

THIRD CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Fourth Session

S. No. 625
H. No. 6047

[REPUBLIC ACT No. 1792]

AN ACT TO AMEND REPUBLIC ACT NUMBERED ELEVEN HUNDRED AND SIXTY-ONE OTHERWISE KNOWN AS "THE SOCIAL SECURITY ACT OF 1954", AND FOR OTHER PURPOSES.

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

SECTION 1. Section Two of Republic Act Numbered Eleven hundred and sixty one, is hereby amended to read as follows:

"SEC. 2. *Declaration of policy.*—It is hereby declared to be the policy of the Republic of the Philippines to develop, establish gradually and perfect a social security system which shall be suitable to the needs of the people throughout the Philippines and shall provide protection against the hazards of disability, sickness, old age and death."

SEC. 2. Section three of Republic Act Numbered Eleven hundred and sixty-one is hereby amended to read as follows:

"SEC. 3. *Social Security System.*—(a) To carry out the purposes of this Act the Social Security System, with principal place of business in Manila, Philippines, is hereby created. The System shall be directed and controlled by a Social Security Commission composed of the Secretary of Labor, the Secretary of Health, the Social Welfare Administrator, the General Manager of the Government Service Insurance System and three other members, one of whom shall represent the labor group and another management group, to be appointed by the President of

the Philippines with the consent of the Commission on Appointments. The Chairman of the Commission shall be designated by the President of the Philippines. The term of the appointive members shall be three years: *Provided*, That the terms of the first three appointive members shall be one, two and three years, respectively. All vacancies, except through expiration of the term, shall be filled for the unexpired term only. Members of the Commission who are public officers shall not receive any additional compensation, but members who are private citizens shall receive twenty-five pesos for each meeting actually attended by them: *Provided*, That no compensation shall be paid for more than one meeting a week.

SEC. 3. Paragraphs (a) and (b) of section four of Republic Act Numbered Eleven hundred and sixty-one are hereby deleted and paragraphs (c), (d), (e), (f) and (g), of the same section four are hereby re-designated as paragraphs (a), (b), (c), (d) and (e), respectively, and the following paragraphs to be designated paragraphs (f) and (g) are hereby inserted in the said section four:

"SEC. 4. *Powers and duties of the Commission*.—For the attainment of its main objectives as set forth in section two hereof, the Commission shall have the following powers and duties:

* * * * *

"(f) To adopt from time to time a budget of expenditures, including salaries of personnel, against all funds available to the System under this Act."

"(g) To set up its accounting system and provide the necessary personnel therefor."

* * * * *

SEC. 4. Sub-paragraph 7 of paragraph (j) of section eight of Republic Act Numbered Eleven hundred and sixty-one is hereby deleted and sub-paragraphs eight, nine, ten and eleven of paragraph (j) of section eight are hereby re-designated as subparagraphs seven, eight, nine, and ten, respectively, and paragraph (f) of the same section eight is hereby amended to read as follows:

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

* * * * *

(f) *Compensation*.—All remuneration for employment, including the cash value of any remuneration paid in any medium other than cash, except that part of the remuneration in excess of five hundred pesos received during the month.

SEC. 5. Section nine of Republic Act Numbered Eleven hundred and sixty-one is hereby amended so as to read as follows:

"SEC. 9. *Compulsory coverage*.—Coverage in the System shall be compulsory upon all employees between the ages of sixteen and sixty years, inclusive, if they have been for at least six months in the service of an employer who is a member of the System: *Provided*, That the Commission may not compel any employer to become a member of the System unless he shall have been in operation for at least two years and has, at the time of admission, if admitted for membership during the first year of the System's operation at least fifty employees and if admitted for membership in the following year of operation and thereafter, at least six employees: *Provided, further*, That any benefits already earned by employees under private benefit plans existing at the time of the approval of this Act shall not be discontinued, reduced or otherwise impaired: *Provided, further*, That private benefit plans which are existing and in force at the time of the compulsory coverage shall be integrated with the plan of the System in such a way that where the employer's contribution to his private plan is more than three and a half per centum, he shall pay to the system only the three and a half per centum required in the Act and he shall continue his contributions to such private plan less the three and a half per centum contributed to the System so that the employer's total contributions to his private benefit plan and to the social security system shall be the same as

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

SEC. 6. Paragraph (b) of section ten of Republic Act Numbered Eleven hundred and sixty-one is hereby deleted.

SEC. 7. Paragraphs (a), (b) and (c) of section twelve of Republic Act Numbered Eleven hundred and sixty-one are hereby amended to read as follows:

"SEC. 12. *Retirement Benefits*.—(a) Upon retirement, an employee shall be entitled to a pension credit for each year of membership between the date of coverage and the retirement age equivalent to one-half of one per cent of his average monthly compensation during such year of membership, which pension shall be paid to him as long as he lives but in no case for less than two years. The monthly pension at retirement age shall be the sum of such yearly credits, with a minimum of twenty-five pesos (P25.00), provided he has been a member of the System for at least two years.

"(b) During the re-employment of a retired employee his annuity shall be suspended and he shall be subject again to the provisions of section eighteen hereof, and his employer to section nineteen, provided that such employee receives from his re-employment an average monthly compensation of not more than fifty (P50.00) pesos.

"(c) On reaching the age of sixty years and after having rendered at least two years of service in an employment, a covered employee shall have the option to retire under this Act."

SEC. 8. Paragraph (a) of section thirteen of Republic Act Numbered Eleven hundred and sixty-one is hereby amended so as to read as follows:

"SEC. 13. *Death and disability benefits*.—(a) Upon the covered employee's death or total and permanent disability under such conditions as the Commission may define, before becoming eligible for retirement he or, in case of his death, his beneficiaries as recorded by his employer, shall be entitled to a benefit equivalent to one hundred per centum of the average monthly compensation he has received during the year multiplied by twelve if he has been a member of the System for at least one year, or multiplied by six if he has been a member of the System for less than one year: *Provided*, That in no case shall he be qualified to claim the benefits as herein provided if he has failed to pay his contributions for more than six months before his death or disability: *Provided, finally*, That if the death or disability should occur during such six-month period of grace, he shall be entitled to the corresponding benefits, but any such unpaid contributions shall be deducted from the amount of benefits payable hereunder:

SEC. 9. Section fifteen of Republic Act Numbered Eleven hundred and sixty-one is hereby deleted and sections sixteen, seventeen and eighteen are hereby re-designated as sections fifteen, sixteen and seventeen, respectively.

SEC. 10. Section nineteen of Republic Act Numbered Eleven hundred and sixty-one is hereby re-designated as section eighteen and is amended so as to read as follows:

"SEC. 18. *Employee's contribution*.—Beginning as of the last day of the calendar month immediately preceding the month when an employee's compulsory coverage takes

effect and every month thereafter during his employment, there shall be deducted and withheld from the monthly compensation of such covered employee a contribution equal to two and a half *per centum* of his monthly compensation."

SEC. 11. Section Twenty of Republic Act Numbered Eleven hundred and sixty-one is hereby re-designated as section nineteen and amended to read as follows:

"SEC. 19. *Employer's contribution.*—Beginning as of the last day of the month immediately preceding the month when an employee's compulsory coverage takes effect and every month thereafter during his employment, his employer shall pay, with respect to such covered employee in his employ, a monthly contribution equal to three and a half *per centum* of the monthly compensation of said covered employee. Notwithstanding any contract to the contrary, an employer shall not deduct, directly or indirectly, from the compensation of his employees covered by the System or otherwise recover from them the employer's contribution with respect to such employees.

SEC. 12. The following new section to be designated section twenty of Republic Act Numbered Eleven hundred and sixty-one is hereby added:

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

SEC. 13. The following new section to be designated section twenty-one of Republic Act Numbered Eleven hundred and sixty-one is hereby added:

"SEC. 21. *Government Guarantee.*—The benefits prescribed in this Act shall not be diminished and to guar-

antee said benefits the Government of the Republic of the Philippines accepts general responsibility for the solvency of the System."

SEC. 14. Sections twenty-one and twenty-two of Republic Act Numbered Eleven hundred and sixty-one are hereby re-designated as sections twenty-two and twenty-three, respectively.

SEC. 15. Section twenty-three of Republic Act Numbered Eleven hundred and sixty-one is hereby re-designated as section twenty-four and amended to read as follows:

"SEC. 24. *Employment records and reports.*—(a) Each employer shall report immediately to the System the names, ages, civil status, occupations, salaries and dependents of all his employees, who are in his employ and who are or may later be subject to compulsory coverage: *Provided*, That if an employee subject to compulsory coverage should die or become sick, disabled without the System having previously received a report about him from his employer, the said employer shall pay to the employee or his legal heirs damages equivalent to the benefits to which said employee would have been entitled had his name been reported on time by the employer to the System.

SEC. 16. Section twenty-four of Republic Act Numbered Eleven hundred and sixty-one is hereby re-designated as section twenty-five and amended to read as follows:

"SEC. 25. *Deposit and disbursement.*—All moneys paid to or collected by the System every year under this Act and all accruals thereto shall be deposited, administered and disbursed in the same manner and under the same conditions and requirements as provided by law for other public special funds: *Provided*, That of the total yearly collection of such moneys and their accruals, not more than seven *per centum* during the first two years of operation of the System nor more than five *per centum* during any year thereafter shall be disbursed for the

payment of salaries and wages and purchase of office equipment and materials and operational expenses."

SEC. 17. Section twenty-five of Republic Act Numbered Eleven hundred and sixty-one is hereby redesignated as section twenty-six and the following paragraph is hereby added thereto:

* * * * *

(d) In other projects and investments which, in the determination of the Commission, shall redound to the benefit of the System, its members, as well as the public welfare: *Provided*, That any such investments shall be subject to the prior approval of the insurance commissioner in accordance with existing laws governing investments by insurance entities."

SEC. 18. Section twenty-six of Republic Act Numbered Eleven hundred and sixty-one is hereby redesignated as section twenty-seven.

SEC. 19. Section twenty-seven of Republic Act Numbered Eleven hundred and sixty-one is hereby redesignated as section twenty-eight and paragraph (e) thereof is amended to read as follows:

(e) Whoever fails or refuses to comply with the provisions of sections eighteen, nineteen, twenty-two and twenty-four of this Act, or with the rules and regulations promulgated by the System, or whoever fails or refuses to pay any of the contributions provided in this Act or to furnish any report or to permit the inspection thereof, shall be punished by a fine of not less than five hundred pesos nor more than five thousand pesos, or imprisonment for not less than six months nor more than one year, or both, at the discretion of the court.

SEC. 20. Sections twenty-eight and twenty-nine of Republic Act Numbered Eleven hundred and sixty-one are hereby redesignated as sections twenty-nine and thirty, respectively.

SEC. 21. Section thirty of Republic Act Numbered Eleven hundred and sixty-one is hereby redesignated as section thirty-one and amended so as to read as follows:

"SEC. 31. *Saving Clause*.—The Congress hereby reserves the right to amend, alter, or repeal any provision of this Act, and no person shall be or shall be deemed to be vested with any property or other right by virtue of the enactment or operation of this Act. After the first two years of operation, an actuarial and financial valuation of the funds and operation of the System shall be made and, based on the results thereof, the President of the Philippines shall determine and recommend to Congress whether additional benefits, such as unemployment, may be included in the System's coverage, and the additional premiums to be imposed commensurate with the additional benefits.

SEC. 22. Section thirty-one of Republic Act Numbered Eleven hundred and sixty-one is hereby redesignated as Section Thirty-two and amended to read as follows:

"SEC. 32. *Appropriation*.—Out of any funds in the National Treasury not otherwise appropriated, the sum of one million pesos or so much thereof as may be necessary is hereby appropriated for the initial operating expenses of the System: *Provided, however*, That not more than sixty *per centum* of the amount herein appropriated shall be expended for salaries of personnel, equipment and other operating expenses of the System.

SEC. 23. *Effectivity*.—This Act shall take effect upon its approval.

Approved, June 21, 1957.