



MALACAÑANG

Manila

EXECUTIVE ORDER NO. 102

FURTHER AMENDING CERTAIN SECTIONS OF REPUBLIC ACT NO. 1161, AS AMENDED, OTHERWISE KNOWN AS THE "SOCIAL SECURITY LAW"

WHEREAS, the Social Security System was created pursuant to the policy declared under Republic Act No. 1161, as amended, in order to "[p]rovide to covered employees and their families protection against the hazards of disability, sickness, old age, and death, with a view to promoting their well-being in the spirit of social justice";

WHEREAS, present economic conditions make it necessary that certain sections or provisions of the Social Security Law be further amended to upgrade the base of contributions and to adjust the benefit structure provided for thereunder so that the amounts of the benefits would be more meaningful and responsive to the needs of its members and their families;

WHEREAS, it is also necessary to effect changes in the Social Security System and its operations considering that it performs an important role in the social and economic development programs of the government;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. Section 3(a) of Republic Act No. 1161, as amended, is hereby further 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 Metro Manila, Philippines, is hereby created. The SSS shall be directed and controlled by a Social Security Commission composed of the Minister of Labor and Employment, the SSS Administrator and six appointive members, two of whom

shall represent the labor group, two, the management group and two, the general public, to be appointed by the President of the Philippines. The Chairman of the Commission shall be designated by the President from among its members. The term of the appointive members shall be three years: Provided, That the terms of the first six appointive members shall be one, two and three years for every two members, respectively. All vacancies, except through the expiration of the term, shall be filled for the unexpired term only. The appointive members of the Commission shall receive ~~five hundred~~ pesos *seven hundred* per diem for each meeting actually attended by them: Provided, That no compensation shall be paid for more than eight meetings a month. Members of the Commission who hear cases pending before the Commission shall also receive a per diem of ~~five hundred~~ pesos." *seven hundred* per diem *pd*

SECTION 2. Section 4(c) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(c) To require the actuary to submit a valuation report on the SSS benefit program every five (5) years, or more frequently as may be necessary, and to undertake the necessary actuarial studies and calculations concerning increases in benefits and the financial stability of the SSS and to provide for the feasible increases in benefits and the addition of new ones under such rules and regulations as the Commission may adopt subject to the approval of the President: Provided, That the actuarial soundness of the reserve fund shall be guaranteed: Provided, further, That such increases in benefits shall not require any increase in the rate of contribution."

SECTION 3. Section 8, paragraphs (f) and (n) of Republic Act No. 1161, as amended, are hereby further amended to read as follows:

"(f) Compensation - All actual remuneration for employment, including the mandated cost of living allowance, as well as the cash value of any remuneration paid in any medium other than cash except that part of the remuneration in excess of three thousand pesos received during the month."

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

SECTION 4. Section 12(b) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(b) The monthly pension shall in no case be less than two hundred pesos nor paid in an aggregate amount of less than sixty times the monthly pension except to a secondary beneficiary: Provided, That the monthly pension of surviving pensioners as of December 31, 1986 shall be increased by twenty percent."

SECTION 5. Section 12-B, paragraph (d), of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(d) Upon the death of the retired employee pensioner, his primary beneficiaries as of the date of his retirement shall be entitled to eighty percent of the monthly pension and his dependents to the dependents' pension: Provided, That if he has no primary beneficiaries and he dies within sixty months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the bigger of (1) twenty times the monthly pension or (2) the difference of sixty times the monthly pension and the total monthly pensions paid by the SSS excluding the dependents' pension."

SECTION 6. Section 13-A, paragraph (c), of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(c) Upon the death of the permanent total disability pensioner, his primary beneficiaries as of the date of disability shall be entitled to eighty percent of the monthly pension and his dependents to the dependents' pension: Provided, That if he has no primary beneficiaries and he dies within sixty months from the start of his monthly pension, his secondary beneficiaries shall be entitled to a lump sum benefit equivalent to the bigger of (1) twenty times the monthly pension or (2) the difference of sixty times the monthly pension and the total monthly pensions paid by the SSS excluding the dependents' pension."

SECTION 7. Section 13-B of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 13-B. Funeral Benefit - A funeral grant of two thousand pesos shall be paid to help defray the cost of funeral expenses upon the death of a covered member, permanently totally disabled employee or retiree."

SECTION 8. Section 14, paragraph(a)(1) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"(1) - In no case shall the total amount of such daily allowance be less than seven pesos and fifty centavos nor exceed seventy five pesos nor paid longer than one hundred twenty days in one calendar year; nor shall any unused portion of the one hundred twenty days of sickness benefit granted under this section be carried forward and added to the total number of compensable days allowable in the subsequent year;"

SECTION 9. Section 18(a) of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 18. Employee's contribution - (a) Beginning 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 on January 1, 1987:

SALARY BRACKET NUMBER	RANGE OF COMPENSATION	MONTHLY SALARY CREDIT	MONTHLY CONTRIBUTION		
			EMPLOYER	EMPLOYEE	TOTAL
I	₱ 1 - 149.99	₱ 125.00	₱ 6.40	₱ 4.10	₱ 10.50
II	150 - 199.99	175.00	9.00	5.70	14.70
III	200 - 249.99	225.00	11.40	7.50	18.90
IV	250 - 349.99	300.00	15.20	10.00	25.20
V	350 - 499.99	425.00	21.60	14.10	35.70
VI	500 - 699.99	600.00	30.40	20.00	50.40
VII	700 - 899.99	800.00	40.50	26.70	67.20
VIII	900 - 1099.99	1000.00	50.70	33.30	84.00
IX	1100 - 1399.99	1250.00	63.30	41.70	105.00
X	1400 - 1749.99	1500.00	76.00	50.00	126.00
XI	1750 - 2249.99	2000.00	101.30	66.70	168.00
XII	2250 - 2749.99	2500.00	126.70	83.30	210.00
XIII	2750 - over	3000.00	152.00	100.00	252.00

The tabulated schedule for the monthly contributions of the self-employed and voluntary members effective January 1, 1987 shall be as follows:

<u>SALARY BRACKET NUMBER</u>	<u>RANGE OF COMPENSATION</u>	<u>MONTHLY SALARY CREDIT</u>	<u>MONTHLY CONTRIBUTION</u>
I	₱ 1.00 - 149.99	₱ 125.00	₱ 10.00
II	150.00 - 199.99	175.00	14.00
III	200.00 - 249.99	225.00	18.00
IV	250.00 - 349.99	300.00	24.00
V	350.00 - 499.99	425.00	34.00
VI	500.00 - 699.99	600.00	48.00
VII	700.00 - 899.99	800.00	64.00
VIII	900.00 - 1,099.99	1,000.00	80.00
IX	1,100.00 - 1,399.99	1,250.00	100.00
X	1,400.00 - 1,749.99	1,500.00	120.00
XI	1,750.00 - 2,249.99	2,000.00	160.00
XII	2,250.00 - 2,749.99	2,500.00	200.00
XIII	2,750.00 - over	3,000.00	240.00

The maximum covered earnings or compensation of all SSS members shall be limited to three thousand pesos per month as provided in the foregoing schedules unless otherwise provided by the Social Security Commission through rules and regulations taking into consideration actuarial calculations and rate of benefits."

SECTION 10. Section 25 of Republic Act No. 1161, as amended, is hereby further amended to read as follows:

"SEC. 25. Deposit and disbursements - All moneys paid to or collected by the SSS every year under this Act, and all accruals thereto shall be deposited, administered and disbursed in the same manner and under the same conditions and requirements as provided by law for other public special funds: Provided, That not more than twelve percent (12%) of the total yearly contributions plus three percent (3%) of other revenues shall be disbursed for salaries and wages, purchases of office equipment and materials, operational expenses and the maintenance of regional offices of the SSS: Pro-vided, further, That if the expenses in any year are less than the maximum amount permissible, the difference shall not be availed of as additional expenses in the following years."

SECTION 11. The opening paragraph and paragraphs (d) and (e) of Section 26 of Republic Act No. 1161, as amended, are hereby further amended to read as follows:

"SEC. 26. Investment of reserve funds - All revenues of the SSS that are not needed to meet the current administrative and operational expenses incidental to the carrying out of this Act shall be accumulated to a fund to be known as the 'Reserve Fund'. Such portions of the Reserve Fund as are not needed to meet the current benefit obligations thereof shall be invested to earn an average annual income of at least nine percent and shall be known as the 'Investment Reserve Fund' which shall be invested in any or all of the following:

xxx (d) In direct housing loans to covered employees and group housing projects giving priority to the low-income groups, up to a maximum of ninety percent of the appraised value of the properties to be mortgaged by the borrowers and in loans for the construction and the maintenance of hospitals and institutions for the sick, aged and infirm members and their families, referred to in Section four (j) of this Act: Provided, That such investment shall not exceed thirty percent of the Investment Reserve Fund.

(e) In short and medium term loans to covered employees such as salary, educational, calamity and emergency loans: Provided, That not more than ten percent of the Investment Reserve Fund at any time shall be invested for this purpose.

SECTION 12. Section 26 of Republic Act No. 1161, as amended, is hereby further amended by adding thereto new paragraphs (i), (j), and (k), to read as follows:

(i) In bonds, debentures or other evidences of indebtedness of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, That the issuing, assuming or guaranteeing entity or its predecessors shall not have defaulted in the payment of interest on any of its securities and that during each of any three including the last two of the five fiscal years next preceding the date of acquisition by the SSS of such bonds, debentures, or other evidences of indebtedness, the net earnings of the issuing, assuming or guaranteeing institution available for its fixed charges, as hereinafter defined,

shall have been not less than one and one-quarter times the total of its fixed charges for such year: Provided, further, That such investment shall not exceed ten percent of the Investment Reserve Fund.

As used in this section, the term 'net earnings available for fixed charges' shall mean net income after deducting operating and maintenance expenses, taxes other than income taxes, depreciation and depletion; but excluding extra-ordinary non-recurring items of income or expense appearing in the regular financial statement of the issuing, assuming or guaranteeing institution. The term 'fixed charges' shall include interest on funded and unfunded debt, amortization of debt discount, and rentals for leased properties.

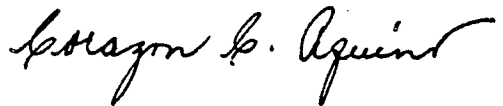
(j) In preferred stocks of any solvent corporation or institution created or existing under the laws of the Philippines: Provided, That the issuing, assuming, or guaranteeing entity or its predecessors has paid regular dividends upon its preferred or guaranteed stocks for a period of at least three years next preceding the date of investment in such preferred or guaranteed stocks: Provided, further, That if the stocks are guaranteed, the amount of stocks so guaranteed is not in excess of fifty percentum of the amount of the preferred or common stocks, as the case may be, of the issuing corporations: Provided, furthermore, That if the corporation or institution has not paid dividends upon its preferred stocks, the corporation or institution has sufficient retained earnings to declare dividends for at least two years on such preferred stocks: Provided, finally, That such investment shall not exceed ten percent of the Investment Reserve Fund.

(k) In common stocks of any solvent corporation or institution created or existing under the laws of the Philippines listed in the stock exchange with proven track record of profitability and payment of dividends over the last three years: Provided, That such investment shall not exceed ten percent of the Investment Reserve Fund."

SECTION 13. All laws, orders, issuances, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 14. This Executive Order shall take effect on January 1, 1987.

Done in the City of Manila, this 24th day of December, in the year of Our Lord, nineteen hundred and eighty-six.



By the President:



JOKER P. ARROYO
Acting Executive Secretary

Career & Personnel Development Plans -

Each department or agency shall prepare a Career and personnel development Plan w/c shall be integrated into a national plan by the Commission. Such career and personnel ~~plan~~ ~~by the Commission~~ development plans w/c shall include provisions on merit promotion, performance evaluation, in-service training, including overseas & local scholarships and training grants, job rotation, suggestions & incentive award systems, and such other provision for employees' health, welfare, counseling, recreation & similar services.