNDER SECTION NINE AND SECTION
3 NINE-A OF THIS ACT.

4 “(S) SELF-EMPLOYED - ANY PERSON WHOSE
5 INCOME IS NOT DERIVED FROM EMPLOYMENT,
6 INCLUDING THOSE EMPLOYED WORKERS WHO
7 ARE NOT COVERED BY THE TERM EMPLOYMENT
8 AS DEFINED IN SUBPARAGRAPH (J) OF THIS
9 SECTION, AS WELL AS THOSE WORKERS
10 ENUMERATED IN SECTION NINE-A OF THIS ACT.

11 “(T) NET EARNINGS - NET INCOME
12 BEFORE INCOME TAXES PLUS NON-CASH
13 CHARGES SUCH AS DEPRECIATION AND
14 DEPLETION APPEARING IN THE REGULAR
15 FINANCIAL STATEMENT OF THE ISSUING OR
16 ASSUMING INSTITUTION.

17 “(U) FIXED CHARGES - RECURRING
18 EXPENSE SUCH AS AMORTIZATION OF DEBT
19 DISCOUNT AND RENTALS FOR LEASED
20 PROPERTIES, INCLUDING INTEREST ON FUNDED
21 AND UNFUNDED DEBT.

22 “SEC. 9. [*Compulsory*] *Coverage*. - (a) *Coverage*
23 in the SSS shall be compulsory upon all employees not
24 over sixty (60) years of age and their employers:
25 *PROVIDED, THAT IN THE CASE OF DOMESTIC*

1 HELPERS, THEIR MONTHLY INCOME SHALL NOT
2 BE LESS THAN ONE THOUSAND PESOS (P1,000.00)
3 A MONTH: *Provided, FURTHER,* That any benefit
4 already earned by the employees under private benefit
5 plans existing at the time of the approval of this Act shall
6 not be discontinued, reduced or otherwise impaired:
7 *Provided, further,* That private plans which are existing
8 and in force at the time of compulsory coverage shall be
9 integrated with the plan of the SSS in such a way where
10 the employer’s contribution to his private plan is more than
11 that required of him in this Act, he shall pay to the SSS
12 only the contribution required of him and he shall
13 continue his contribution to such private plan less his
14 contribution to the SSS so that the employer’s total
15 contribution to his benefit plan and to the SSS [Social
16 Security System] shall be the same as his contribution to
17 his private benefit plan before the compulsory coverage:
18 *Provided, further,* That any changes, adjustments,
19 modifications, eliminations or improvements in the benefits
20 to be available under the remaining private plan, which
21 may be necessary to adopt by reason of the reduced
22 contributions thereto as a result of the integration, shall
23 be subject to agreements between the employers and
24 employees concerned: *Provided, further,* That the private
25 benefit plan which the employer shall continue for his

1 employees shall remain under the employer's management
2 and control unless there is an existing agreement to the
3 contrary: *Provided, finally*, That nothing in this Act shall
4 be construed as a limitation on the right of employers and
5 employees to agree on and adopt benefits which are over
6 and above those provided under this Act.

7 (B) SPOUSES WHO DEVOTE FULL TIME TO
8 MANAGING THE HOUSEHOLD AND FAMILY
9 AFFAIRS, UNLESS THEY ARE ALSO ENGAGED IN
10 OTHER VOCATIONS OR EMPLOYMENT WHICH IS
11 SUBJECT TO MANDATORY COVERAGE, MAY BE
12 COVERED BY THE SSS ON A VOLUNTARY BASIS.

13 "(C)[(b)] Filipinos recruited [in the Philippines] by
14 foreign-based employers for employment abroad may be
15 covered by the SSS on a voluntary basis.

16 "SEC. 9-A. *Compulsory Coverage of the Self-*
17 *employed.* - Coverage in the SSS shall be compulsory
18 upon SUCH [all] self-employed persons AS MAY [earning
19 P1,800 or more per annum: *Provided*, That the effectivity
20 of coverage of certain groups of self-employed shall] be
21 determined by the Commission under such rules and
22 regulations AS it may prescribe, INCLUDING BUT NOT
23 LIMITED TO THE FOLLOWING GROUPS: [*Provided*,
24 *further*, That the effectivity of the coverage of the

1 following self-employed persons shall be in accordance
2 with Sec. 10 hereof.]

3 "1. All self-employed professionals; [licensed by the
4 Professional Regulations Commission or those licensed
5 to practice law]

6 "2. Partners and single proprietors of businesses;

7 "3. Actors and actresses, directors, scriptwriters and
8 news correspondents who do not fall within the
9 definition of the term 'employee' in Sec. 8 (d) of this Act;

10 "4. Professional athletes, coaches, trainers AND
11 JOCKEYS [licensed by the Games and Amusement Board
12 as well as jockeys and trainers licensed by the Philippine
13 Racing Commission]; AND

14 "5. Individual farmers and fishermen. [earning at
15 least P1,500 a month or more are covered effective Jan.
16 1, 1992]

17 "Unless otherwise specified herein, all provisions of
18 THIS ACT [the SSS Law] applicable to covered
19 employees shall also be applicable to the covered self-
20 employed persons.

21 "SEC. 10. *Effective Date of Coverage.* -
22 Compulsory coverage of the employer shall take effect on
23 the first day of his operation and that of the employee on
24 the day of his employment: *Provided*, That the
25 compulsory coverage of THE self-employed PERSON

[referred to in paragraphs (1) to (4)] shall take effect UPON HIS REGISTRATION WITH THE SSS. [on the first day of January following the calendar year they started the practice of their profession or business operations but in no case earlier than January 1, 1980]

“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 [net professional or business] income in any GIVEN MONTH [calendar year], he shall not be required to pay contributions for THAT MONTH. [the succeeding year] He may, however, be allowed to continue paying contributions under the same rules and regulations applicable to A separated [covered] employee[s] MEMBER: *PROVIDED*, THAT NO RETROACTIVE PAYMENT OF CONTRIBUTIONS SHALL BE

ALLOWED OTHER THAN AS PRESCRIBED UNDER SECTION TWENTY-TWO-A HEREOF.

“SEC. 12. *Monthly Pension.* - (a) The monthly pension shall be THE HIGHEST [the sum] of the following AMOUNTS:

“[The average monthly salary credit multiplied by 20 percent plus 300 and;]

“(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

1 THOUSAND FOUR HUNDRED PESOS (P2,400.00) FOR
 2 THOSE WITH TWENTY (20) CREDITED YEARS OF
 3 SERVICE. ["The monthly pension shall in no case be
 4 less than P800 for death and disability pensioners and
 5 P1,000 for retirement pensioners nor paid in an aggregate
 6 amount of less than 60 times the monthly pension except
 7 to a secondary beneficiary: *Provided*, That the monthly
 8 pension of surviving pensioners as of December 31, 1986
 9 shall be increased by twenty percent."]

10 "SEC. 12-A *Dependents' Pension*. - WHERE
 11 MONTHLY PENSION IS PAYABLE ON ACCOUNT OF
 12 DEATH, PERMANENT TOTAL DISABILITY OR
 13 RETIREMENT, [The] dependents' pension [shall be]
 14 equivalent to ten percent (10%) of the monthly pension
 15 or one hundred fifty pesos (P150), whichever is higher,
 16 SHALL ALSO BE PAID for each dependent child
 17 CONCEIVED ON OR BEFORE THE DATE OF THE
 18 CONTINGENCY but not exceeding five (5), beginning
 19 with the youngest and without substitution: *PROVIDED*,
 20 THAT WHERE THERE ARE LEGITIMATE AND
 21 ILLEGITIMATE CHILDREN, THE FORMER SHALL BE
 22 PREFERRED.

23 "SEC. 12-B. *Retirement Benefits*. - (a) A MEMBER
 24 [covered employee] who has paid at least one hundred
 25 twenty (120) monthly contributions prior to the semester

1 of retirement[;] and who (1) has reached the age of sixty
 2 (60) years and is ALREADY SEPARATED FROM
 3 EMPLOYMENT OR HAS CEASED TO BE SELF-
 4 EMPLOYED [not receiving monthly compensation of at
 5 least three hundred pesos] or (2) has reached the age of
 6 sixty-five (65) years, shall be entitled for as long as he
 7 lives to the monthly pension: *PROVIDED*, THAT HE
 8 SHALL HAVE THE OPTION TO RECEIVE HIS FIRST
 9 EIGHTEEN (18) MONTHLY PENSIONS IN LUMP SUM
 10 DISCOUNTED AT A PREFERENTIAL RATE OF
 11 INTEREST TO BE DETERMINED BY THE SSS.
 12 [*Provided*, That his dependents born before his retirement
 13 of a marriage subsisting when he was fifty-seven years old
 14 shall be entitled to the dependent's pension]

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

22 "(c) The monthly pension shall be SUSPENDED
 23 [reduced] upon the reemployment OR RESUMPTION OF
 24 SELF-EMPLOYMENT of a retired MEMBER [employee]
 25 who is less than sixty-five (65) years old [by an amount

1 equivalent to one-half his earnings over three hundred
2 pesos]. He shall again be subject to section eighteen and
3 his employer to section nineteen of this Act.

4 "(d) Upon the death of the retired MEMBER
5 [employee pensioner], his primary beneficiaries as of the
6 date of his retirement shall be entitled to RECEIVE [one
7 hundred percent of] the monthly pension [and his
8 dependents to the dependents' pension]: *Provided*, That if
9 he has no primary beneficiaries and he dies within sixty
10 (60) months from the start of his monthly pension, his
11 secondary beneficiaries shall be entitled to a lump sum
12 benefit equivalent to [the bigger of (1) twenty times the
13 monthly pension or (2) the difference of sixty times the
14 monthly pension and] the total monthly pensions
15 CORRESPONDING TO THE BALANCE OF THE FIVE-
16 YEAR GUARANTEED PERIOD, [paid by the SSS]
17 excluding the dependents' pension.

18 "(E) THE MONTHLY PENSION OF A MEMBER
19 WHO RETIRES AFTER REACHING AGE SIXTY (60)
20 SHALL BE THE HIGHER OF EITHER: (1) THE
21 MONTHLY PENSION COMPUTED AT THE EARLIEST
22 TIME HE COULD HAVE RETIRED HAD HE BEEN
23 SEPARATED FROM EMPLOYMENT OR CEASED TO
24 BE SELF-EMPLOYED PLUS ALL ADJUSTMENTS
25 THERETO; OR (2) THE MONTHLY PENSION

1 COMPUTED AT THE TIME WHEN HE ACTUALLY
2 RETIRES.

3 "SEC. 13. *Death Benefits*. - Upon the DEATH OF
4 A MEMBER [covered employee's death] WHO HAS
5 PAID AT LEAST THIRTY-SIX (36) MONTHLY
6 CONTRIBUTIONS PRIOR TO THE SEMESTER OF
7 DEATH, his primary beneficiaries shall be entitled to the
8 monthly pension: [and his dependents to the dependents'
9 pension.] *Provided*, That IF HE HAS NO PRIMARY
10 BENEFICIARIES, HIS SECONDARY BENEFICIARIES
11 SHALL BE ENTITLED TO A LUMP SUM BENEFIT
12 EQUIVALENT TO THIRTY-SIX (36) TIMES THE
13 MONTHLY PENSION. [he has paid at least thirty-six
14 monthly contributions prior to the semester of death:
15 *Provided, further*, That if the foregoing condition is not
16 satisfied] IF HE HAS NOT PAID THE REQUIRED
17 THIRTY-SIX (36) MONTHLY CONTRIBUTIONS, his
18 primary OR SECONDARY beneficiaries shall be entitled
19 to a lump sum benefit equivalent to [thirty-five times the
20 monthly pension: *Provided, further*, That if he has no
21 primary beneficiaries, his secondary beneficiaries shall be
22 entitled to a lump sum benefit equivalent to twenty times
23 the monthly pension: *Provided, however*, That the
24 minimum death benefit shall not be less than the total
25 contributions paid by him and his employer on his behalf

1 nor less than P1,000: *Provided, finally,* That the
 2 beneficiaries of the covered employee who dies without
 3 having paid at least three monthly contributions shall be
 4 entitled to the minimum benefit] THE MONTHLY
 5 PENSION TIMES THE NUMBER OF MONTHLY
 6 CONTRIBUTIONS PAID TO THE SSS OR TWELVE
 7 (12) TIMES THE MONTHLY PENSION, WHICHEVER
 8 IS HIGHER.

9 "SEC. 13-A. *Permanent Disability Benefits* - (a)

10 Upon the [covered employee's] permanent total disability
 11 OF A MEMBER [if such disability occurs after he had]
 12 WHO HAS paid at least thirty-six (36) monthly
 13 contributions prior to the semester of disability, he shall
 14 be entitled to the monthly pension: [and his dependents
 15 to the dependents pension] *Provided,* That if [the disability
 16 occurs before he has paid thirty-six (36) monthly
 17 contributions prior to the semester of disability.] HE HAS
 18 NOT PAID THE REQUIRED THIRTY-SIX (36)
 19 MONTHLY CONTRIBUTIONS, he shall be entitled to a
 20 lump sum benefit equivalent to [thirty-five times the
 21 monthly pension: *Provided, further,* That the minimum
 22 disability benefit shall not be less than the total
 23 contributions paid by him and his employer on his behalf
 24 nor less than P1,000] THE MONTHLY PENSION TIMES
 25 THE NUMBER OF MONTHLY CONTRIBUTIONS PAID

1 TO THE SSS OR TWELVE (12) TIMES THE
 2 MONTHLY PENSION [:], WHICHEVER IS HIGHER.
 3 [*Provided, further,* That a covered employee who becomes
 4 permanently totally disabled without having paid at least
 5 three monthly contributions shall be entitled to the
 6 minimum benefit: *Provided, finally,* That a] A member
 7 who (1) HAS received a lump sum benefit and (2) is re-
 8 employed OR HAS RESUMED SELF-EMPLOYMENT
 9 not earlier than one (1) year from the date of his disability
 10 shall again be subject to compulsory coverage and shall
 11 be considered a new member.

12 "(b) The monthly pension AND DEPENDENTS'
 13 PENSION shall be SUSPENDED [reduced]upon THE [his]
 14 reemployment OR RESUMPTION OF SELF-
 15 EMPLOYMENT OR [by an amount equivalent to one-half
 16 of his earnings over three hundred pesos. The monthly
 17 pension and dependents pension shall suspended upon]
 18 THE [his] recovery OF THE DISABLED MEMBER from
 19 HIS [the] permanent total disability or his failure to
 20 present himself for examination at least once a year upon
 21 notice by the SSS.

22 "(c) Upon the death of the permanent total disability
 23 pensioner, his primary beneficiaries as of the date of
 24 disability shall be entitled to RECEIVE [one hundred
 25 percent of] the monthly pension: [and his dependents to

1 the dependents' pension] *Provided*, That if he has no
 2 primary beneficiaries and he dies within sixty (60) months
 3 from the start of his monthly pension, his secondary
 4 beneficiaries shall be entitled to a lump sum benefit
 5 equivalent to [the bigger of (1) twenty times the monthly
 6 pension or (2) the difference of sixty times the monthly
 7 pension and] the total monthly pensions
 8 CORRESPONDING TO THE BALANCE OF THE FIVE-
 9 YEAR GUARANTEED PERIOD [paid by the SSS]
 10 excluding the dependents' pension.

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

- 13 "1. Complete loss of sight of both eyes;
- 14 "2. Loss of two limbs at or above the ankle or
 15 wrists;
- 16 "3. Permanent complete paralysis of two limbs;
- 17 "4. Brain injury resulting to incurable imbecility or
 18 insanity; and
- 19 5. Such cases as determined and approved by the
 20 SSS.

21 "(e) If the disability is permanent partial, and such
 22 disability occurs before thirty-six (36) monthly
 23 contributions have been paid prior to the semester of
 24 disability, the benefit shall be such percentage of the
 25 lump sum benefit described in the preceding paragraph

1 with due regard to the degree of disability as the
 2 Commission may determine.

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

9	One thumb	10
10	One index finger	8
11	One middle finger	6
12	One ring finger	5
13	One little finger	3
14	One big toe	6
15	One hand	39
16	One arm	50
17	One foot	31
18	One leg	46
19	One ear	10
20	Both ears	20
21	Hearing of one ear	10
22	Hearing of both ears	50
23	Sight of one eye	25

1 “(g) The percentage degree of disability, which
 2 is equivalent to the ratio that the designated number
 3 of months of compensability bears to seventy-five (75),
 4 rounded to the next higher integer, shall not be additive
 5 for distinct, separate and unrelated permanent partial
 6 disabilities, but shall be additive for deteriorating and
 7 related permanent partial disabilities, to a maximum of one
 8 hundred percent (100%), in which case the MEMBER
 9 [employee] shall be deemed as permanently totally
 10 disabled.

11 “(H) IN CASE OF PERMANENT PARTIAL
 12 DISABILITY, THE MONTHLY PENSION BENEFIT
 13 SHALL BE GIVEN IN LUMP SUM IF IT IS PAYABLE
 14 FOR LESS THAN TWELVE (12) MONTHS.

15 “(I) FOR THE PURPOSE OF ADJUDICATING
 16 RETIREMENT, DEATH AND PERMANENT TOTAL
 17 DISABILITY PENSION BENEFITS, CONTRIBUTIONS
 18 SHALL BE DEEMED PAID FOR THE MONTHS
 19 DURING WHICH THE MEMBER RECEIVED PARTIAL
 20 DISABILITY PENSION: *PROVIDED*, THAT SUCH
 21 CONTRIBUTIONS SHALL BE BASED ON HIS LAST
 22 CONTRIBUTION PRIOR TO HIS DISABILITY.

23 “(J) SHOULD A MEMBER WHO IS ON PARTIAL
 24 DISABILITY PENSION RETIRE OR DIE, HIS

1 DISABILITY PENSION SHALL CEASE UPON HIS
 2 RETIREMENT OR DEATH.

3 “SEC. 13-B. *Funeral Benefit* - A funeral grant
 4 EQUIVALENT TO [of P10,000] TWELVE THOUSAND
 5 PESOS (P12,000.00) shall be paid, IN CASH OR IN
 6 KIND, to help defray the cost of funeral expenses upon
 7 the death of a [covered] member, INCLUDING
 8 permanently totally disabled MEMBER [employee] or
 9 retiree.

10 “SEC. 14. *Sickness benefit* - (a) A MEMBER
 11 [covered employee] who has paid at least three (3)
 12 monthly contributions in the twelve-month period
 13 immediately preceding the semester of sickness OR
 14 INJURY and is confined THEREFOR for more than three
 15 (3) days in a hospital or elsewhere with the
 16 [Commission’s] approval OF THE SSS, shall, for each day
 17 of compensable confinement or fraction thereof, be paid
 18 by his employer, or the SSS, if such person is unemployed
 19 OR SELF-EMPLOYED, [an] A DAILY SICKNESS
 20 BENEFIT [allowance] equivalent to ninety percent (90%)
 21 of his average daily salary credit, subject to the following
 22 conditions:

23 “(1) In no case shall the [total amount of such] daily
 24 SICKNESS allowance be [less than seven pesos and fifty
 25 centavos nor exceed seventy five pesos nor] paid longer

1 than one hundred twenty (120) days in one (1) calendar
2 year, nor shall any unused portion of the one hundred
3 twenty (120) days of sickness benefit granted under this
4 section be carried forward and added to the total number
5 of compensable days allowable in the subsequent year;

6 “(2) THE DAILY SICKNESS BENEFIT [No
7 employee] shall NOT be paid [any sickness benefit] for
8 more than two hundred forty (240) days on account of
9 the same confinement; and

10 “(3) The employee shall notify his employer of the
11 fact of his sickness or injury within five (5) calendar days
12 after the start of his confinement unless such confinement
13 is in a hospital or the employee became sick or was
14 injured while working or within the premises of the
15 employer in which case notification to the employer is not
16 necessary: *Provided*, That if the member is unemployed
17 OR SELF-EMPLOYED, he shall directly notify the SSS
18 of his confinement within five (5) calendar days after the
19 start thereof unless such confinement is in a hospital in
20 which case notification is also not necessary: *Provided*,
21 *further*, That in cases where notification is necessary, the
22 confinement shall be deemed to have started not earlier
23 than the fifth day immediately preceding the date of
24 notification.

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

10 “(c) One hundred percent (100%) of the daily
11 benefits provided in the preceding paragraph shall be
12 reimbursed by the SSS to said employer upon receipt
13 of satisfactory proof of such payment and legality
14 thereof: *Provided*, That the employer has notified the SSS
15 of the confinement within five (5) calendar days after
16 receipt of the notification from the employee: *Provided*,
17 *further*, That if the notification to the SSS is made by
18 the employer beyond five (5) calendar days after receipt
19 of the notification from the employee, said employer
20 shall be reimbursed only for each day of confinement
21 starting from the tenth calendar day immediately
22 preceding the date of notification to the SSS: *Provided*,
23 *finally*, That the SSS shall reimburse the employer or pay
24 the unemployed member only for confinement within the
25 one-year period immediately preceding the date the claim

1 for benefit or reimbursement is received by the SSS,
2 except confinement in a hospital in which case the claim
3 for benefit or reimbursement must be filed within one (1)
4 year from the last day of confinement.

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

13 “(e) The claim of reimbursement shall be adjudicated
14 by the SSS within a period of two (2) months from
15 receipt thereof. *Provided*, That should no payment be
16 received by the employer within one (1) month after the
17 period prescribed herein for adjudication the
18 reimbursement shall thereafter earn simple interest of one
19 percent (1%) per month until paid.

20 “(f) The provisions regarding the notification
21 required of the MEMBER [covered employee] and the
22 employer as well as the period within which the claim
23 for benefit or reimbursement may be filed shall apply to
24 all claims filed with the SSS.

1 “SEC. 14-A *Maternity Leave Benefit* - A [covered]
2 female MEMBER [employee] who has paid at least three
3 (3) monthly [maternity] contributions in the twelve-month
4 period immediately preceding the semester of her
5 childbirth [,abortion,] or miscarriage [and who is currently
6 employed] shall be paid a daily maternity benefit
7 equivalent to one hundred percent (100%) of her [present
8 basic salary, allowances and other benefits or the cash
9 equivalent of such benefits] AVERAGE DAILY SALARY
10 CREDIT for sixty (60) days or seventy-eight (78) days in
11 case of caesarean delivery, subject to the following
12 conditions:

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

18 “(b) That the payment shall be advanced by the
19 employer in two (2) equal installments within thirty (30)
20 days from the filing of the maternity leave application;

21 [“(c) That in case of caesarian delivery, the
22 employees shall be paid the daily maternity benefit for
23 seventy-eight (78) days;]

24 “(C) [(d)] That payment of daily maternity benefits
25 shall be a bar to the recovery of sickness benefits provided

1 by this Act for the same [compensable] period FOR
2 WHICH DAILY MATERNITY BENEFITS HAVE BEEN
3 RECEIVED [of sixty days for the same childbirth,
4 abortion, or miscarriage];

5 “(D) [(e)] That the maternity benefits provided under
6 this section shall be paid only for the first four (4)
7 deliveries [after March 13, 1973] OR MISCARRIAGES;

8 “(E) [(f)] That the SSS shall immediately reimburse
9 the employer of one hundred percent (100%) of the
10 amount of maternity benefits advanced to the employee by
11 the employer upon receipt of satisfactory proof of such
12 payment and legality thereof; and

13 “(F) [(g)] That if an employee should give birth
14 or suffer [abortion or] miscarriage without the required
15 contributions having been remitted for her by her employer
16 to the SSS, or without the latter having been previously
17 notified by the employer of the time of the pregnancy, the
18 employer shall pay to the SSS damages equivalent to the
19 benefits which said employee would otherwise have been
20 entitled to [and the SSS shall in turn pay such amount
21 to the employee concerned].

22 “SEC. 15. *Non-transferability of Benefits.* - The SSS
23 shall pay the benefits provided for in this Act to such
24 persons as may be entitled thereto in accordance with the
25 provisions of this Act: *Provided*, That the beneficiary who

1 is a national of a foreign country which does not extend
2 benefits to a Filipino beneficiary residing in the
3 Philippines, or which is not recognized by the Philippines,
4 shall not be entitled to receive any benefit under this Act:
5 *Provided, further*, That notwithstanding the foregoing,
6 where the best interest of the SSS will be served, the
7 Commission may direct payments without regard to
8 nationality or country of residence: *Provided, further*, That
9 if the recipient is a minor or a person incapable of
10 administering his own affairs, the Commission shall
11 appoint a representative under such terms and conditions
12 as it may deem proper: *Provided, further*, That such
13 appointment shall not be necessary in case the
14 recipient is under the custody of or living with the
15 parents or spouse of the MEMBER [employee] in which
16 case the benefits shall be paid to such parents or spouse,
17 as representative payee of the recipient. Such benefits
18 are not transferrable and no power of attorney or other
19 document executed by those entitled thereto, in favor of
20 any agent, attorney, or any other person for the
21 collection thereof on their behalf shall be recognized,
22 except when they are physically unable to collect
23 personally such benefits: *Provided, further*, That in case
24 of death benefits, if no beneficiary qualifies under this
25 Act, said benefits shall be paid to the legal heirs in

1 accordance with the law on succession: *Provided, finally,*
 2 That notwithstanding any law to the contrary, the payment
 3 of benefits under this Act shall bar the recovery of similar
 4 benefits under Title II of Book IV of the Labor Code of
 5 the Philippines, as amended, during the period of such
 6 payment for the same contingency, and conversely.

7 "Sec. 16. *Exemption from Tax, Legal Process and*
 8 *Lien* - All laws to the contrary notwithstanding, the SSS
 9 and all its assets and properties, all contributions collected
 10 and all accruals thereto and income or investment earnings
 11 therefrom, as well as all supplies, equipment, papers or
 12 documents [which may be required in connection with the
 13 operation or execution of this Act] shall be exempt from
 14 any tax, assessment, fee, charge, or customs or import
 15 duty, and all benefit payments made by the SSS shall
 16 likewise be exempt from all kinds of taxes, fees or charges
 17 and shall not be liable to attachments, garnishments, levy
 18 or seizure by or under any legal or equitable process
 19 whatsoever, either before or after receipt by the person or
 20 persons entitled thereto, except to pay any debt of the
 21 MEMBER [covered employee] to the SSS. No tax
 22 measure OF WHATEVER NATURE [hereafter] enacted
 23 shall apply to the SSS, unless it expressly revokes the
 24 declared policy of the State in Section 2 hereof granting
 25 tax-exemption to the SSS. Any tax assessment IMPOSED

1 against [and still unpaid by] the SSS shall be null and
 2 void.

3 "SEC. 17. *Fee of Agents, Attorneys, etc.* - No
 4 agent, attorney or other person in charge of the
 5 preparation, filing or pursuing any claim for benefit under
 6 this Act shall demand or charge for his services any fee,
 7 and any stipulation to the contrary shall be null and void.
 8 The retention or deduction of any amount from any benefit
 9 granted under this Act for the payment of fees for such
 10 services is prohibited: *Provided, however,* That any
 11 member of the Philippine Bar who appears as counsel in
 12 any case heard by the [Social Security] Commission shall
 13 be entitled to attorney s fees not exceeding ten percent
 14 (10%) of the benefits awarded by the Commission,
 15 which fees shall not be payable before the actual
 16 payment of the benefits, and any stipulation to the contrary
 17 shall be null and void.

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

24 "SEC. 18. *Employee's Contribution.* - (a) Beginning
 25 as of 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 following SCHEDULE [effective January 1, 1987]:

SALARY BRACKET	RANGE OF COMPENSATION	MONTHLY SALARY CREDIT	MONTHLY CONTRIBUTION		
			EMPLOYER	EMPLOYEE	TOTAL
[I]	1-149.99	125	6.40	4.10	10.50
[II]	150-199.99	175	9.60	5.70	15.30
[III]	200-249.99	225	11.40	7.50	18.90
[IV]	250-349.99	300	13.20	10.00	23.20
[V]	350-499.99	425	21.60	14.10	35.70
[VI]	500-699.99	600	30.40	20.00	50.40
[VII]	700-999.99	800	40.50	26.70	67.20
[VIII] I P[900-1,099.99]	1000-1249.99	1000	50.70	33.30	84.00
[IX]	1100-1399.99	1250	63.50	41.70	105.20
[X] II [1400]	1250-1749.99	1500	76.00	50.00	126.00
[XI] III	1750-2249.99	2000	101.30	66.70	168.00
[XII] IV	2250-2749.99	2500	126.70	83.30	210.00
[XIII] V	2750-3249.99	3000	152.00	100.00	252.00
[XIV] VI	3250-3749.99	3500	177.30	116.70	294.00

[XV] VII	3750-4249.99	4000	202.70	133.30	336.00
[XVI] VIII	4250-4749.99	4500	228.00	150.00	378.00
[XVII] IX	4750-5249.99	5000	253.30	166.70	420.00
[XVIII] X	5250-5749.99	5500	278.70	183.70	462.40
[XIX] XI	5750-6249.99	6000	304.00	200.00	504.00
[XX] XII	6250-6749.99	6500	329.30	216.70	546.00
[XXI] XIII	6750-7249.99	7000	354.70	233.30	588.00
[XXII] XIV	7250-7749.99	7500	380.00	250.00	630.00
[XXIII] XV	7750-8249.99	8000	405.30	266.70	672.00
[XXIV] XVI	8250-8749.99	8500	430.70	283.30	714.00
[XXV] XVII	8750- OVER	9000	456.00	300.00	756.00

"The FOREGOING [tabulated] schedule OF [for the monthly] contribution SHALL ALSO APPLY TO [of the] self-employed and voluntary members. [effective January 1, 1987 shall be as follows:]

"The maximum MONTHLY SALARY CREDIT SHALL BE NINE THOUSAND PESOS (P9,000.00) EFFECTIVE JANUARY NINETEEN HUNDRED AND NINETY-SIX (1996): PROVIDED, THAT IT SHALL BE INCREASED BY ONE THOUSAND PESOS (P1,000.00) EVERY YEAR THEREAFTER UNTIL IT SHALL HAVE REACHED TWELVE THOUSAND PESOS (P12,000.00) BY NINETEEN HUNDRED AND NINETY NINE (1999): PROVIDED, FURTHER, THAT THE MINIMUM AND MAXIMUM MONTHLY SALARY CREDITS AS

1 WELL AS THE RATE OF CONTRIBUTIONS [covered
 2 earnings or compensation of all SSS members shall be
 3 limited to three thousand pesos per month as provided in
 4 the foregoing schedules, unless otherwise provided] MAY
 5 BE FIXED FROM TIME TO TIME by the [Social
 6 Security] Commission through rules and regulations taking
 7 into consideration actuarial calculations and rate of
 8 benefits, SUBJECT TO THE APPROVAL OF THE
 9 PRESIDENT OF THE PHILIPPINES.

10 "SEC. 19. *Employer's Contributions.* - (a)
 11 Beginning as of the last day of the month when an
 12 employee's compulsory coverage takes effect and every
 13 month thereafter during his employment, his employer
 14 shall pay, with respect to such covered employee, the
 15 employer's contribution in accordance with the schedule
 16 indicated in section eighteen of this Act. Notwithstanding
 17 any contract to the contrary, an employer shall not
 18 deduct, directly or indirectly, from the compensation
 19 of his employees covered by the SSS or otherwise recover
 20 from them the employer's contributions with respect to
 21 such employees.

22 "(b) The remittance of such contributions by the
 23 employer shall be supported by a quarterly collection list
 24 to be submitted to the SSS at the end of each calendar
 25 quarter indicating the correct ID number of the

1 employer, the correct names and SS numbers of the
 2 employees and the total contributions paid for their
 3 account during the quarter.

4 "SEC. 19-A. *Contribution of the Self-employed*
 5 *MEMBER.* - The contributions to the SSS of the self-
 6 employed MEMBER shall be determined in accordance
 7 with Section EIGHTEEN of this Act: *Provided,* That the
 8 [average] monthly [net] earnings declared by the
 9 self-employed MEMBER at the time of his registration
 10 with the SSS shall be considered as his monthly
 11 compensation and he shall pay both the employer and
 12 employee contributions.

13 ["Net earnings as understood under this section shall
 14 be the net income from his business or profession as
 15 reflected in the income tax return for the immediately
 16 preceding year, excluding rental income, dividend, interest
 17 investments and the like or all types of incomes which
 18 are not derived from his business registered with the SSS
 19 or from the practice of his profession.]

20 "The [average] monthly [net] earnings declared by
 21 the self-employed member at the time of his registration
 22 shall remain the basis of his monthly salary credit, unless
 23 he makes[, at the start of the year,] another declaration
 24 of his [average] monthly [net] earnings [based on his
 25 income tax returns for the immediately preceding year],

1 in which case such latest declaration becomes the new
2 basis of his monthly salary credit.

3 "SEC. 20. *Government Contribution.* - As the
4 contribution of the Government to the operation of the
5 SSS [System], [the] Congress shall annually appropriate
6 out of any funds in the National Treasury not otherwise
7 appropriated, the necessary sum or sums to meet the
8 estimated expenses of the SSS [System] for each
9 ensuing year. In addition to this contribution, [the]
10 Congress shall appropriate from time to time such sum
11 or sums as may be needed to assure the maintenance of
12 an adequate working balance of the funds of the SSS
13 [System] as disclosed by suitable periodic actuarial studies
14 to be made of the operations of the SSS. [System]

15 "SEC. 21. *Government Guarantee.* - The benefits
16 prescribed in this Act shall not be diminished and to
17 guarantee said benefits the Government of the Republic
18 of the Philippines accepts general responsibility for the
19 solvency of the SSS. [System]

20 "SEC. 22. *Remittance of Contributions.* - (a) The
21 contribution imposed in the preceding section shall be
22 remitted to the SSS within the first TEN (10) [seven] days
23 of each calendar month following the month for which
24 they are applicable or within such time as the
25 Commission may prescribe. Every employer required to

1 deduct and to remit such contributions shall be liable for
2 their payment and if any contribution is not paid to the
3 SSS as herein prescribed, he shall pay besides the
4 contribution a penalty thereon of three percent (3%)
5 per month from the date the contribution falls due
6 until paid. If deemed expedient and advisable by the
7 Commission, the collection and remittance of
8 contributions shall be made quarterly or semi-annually in
9 advance, the contributions payable by the employees to be
10 advanced by their respective employers: *Provided*, That
11 upon separation of an employee, any contribution so paid
12 in advance but not due shall be credited or refunded to
13 his employer.

14 "(b) The contributions payable under this Act in
15 cases where an employer refuses or neglects to pay the
16 same shall be collected by the SSS in the same manner
17 as taxes are made collectible under the National Internal
18 Revenue Code, as amended. Failure or refusal of the
19 employer to pay or remit the contributions herein
20 prescribed shall not prejudice the right of the covered
21 employee to the benefits of the coverage.

22 "The right to institute the necessary action against
23 the employer may be commenced within twenty (20) years
24 from the time the delinquency is known or the

1 assessment is made by the SSS, or from the time the
2 benefit accrues, as the case may be.

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

6 “1. By an action in court, which shall hear and
7 dispose of the case in preference to any other civil action;
8 or

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

15 “(d) The last complete record of monthly
16 contributions paid by the employer or the average of the
17 monthly contributions paid during the past three (3) years
18 as of the date of filing of the action for collection shall
19 be presumed to be the monthly contributions payable by
20 and due from the employer to the SSS for each of the
21 unpaid month, unless contradicted and overcome by other
22 evidence: *Provided*, That the SSS shall not be barred from
23 determining and collecting the true and correct
24 contributions due the SSS even after full payment pursuant

1 to this paragraph, nor shall the employer be relieved of
2 his liability under section twenty-eight of this Act.

3 [“(e) For purposes of this Section, any employer who
4 is delinquent or has not remitted all the monthly
5 contributions due and payable may within six months
6 from the issuance of this Executive Order remit said
7 contributions to the SSS and submit the corresponding
8 collection lists herefor without incurring the prescribed
9 three per cent penalty. In case the employer fails to remit
10 to the SSS the said contributions within the six months
11 grace period, the penalty of three per cent shall be imposed
12 from the time the contributions first became due as
13 provided in paragraph (a) of this section.]

14 “SEC. 22-A. *Remittance of Contributions of Self-*
15 *employed MEMBER.* - Self-employed members shall remit
16 their monthly contributions quarterly on such dates and
17 schedules as the Commission may specify through rules
18 and regulations[.]: *PROVIDED*, THAT NO
19 RETROACTIVE PAYMENT OF CONTRIBUTIONS
20 SHALL BE ALLOWED, EXCEPT AS PROVIDED IN
21 THIS SECTION.

22 [“The penalty of three per cent per month for late
23 payments provided for in paragraph (a) of Sec. 22 of this
24 Act and the manner of collection of contributions specified
25 in paragraphs (b), (c) and (d) of Sec. 22 of this Act are

1 also applicable to the collection of penalties and
2 contributions of the covered self-employed.]

3 "SEC. 23. *Method of Collection and Payment.* -

4 The SSS shall require a complete and proper collection
5 and payment of contributions and proper identification of
6 the employer and the employee. Payment may be made
7 in cash, checks, stamps, coupons, tickets, or other
8 reasonable devices that the Commission may adopt.

9 "SEC. 24. *Employment Records and Reports.* - (a)

10 Each employer shall immediately report to the SSS the
11 names, ages, civil status, occupations, salaries and
12 dependents of all his employees who are subject to
13 compulsory coverage: *Provided*, That if an employee
14 subject to compulsory coverage should die or become sick
15 or disabled or reach the age of sixty (60) without the SSS
16 having previously received any report or written
17 communication about him from his employer, [or a
18 contribution paid in his name by his employer] the said
19 employer shall pay to the SSS damages equivalent to the
20 benefits to which said employee MEMBER would have
21 been entitled had his name been reported on time by the
22 employer to the SSS, except that in case of pension
23 benefits, the employer shall be liable to pay the SSS
24 damages equivalent to THE ACCUMULATED PENSION
25 DUE AS OF THE DATE OF SETTLEMENT OF THE

1 CLAIM OR to THE five (5) years' [monthly] pension,
2 WHICHEVER IS HIGHER, including dependents' pension:
3 *Provided, further*, That if the contingency occurs within
4 thirty (30) days from the date of employment, the employer
5 shall be relieved of his liability for damages:[.]
6 *PROVIDED, FINALLY*, THAT ANY PERSON OR
7 ENTITY ENGAGING THE SERVICES OF AN
8 INDEPENDENT CONTRACTOR SHALL BE
9 SUBSIDIARILY LIABLE WITH SUCH CONTRACTOR
10 FOR ANY CIVIL LIABILITY INCURRED BY THE
11 LATTER UNDER THIS ACT.

12 "(b) Should the employer misrepresent the true date
13 of employment of [his] THE employee[s] MEMBER or
14 remit to the SSS contributions which are less than those
15 required in this Act OR FAIL TO REMIT ANY
16 CONTRIBUTION DUE PRIOR TO THE DATE OF
17 CONTINGENCY, resulting in a reduction of benefits, [the]
18 SUCH employer shall pay to the SSS damages [to the
19 extent of such reduction;] EQUIVALENT TO THE
20 DIFFERENCE BETWEEN THE AMOUNT OF BENEFIT
21 TO WHICH THE EMPLOYEE MEMBER OR HIS
22 BENEFICIARY IS ENTITLED HAD THE PROPER
23 CONTRIBUTIONS BEEN REMITTED TO THE SSS
24 AND THE AMOUNT PAYABLE ON THE BASIS OF
25 THE CONTRIBUTIONS ACTUALLY REMITTED:

1 *PROVIDED*, THAT IF THE EMPLOYEE MEMBER OR
2 HIS BENEFICIARY IS ENTITLED TO PENSION
3 BENEFITS, THE DAMAGES SHALL BE EQUIVALENT
4 TO THE ACCUMULATED PENSION DUE AS OF THE
5 DATE OF SETTLEMENT OF THE CLAIM OR TO THE
6 FIVE (5) YEARS' PENSION, WHICHEVER IS HIGHER
7 INCLUDING DEPENDENTS' PENSION.

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

12 "(c) The records and reports duly accomplished and
13 submitted to the SSS by the [employee or the] employer
14 OR THE MEMBER, as the case may be, shall be kept
15 confidential by the SSS except in compliance with a
16 subpoena duces tecum issued by the Courts, shall not be
17 divulged without the consent of the SSS PRESIDENT
18 [Administrator] or any official of the SSS duly authorized
19 by him, shall be presumed correct as to the data and other
20 matters stated therein, unless the necessary corrections to
21 such records and reports have been properly made by the
22 parties concerned before the right to the benefit being
23 claimed accrues, and shall be made the basis for the
24 adjudication of the claim. If as a result of such
25 adjudication the SSS in good faith pays a monthly pension

1 to a beneficiary who is inferior in right to another
2 beneficiary or with whom another beneficiary is entitled
3 to share, such payments shall discharge the SSS from
4 liability unless and until such other beneficiary notifies the
5 SSS of his claim prior to the payments.

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

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

23 "(e) [Effective July 1, 1973;] Each employer shall
24 require, as a condition to employment, the presentation of
25 a registration number secured by the prospective employee

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

10 “(f) Notwithstanding any law to the contrary,
 11 microfilm, OR NON-ERASABLE OPTICAL DISK AND
 12 OTHER SIMILAR ARCHIVAL MEDIA copies of original
 13 SSS records and reports, OR COPIES OF SUCH
 14 RECORDS AND REPORTS, duly certified by the official
 15 custodian thereof, shall have the same evidentiary value
 16 as the originals and be admissible as evidence in all legal
 17 proceedings.

18 “(G) NOTWITHSTANDING ANY LAW TO THE
 19 CONTRARY, LOCAL GOVERNMENT UNITS SHALL,
 20 PRIOR TO ISSUING ANY ANNUAL BUSINESS
 21 LICENSE OR PERMIT, REQUIRE SUBMISSION OF
 22 CERTIFICATE OF SSS COVERAGE AND
 23 COMPLIANCE WITH THE PROVISIONS OF THIS
 24 ACT: *PROVIDED*, THAT THE CERTIFICATION OR
 25 CLEARANCE SHALL BE ISSUED BY THE SSS

1 WITHIN FIVE (5) WORKING DAYS FROM RECEIPT
 2 OF THE REQUEST.

3 “SEC. 24-A. *Report and Registration of the Self-*
 4 *employed MEMBER.* - Each covered self-employed
 5 MEMBER [person] shall, within thirty (30) days from the
 6 FIRST DAY HE STARTED THE PRACTICE OF HIS
 7 PROFESSION OR BUSINESS OPERATIONS [effective
 8 date of coverage], REGISTER AND report to the SSS his
 9 name, age, civil status, [and] occupation, average monthly
 10 net income and his dependents.[: *Provided*, That if after
 11 said period of thirty days, he should die or become sick,
 12 or disabled or reach the age of sixty without the SSS
 13 having previously received such report, the SSS shall not
 14 pay him the corresponding benefit]

15 “SEC. 25. *Deposit and Disbursement.* - All money
 16 paid to or collected by the SSS every year under this Act,
 17 and all accruals thereto, shall be deposited, administered
 18 and disbursed in the same manner and under the same
 19 conditions and requirements as provided by law for other
 20 public special funds: *Provided*, That not more than twelve
 21 percent (12%) of the total yearly contributions plus three
 22 percent (3%) of other revenues shall be disbursed for
 23 ADMINISTRATIVE AND OPERATIONAL EXPENSES
 24 SUCH AS salaries and wages, SUPPLIES [purchases of
 25 office equipment] and materials, DEPRECIATION, and the

1 maintenance of BRANCH offices of the SSS: *Provided,*
2 *further,* That if the expenses in any year are less than the
3 maximum amount permissible, the difference shall not be
4 availed of as additional expenses in the following years.

5 "SEC. 26. *Investment of Reserve Funds.* - All
6 revenues of the SSS that are not needed to meet the
7 current administrative and operational expenses incidental
8 to the carrying out of this Act shall be accumulated in
9 a fund to be known as the "Reserve Fund." Such portions
10 of the Reserve Fund as are not needed to meet the current
11 benefit obligations thereof shall BE KNOWN AS THE
12 'INVESTMENT RESERVE FUND' WHICH THE
13 COMMISSION OR ANY OF ITS APPOINTED
14 INVESTMENT MANAGER SHALL MANAGE AND
15 INVEST WITH THE SKILL, CARE, PRUDENCE AND
16 DILIGENCE NECESSARY UNDER THE
17 CIRCUMSTANCES THEN PREVAILING THAT A
18 PRUDENT MAN ACTING IN LIKE CAPACITY AND
19 FAMILIAR WITH SUCH MATTERS WOULD
20 EXERCISE IN THE CONDUCT OF AN ENTERPRISE
21 OF A LIKE CHARACTER AND WITH SIMILAR AIMS.
22 PURSUANT THERETO, AND IN LINE WITH THE
23 BASIC PRINCIPLES OF SAFETY, GOOD YIELD AND
24 LIQUIDITY, THE COMMISSION SHALL INVEST [be
25 invested to earn an average annual income of at least nine

1 percent and shall be known as the 'Investment Reserve
2 Fund' which shall be invested] in any or all of the
3 following:

4 "(a) IN [In] [interest-bearing] bonds, [or] securities,
5 PROMISSORY NOTES OR OTHER EVIDENCE OF
6 INDEBTEDNESS of the Government of the Philippines,
7 or IN bonds, [or] securities, PROMISSORY NOTES OR
8 OTHER EVIDENCE OF INDEBTEDNESS [for the
9 payment of the interest and principal] to which the FULL
10 faith and credit AND UNCONDITIONAL GUARANTEE
11 of the GOVERNMENT [Republic] of the Philippines is
12 pledged;[.]

13 "(B) IN BONDS, SECURITIES, PROMISSORY
14 NOTES OR OTHER EVIDENCE OF INDEBTEDNESS
15 OF THE GOVERNMENT OF THE PHILIPPINES OR
16 ANY OF ITS AGENCIES OR INSTRUMENTALITIES
17 TO FINANCE DOMESTIC INFRASTRUCTURE
18 PROJECTS SUCH AS ROADS, BRIDGES, PORTS,
19 TELECOMMUNICATIONS, AND SIMILAR PROJECTS:
20 *PROVIDED,* THAT THE INSTRUMENTS ISSUED BY
21 AN AGENCY OR INSTRUMENTALITY OF THE
22 GOVERNMENT SHALL BE GUARANTEED BY THE
23 GOVERNMENT OF THE PHILIPPINES OR ANY
24 GOVERNMENT FINANCIAL INSTITUTION OR
25 ACCEPTABLE MULTILATERAL AGENCY:

1 *PROVIDED, FURTHER*, THAT THE SSS SHALL HAVE
2 PRIORITY OVER THE REVENUES OF THE
3 PROJECTS: *PROVIDED, FINALLY*, THAT SUCH
4 INVESTMENTS SHALL NOT EXCEED THIRTY
5 PERCENT (30%) OF THE INVESTMENT RESERVE
6 FUND;

7 “(C) IN BONDS, SECURITIES, PROMISSORY
8 NOTES OR OTHER EVIDENCE OF INDEBTEDNESS
9 OF GOVERNMENT FINANCIAL INSTITUTIONS OR
10 GOVERNMENT CORPORATIONS WITH
11 ACCEPTABLE CREDIT OR GUARANTEE: *PROVIDED*,
12 THAT SUCH INVESTMENTS SHALL NOT EXCEED
13 THIRTY PERCENT (30%) OF THE INVESTMENT
14 RESERVE FUND;

15 “[b)] (D) IN [In] BONDS, SECURITIES, [interest-
16 bearing] deposits, PROMISSORY NOTES or [securities in]
17 OTHER EVIDENCE OF INDEBTEDNESS OF any
18 [domestic] bank doing business in the Philippines AND
19 IN GOOD STANDING WITH THE *BANGKO SENTRAL*
20 *NG PILIPINAS* TO FINANCE LOANS TO PRIVATE
21 CORPORATIONS DOING BUSINESS IN THE
22 PHILIPPINES, INCLUDING SCHOOLS, HOSPITALS,
23 SMALL-AND-MEDIUM SCALE INDUSTRIES,
24 COOPERATIVES AND NON-GOVERNMENTAL
25 ORGANIZATIONS, IN WHICH CASE THE

1 COLLATERALS OR SECURITIES SHALL BE
2 ASSIGNED TO THE SSS, UNDER SUCH TERMS AND
3 CONDITIONS AS THE COMMISSION MAY
4 PRESCRIBE: *Provided*, That IN THE CASE OF BANK
5 [such] deposits, THEY shall not exceed at any time the
6 unimpaired capital and surplus or total private deposits of
7 the depository bank, whichever is smaller: *Provided*,
8 *further*, That said bank shall first have been designated
9 as a depository for this purpose by the Monetary Board
10 of the *BANGKO SENTRAL NG PILIPINAS* [Central Bank
11 of the Philippines: *Provided, finally*, That such investment
12 in deposits or securities shall be equitably distributed to
13 all designated banks.];

14 [(c) In loans or interest-bearing advances to the
15 National Government for the construction of permanent
16 toll bridges, toll roads or government office buildings in
17 accordance with actuarial considerations and the conditions
18 prescribed by the law in such cases: *Provided*, That the
19 tolls shall be collected by the SSS for a reasonable fee.]

20 “[d)] (E) IN [In] BONDS, SECURITIES,
21 PROMISSORY NOTES OR OTHER EVIDENCE OF
22 INDEBTEDNESS OF SHELTER AGENCIES OF THE
23 NATIONAL GOVERNMENT OR FINANCIAL
24 INTERMEDIARIES TO FINANCE [direct] housing loans
25 OF MEMBERS; AND IN LONG-TERM DIRECT

1 INDIVIDUAL OR GROUP HOUSING LOANS GIVING
2 PRIORITY TO THE LOW-INCOME GROUPS, UP TO
3 A MAXIMUM OF NINETY PERCENT (90%) OF THE
4 APPRAISED VALUE OF THE PROPERTIES TO BE
5 MORTGAGED BY THE BORROWERS; AND [to covered
6 employees and group housing, projects giving priority to
7 the low-income groups, up to a maximum of ninety percent
8 of the appraised value of the properties to be mortgaged
9 by the borrowers and in loans for the construction and the
10 maintenance of hospitals and institutions for the sick, aged
11 and infirmed members and their families, referred to in
12 Sec. 4 (B) (9) of this Act: *Provided*, That such investment
13 shall not exceed thirty percent (30%) of the Investment
14 Reserve Fund]

15 "[e)] IN [In] short and medium term loans to
16 MEMBERS [covered employees] such as salary,
17 educational, LIVELIHOOD, calamity and emergency loans:
18 *Provided*, That not more than THIRTY FIVE percent
19 (35%) [ten (10%)] of the Investment Reserve Fund at
20 any time shall be invested for HOUSING PURPOSES:
21 *PROVIDED, FURTHER*, THAT NOT MORE THAN
22 TEN PERCENT (10%) OF THE INVESTMENT
23 RESERVE FUND SHALL BE INVESTED IN SHORT
24 AND MEDIUM TERM LOANS; [this purpose]

1 "(F) IN BONDS, SECURITIES, PROMISSORY
2 NOTES OR OTHER EVIDENCE OF INDEBTEDNESS
3 OF EDUCATIONAL OR MEDICAL INSTITUTIONS TO
4 FINANCE THE CONSTRUCTION, IMPROVEMENT
5 AND MAINTENANCE OF SCHOOLS AND HOSPITALS
6 AND THEIR EQUIPMENT AND FACILITIES:
7 *PROVIDED*, THAT SUCH INVESTMENTS SHALL NOT
8 EXCEED TEN PERCENT (10%) OF THE
9 INVESTMENT RESERVE FUND;

10 "[f)] (G) IN [In] REAL ESTATE PROPERTY,
11 [other income-earning projects] INCLUDING SHARES OF
12 STOCKS INVOLVING REAL ESTATE PROPERTY, and
13 investments secured by first mortgages on real estate OR
14 OTHER collaterals ACCEPTABLE TO THE SSS:
15 *PROVIDED*, THAT SUCH PROJECTS AND
16 INVESTMENTS SHALL, [which] in the determination of
17 the Commission, [shall] redound to the benefit of the SSS,
18 its members, as well as the GENERAL public [welfare:
19 *Provided*, That any such investments shall be made with
20 due diligence and prudence to earn the highest possible
21 interest consistent with safety]: *PROVIDED, FURTHER*,
22 THAT INVESTMENT IN REAL ESTATE PROPERTY,
23 INCLUDING SHARES OF STOCKS INVOLVING REAL
24 ESTATE PROPERTY SHALL NOT EXCEED FIVE
25 PERCENT (5%) OF THE INVESTMENT RESERVE

1 FUND: *PROVIDED, FINALLY*, THAT INVESTMENTS
2 IN OTHER INCOME-EARNING PROJECTS AND
3 INVESTMENTS SECURED BY FIRST MORTGAGES
4 OR OTHER COLLATERALS SHALL NOT EXCEED
5 TWENTY-FIVE PERCENT (25%) OF THE
6 INVESTMENT RESERVE FUND;

7 “[(i)] (H) IN [In] bonds, debentures, SECURITIES,
8 PROMISSORY NOTES or other evidence[s] of
9 indebtedness of any PRIME [solvent] corporation or
10 MULTILATERAL institution TO FINANCE DOMESTIC
11 PROJECTS [created or existing under the laws of the
12 Philippines]: *Provided*, That the issuing OR[,] assuming
13 [or guaranteeing] entity or its predecessors shall not have
14 defaulted in the payment of interest on any of its securities
15 and that during each of any three (3) including the last
16 two (2) of the five (5) fiscal years next preceding the date
17 of acquisition by the SSS of such bonds, debentures or
18 other evidence[s] of indebtedness, the net earnings of the
19 issuing OR[,] assuming [or guaranteeing] institution[s]
20 available for its fixed charges, as [hereinafter] defined IN
21 THIS ACT, shall have been not less than one and one-
22 quarter times the total of its fixed charges for such year:
23 *Provided, further*, That such investments shall not exceed
24 THIRTY [ten] percent (30%) of the Investment Reserve
25 Fund[.];

1 [“As used in this section, the term ‘net earnings
2 available for fixed charges’ shall mean net income after
3 deducting operating and maintenance expenses, taxes other
4 than income taxes, depreciation and depletion; but
5 excluding extraordinary non-recurring items of income or
6 expense appearing in the regular financial statement of the
7 issuing, assuming or guaranteeing institution. The term
8 ‘fixed charges’ shall include interest on funded and
9 unfunded debt, amortization of debt discount, and rentals
10 for leased properties.]

11 “[(k)] (I) IN [In] PREFERRED OR common
12 SHARES OF stocks listed OR ABOUT TO BE LISTED
13 in the stock exchange OR OPTIONS OR WARRANTS
14 TO SUCH STOCKS OR, SUBJECT TO PRIOR
15 APPROVAL OF THE *BANGKO SENTRAL NG*
16 *PILIPINAS*, SUCH OTHER RISK MANAGEMENT
17 INSTRUMENTS of any PRIME OR solvent corporation
18 or FINANCIAL institution created or existing under the
19 laws of the Philippines with proven track record of
20 profitability OVER THE LAST THREE (3) YEARS and
21 payment of dividends AT LEAST ONCE over the SAME
22 PERIOD: [last three (3) years,] *Provided*, That such
23 investmentS shall not exceed THIRTY [10] percent (30%)
24 of the Investment Reserve Fund[.];

1 ["(j) In preferred stocks of any solvent corporation
 2 or institution created or existing under the laws of the
 3 Philippines: *Provided*, That the issuing, assuming, or
 4 guaranteeing entity or its predecessors has paid regular
 5 dividends upon its preferred or guaranteed stocks for a
 6 period of at least three years next preceding the date of
 7 investment in such preferred or guaranteed stocks:
 8 *Provided, further*, That if the stocks are guaranteed, the
 9 amount of stocks so guaranteed is not in excess of fifty
 10 percentum of the amount of the preferred or common
 11 stocks, as the case may be, of the issuing corporations:
 12 *Provided, furthermore*, That if the corporation or
 13 institution has not paid dividends upon its preferred stocks,
 14 the corporation or institution has sufficient retained
 15 earnings to declare dividends for at least two years on
 16 such preferred stock: *Provided, finally*, That such
 17 investment shall not exceed ten percent (10%) of the
 18 Investment Reserve Fund.]

19 "(J) IN DOMESTIC OR FOREIGN MUTUAL
 20 FUNDS IN EXISTENCE FOR AT LEAST THREE (3)
 21 YEARS: *PROVIDED*, THAT SUCH INVESTMENTS
 22 SHALL NOT EXCEED TWENTY PERCENT (20%) OF
 23 THE INVESTMENT RESERVE FUND: *PROVIDED*,
 24 *FURTHER*, THAT INVESTMENTS IN FOREIGN
 25 MUTUAL FUNDS SHALL NOT EXCEED ONE

1 PERCENT (1%) OF THE INVESTMENT RESERVE
 2 FUND IN THE FIRST YEAR WHICH SHALL BE
 3 INCREASED BY ONE PERCENT (1)% FOR EACH
 4 SUCCEEDING YEAR, BUT IN NO CASE SHALL IT
 5 EXCEED FIVE PERCENT (5%) OF THE
 6 INVESTMENT RESERVE FUND;

7 "(K) IN FOREIGN CURRENCY DEPOSITS OR
 8 TRIPLE "A" FOREIGN CURRENCY-DENOMINATED
 9 DEBTS, PRIME AND NON-SPECULATIVE EQUITIES,
 10 AND OTHER *BANGKO SENTRAL NG PILIPINAS*
 11 APPROVED FINANCIAL INSTRUMENTS OR OTHER
 12 ASSETS ISSUED IN ACCORDANCE WITH EXISTING
 13 LAWS OF THE COUNTRIES WHERE SUCH
 14 FINANCIAL INSTRUMENTS ARE ISSUED: *PROVIDED*,
 15 THAT THESE INSTRUMENTS OR ASSETS ARE
 16 LISTED IN BOURSES OF THE RESPECTIVE
 17 COUNTRIES WHERE THESE INSTRUMENTS OR
 18 ASSETS ARE ISSUED: *PROVIDED, FURTHER*, THAT
 19 THE ISSUING COMPANY HAS PROVEN TRACK
 20 RECORD OF PROFITABILITY OVER THE LAST
 21 THREE (3) YEARS AND A RECORD OF REGULAR
 22 DIVIDEND PAY-OUT OVER THE SAME PERIOD:
 23 *PROVIDED, FINALLY*, THAT SUCH INVESTMENTS
 24 SHALL NOT EXCEED ONE PERCENT (1%) OF THE
 25 INVESTMENT RESERVE FUND IN THE FIRST YEAR

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1 WHICH SHALL BE INCREASED BY ONE PERCENT
 2 (1%) FOR EACH SUCCEEDING YEAR, BUT IN NO
 3 CASE SHALL IT EXCEED FIVE PERCENT (5%) OF
 4 THE INVESTMENT RESERVE FUND;

5 “(L) IN LOANS SECURED BY SUCH
 6 COLLATERALS LIKE CASH, GOVERNMENT
 7 SECURITIES OR GUARANTEES OF MULTILATERAL
 8 INSTITUTIONS: *PROVIDED*, THAT SUCH
 9 INVESTMENTS SHALL NOT EXCEED THIRTY
 10 PERCENT (30%) OF THE INVESTMENT RESERVE
 11 FUND; AND

12 “(M) IN OTHER *BANGKO SENTRAL NG*
 13 *PILIPINAS* APPROVED INVESTMENT INSTRUMENTS
 14 WITH THE SAME INTRINSIC QUALITY AS THOSE
 15 ENUMERATED IN PARAGRAPHS (A) TO (L)
 16 HEREOF, SUBJECT TO THE POLICIES AND
 17 GUIDELINES WHICH THE COMMISSION MAY
 18 FORMULATE.

19 “*PROVIDED*, THAT NO PORTION OF THE
 20 INVESTMENT RESERVE FUND OR INCOME
 21 THEREOF SHALL ACCRUE TO THE GENERAL FUND
 22 OF THE NATIONAL GOVERNMENT OR TO ANY OF
 23 ITS AGENCIES OR INSTRUMENTALITIES,
 24 INCLUDING GOVERNMENT-OWNED OR
 25 CONTROLLED CORPORATIONS, EXCEPT AS MAY

1 BE ALLOWED UNDER THIS ACT: *PROVIDED*,
 2 *FURTHER*, THAT NO PORTION OF THE
 3 INVESTMENT RESERVE FUND SHALL BE INVESTED
 4 FOR ANY PURPOSE OR IN ANY INSTRUMENT,
 5 INSTITUTION OR INDUSTRY OVER AND ABOVE
 6 THE PRESCRIBED CUMULATIVE CEILINGS AS
 7 FOLLOWS: FORTY PERCENT (40%) IN PRIVATE
 8 SECURITIES, THIRTY-FIVE PERCENT (35%) IN
 9 HOUSING, THIRTY PERCENT (30%) IN REAL
 10 ESTATE RELATED INVESTMENTS, TEN PERCENT
 11 (10%) IN SHORT AND MEDIUM-TERM MEMBER
 12 LOANS, THIRTY PERCENT (30%) IN GOVERNMENT
 13 FINANCIAL INSTITUTIONS AND CORPORATIONS,
 14 THIRTY PERCENT (30%) IN INFRASTRUCTURE
 15 PROJECTS, FIFTEEN PERCENT (15%) IN ANY
 16 PARTICULAR INDUSTRY, AND FIVE PERCENT (5%)
 17 IN FOREIGN-CURRENCY DENOMINATED
 18 INVESTMENTS.

19 “SEC. 26-A. *FUND MANAGERS*. - AS PART OF
 20 ITS INVESTMENT OPERATIONS, THE SSS MAY
 21 APPOINT LOCAL OR, IN THE ABSENCE THEREOF,
 22 FOREIGN FUND MANAGERS TO MANAGE THE
 23 INVESTMENT RESERVE FUND, AS IT MAY DEEM
 24 APPROPRIATE.

“(g) 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.

“(h) (B) The SSS may insure any of its interests 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 [section] 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 expenses of the Insurance Commission in the conduct of the 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 [SS Law] and its rules and regulations.

“SEC. 27. *Records and Reports.* - The SSS PRESIDENT [Administrator] shall keep and cause to keep records of operations of the funds of the SSS [System] 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 [Administrator] shall

1 prepare for submission to the President OF THE
 2 PHILIPPINES and to the Congress of the Philippines a
 3 report of operations of the SSS [System] during the
 4 preceding year, including statistical data on the number
 5 of persons covered and benefited, their occupations and
 6 employment status, the duration and amount of benefits
 7 paid, the finances of the SSS [System] at the close of the
 8 said year, and recommendations. He shall also cause to
 9 be published in two newspapers of general circulation in
 10 the Philippines a synopsis of the annual report, showing
 11 in particular the status of the finances of the SSS [System]
 12 and the benefits administered.

13 "SEC. 28. Penal Clause. - (a) Whoever, for the
 14 purpose of causing any payment to be made under this
 15 Act, or under an agreement thereunder, where none is
 16 authorized to be paid, shall make or cause to be made
 17 false statement or representation as to any compensation
 18 paid or received, or whoever makes or causes to be made
 19 any false statement of a material fact in any claim for
 20 any benefit payable under this Act, or application for loan
 21 with the SSS, or whoever makes or causes to be made
 22 any false statement, representation, affidavit or document
 23 in connection with such claim or loan, shall suffer the
 24 penalties provided for in Article one hundred seventy-two
 25 of the Revised Penal Code.

1 "(b) Whoever shall obtain or receive any money or
 2 check under this Act or any agreement thereunder, without
 3 being entitled thereto with intent to defraud any MEMBER
 4 [covered employee], employer or the SSS, shall be fined
 5 not less than five THOUSAND [hundred] pesos
 6 (P5,000.00) nor more than TWENTY [five] thousand
 7 pesos (P20,000.00) and imprisoned for not less than six
 8 (6) YEARS AND ONE (1) DAY [months] nor more than
 9 TWELVE (12) [one] yearS.

10 "(c) Whoever buys, sells, offers for sale, uses,
 11 transfers or takes or gives in exchange, or pledges or gives
 12 in pledge, except as authorized in this Act or in
 13 regulations made pursuant thereto, any stamp, coupon,
 14 ticket, book or other device, prescribed pursuant to section
 15 twenty-three hereof by the Commission for the collection
 16 or payment of contributions required herein, shall be fined
 17 not less than five THOUSAND [hundred] pesos (P5,000)
 18 nor more than TWENTY [five] thousand pesos (P20,000),
 19 or imprisoned for not less than six (6) [months] YEARS
 20 AND ONE (1) DAY nor more than TWELVE (12) [one]
 21 yearS, or both, at the discretion of the court.

22 "(d) Whoever, with intent to defraud, alters, forges,
 23 makes or counterfeits any stamp, coupon, ticket, book or
 24 other device prescribed by the Commission for the
 25 collection or payment of any contribution required herein,

1 or uses, sells, lends, or has in his possession any such
 2 altered, forged or counterfeited materials, or makes, uses,
 3 sells or has in his possession any such altered, forged
 4 material in imitation of the material used in the
 5 manufacture of such stamp, coupon, ticket, book or other
 6 device, shall be fined not less than FIVE [one] thousand
 7 pesos (P5,000) nor more than TWENTY [ten] thousand
 8 pesos (P20,000), or imprisoned for not less than SIX (6)
 9 [one] yearS AND ONE (1) DAY nor more than TWELVE
 10 (12) [five] years, or both, at the discretion of the court.

11 “(e) Whoever fails or refuses to comply with the
 12 provisions of this Act or with the rules and regulations
 13 promulgated by the Commission, shall be punished by a
 14 fine of not less than five THOUSAND [hundred] pesos
 15 (P5,000) nor more than TWENTY [five] thousand pesos
 16 (P20,000), or imprisonment for not less than six (6)
 17 YEARS AND ONE (1) DAY [months] nor more than
 18 TWELVE (12) [one] yearS or both, at the discretion of
 19 the court: Provided, That where the violation consists in
 20 failure or refusal to register employees or himself, in case
 21 of the covered self-employed, or to deduct contributions
 22 from the employees’ compensation and remit the same to
 23 the SSS, the penalty shall be a fine of not less than five
 24 THOUSAND [hundred] pesos (P5,000) nor more than
 25 TWENTY [five] thousand pesos (P20,000) and

1 imprisonment for not less than six (6) YEARS AND ONE
 2 (1) DAY [months] nor more than TWELVE (12) [one]
 3 yearS.

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

9 “(g) Any employee of the SSS [System] who receives
 10 or keeps funds or property belonging, payable or
 11 deliverable to the SSS [System] and who shall
 12 appropriate the same, or shall take or misappropriate, or
 13 shall consent or through abandonment or negligence shall
 14 permit any other person to take such property or funds,
 15 wholly or partially, or shall otherwise be guilty of
 16 misappropriation of such funds or property, shall suffer the
 17 penalties provided in Article two hundred seventeen of
 18 the Revised Penal Code.

19 “(h) Any employer who after deducting the monthly
 20 contributions or loan amortizations from his employee s
 21 compensation, fails to remit the said deductions to the SSS
 22 within thirty (30) days from the date they became due
 23 shall be presumed to have misappropriated such
 24 contributions or loan amortizations and shall suffer the
 25 penalties provided in Article three hundred fifteen of
 26 the Revised Penal Code.

1 “(i) Criminal action arising from a violation of the
 2 provisions of this Act may be commenced by the SSS or
 3 the employee concerned either under this Act or in
 4 appropriate cases under the Revised Penal Code:
 5 *Provided*, That such criminal action may be filed by the
 6 SSS in the city or municipality where the SSS BRANCH
 7 [provincial or regional] office is located if the violation
 8 was committed within its territorial jurisdiction or in
 9 Metro Manila, at the option of the SSS.

10 “SEC. 29. *Government Aid.* - The establishment of
 11 the SSS [Social Security System] shall not disqualify the
 12 MEMBERS [covered employees] and employers from
 13 receiving such government assistance, financial or
 14 otherwise, as may be provided.

15 “SEC. 30. *TRANSITORY CLAUSE.* - ANY
 16 EMPLOYER WHO IS DELINQUENT OR HAS NOT
 17 REMITTED ALL CONTRIBUTIONS DUE AND
 18 PAYABLE TO THE SSS MAY, WITHIN SIX (6)
 19 MONTHS FROM THE EFFECTIVITY OF THIS ACT,
 20 REMIT SAID CONTRIBUTIONS OR SUBMIT A
 21 PROPOSAL TO PAY THE SAME IN INSTALLMENTS
 22 WITHIN A PERIOD OF NOT MORE THAN TWELVE
 23 (12) MONTHS FROM THE EFFECTIVITY OF THIS
 24 ACT WITHOUT INCURRING THE PRESCRIBED
 25 PENALTY, SUBJECT TO THE IMPLEMENTING

1 RULES AND REGULATIONS WHICH THE
 2 COMMISSION MAY PRESCRIBE: *PROVIDED*, THAT
 3 THE EMPLOYER SUBMITS THE CORRESPONDING
 4 COLLECTION LISTS TOGETHER WITH THE
 5 REMITTANCE OR PROPOSAL TO PAY IN
 6 INSTALLMENTS: *PROVIDED, FURTHER*, THAT IN
 7 CASE THE EMPLOYER FAILS TO REMIT
 8 CONTRIBUTIONS WITHIN THE SIX-MONTH GRACE
 9 PERIOD OR DEFAULTS IN THE PAYMENT OF ANY
 10 AMORTIZATION PROVIDED IN THE APPROVED
 11 PROPOSAL, THE PRESCRIBED PENALTY SHALL BE
 12 IMPOSED FROM THE TIME THE CONTRIBUTIONS
 13 FIRST BECAME DUE AS PROVIDED IN SECTION 22
 14 (a) HEREOF.”

15 SEC. 2. *Separability Clause.* - If any provision of this act is
 16 declared invalid, the other provisions not affected thereby shall remain
 17 valid.

18 SEC. 3. *Repealing Clause.* - All laws, proclamations, executive
 19 orders, rules and regulations or parts thereof inconsistent with this
 20 Act are hereby repealed, modified or amended accordingly: *Provided*,
 21 That no person shall be deemed to be vested with any property or
 22 other right by virtue of the enactment or operation of this Act.

23 SEC. 4. *Effectivity Clause.* - This Act shall take effect fifteen
 24 (15) days after its complete publication in the Official Gazette or
 25 in at least two (2) national newspapers of general circulation
 26 whichever comes earlier.

Approved,