

NOVEMBER 15, 2018  
ASP CONVENTION CEBU

- INTEGRATION &  
COLLABORATION AMIDST  
TRANSFORMATIONAL CHANGES
- **SSS Challenges and  
Proposed Solutions**



SOCIAL SECURITY SYSTEM

# SERBISYONG SULIT NA SULIT

## SSS Challenges and Proposed Solutions

Presented by:

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Actuarial Society of the Philippines Annual Convention, Shangrila Mactan, Cebu, 15 November 2018

# CURRENT SITUATION

- SSS started granting P1,000 additional monthly benefit effective January 2017, per February 2017 Memo from Executive Secretary Salvador Medialdea
- Fund life was shortened by 10 years from 2042 to 2032
- Unfunded liabilities increased by P1.3-T from P3.7-T to P5-T (as of 2017)
- The additional benefit payments increased the total benefit expenditures to P170-B in 2017, which is higher than contribution collections (P159-B) resulting in contributions shortfall of P11-B
- Awaiting E.O. on announced increase in contribution rate by 1.5% from 11% to 12.5% effective May 2017

# CURRENT SITUATION

- SSS started granting P1,000 additional monthly benefit effective January 2017, per February 2017 Memo from Executive Secretary Salvador Medialdea



**Retirement**

**P19.67-B**

**(1.34-M Retirees)**



**Death**

**P12.45-B**

**(900K Survivors)**



**Disability**

**P1.14-B**

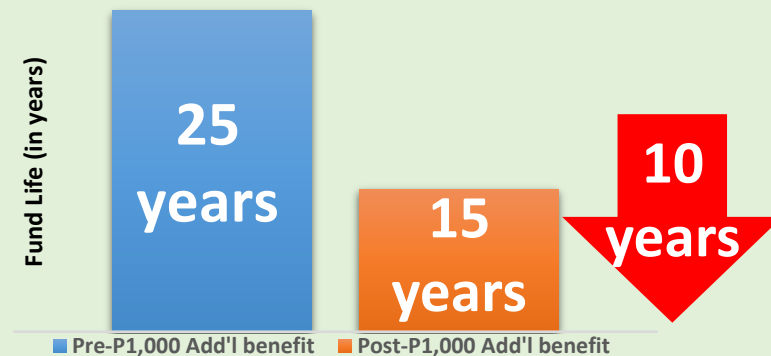
**(76K Disabled)**

In 2017, an additional **P33.26-B** benefit was released to **2.3-M** SSS pensioners due to the P1,000 additional monthly benefit

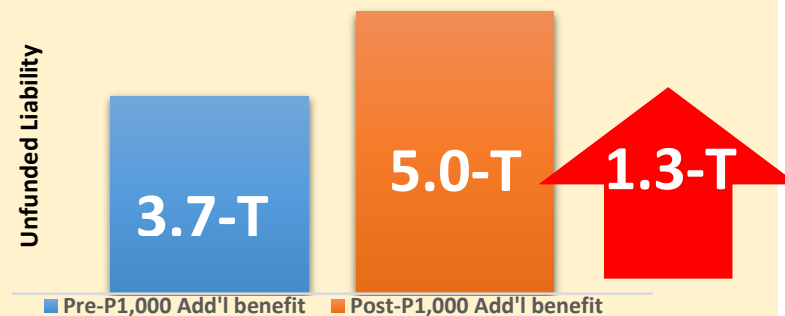
# CURRENT SITUATION

- SSS started granting P1,000 additional monthly benefit effective January 2017, per February 2017 Memo from Executive Secretary Salvador Medialdea

- Fund life was shortened by **10 years** from **2042 (25 years)** to **2032 (15 years)**

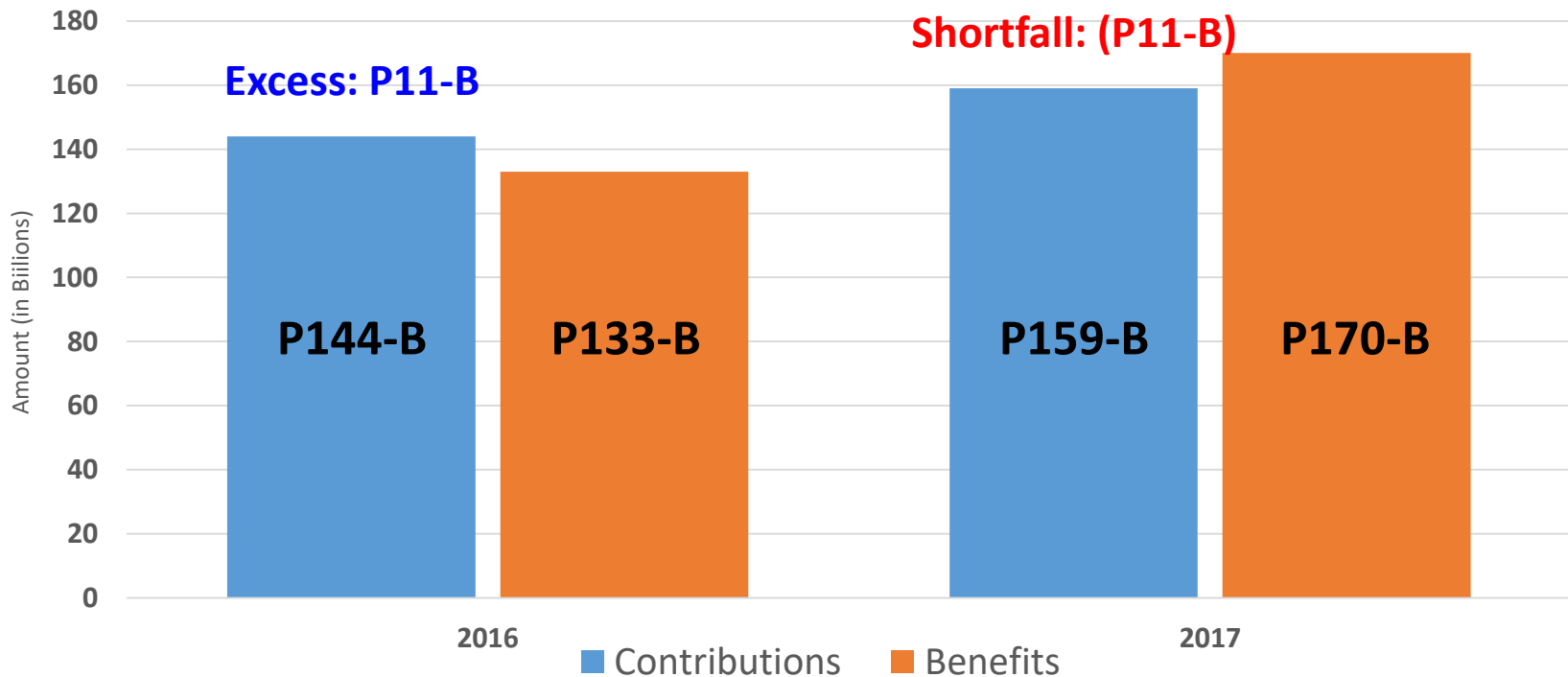


- Unfunded liabilities increased by **P1.3-T** from **P3.7-T** to **P5-T**



# CURRENT SITUATION

- The additional benefit payments increased the total benefit expenditures to P170-B in 2017, which is higher than contribution collections (P159-B) resulting in contributions shortfall of P11-B



# CURRENT SITUATION

- Awaiting E.O. on announced increase in contribution rate by 1.5% from 11% to 12.5% effective May 2017

ABS-CBN NEWS

Share

**Duterte approves SSS pension increase with contribution hike**

ABS-CBN News  
Posted at Jan 10 2017 04:20 PM | Updated as of Jan 10 2017 09:56 PM

MANILA – (2ND UPDATE) President Rodrigo Duterte has approved a pension increase for Social Security System (SSS) members, which will be funded with an increase in contributions, officials said Tuesday.

Starting May 2017, the contribution rate will be increased by 1.5 percent to 12.5 percent, bringing the contribution range to P15 from P740, Presidential Spokesman Ernesto Abella said.

Duterte is “not amenable” to funding the increase with taxpayers’ money and the SSS should source it from contributions and investments, Abella said.

## SSS to increase contributions of members to over 12.5%

By: **Ben O. de Vera** - Reporter / @bendeveraINQ Philippine Daily Inquirer / 01:22 AM October 02, 2017

*Published: 4:02 p.m., Oct. 1, 2017 | Updated: 1:22 a.m., Oct. 2, 2017*

Starting January next year, the contribution rate of Social Security System (SSS) members will increase to over 12.5 percent of the monthly salary credit to enable the pension fund for workers in the private sector to cover the higher pensions of retirees.



## SSS contributions to be increased; no date set yet

Published October 3, 2017 6:35am

Members of the Social Security System may have to add to their monthly contributions as the SSS is poised to increase the contribution rate soon.

According to a report on Unang Balita on Tuesday, the SSS was supposed to implement the hike in contributions in May.

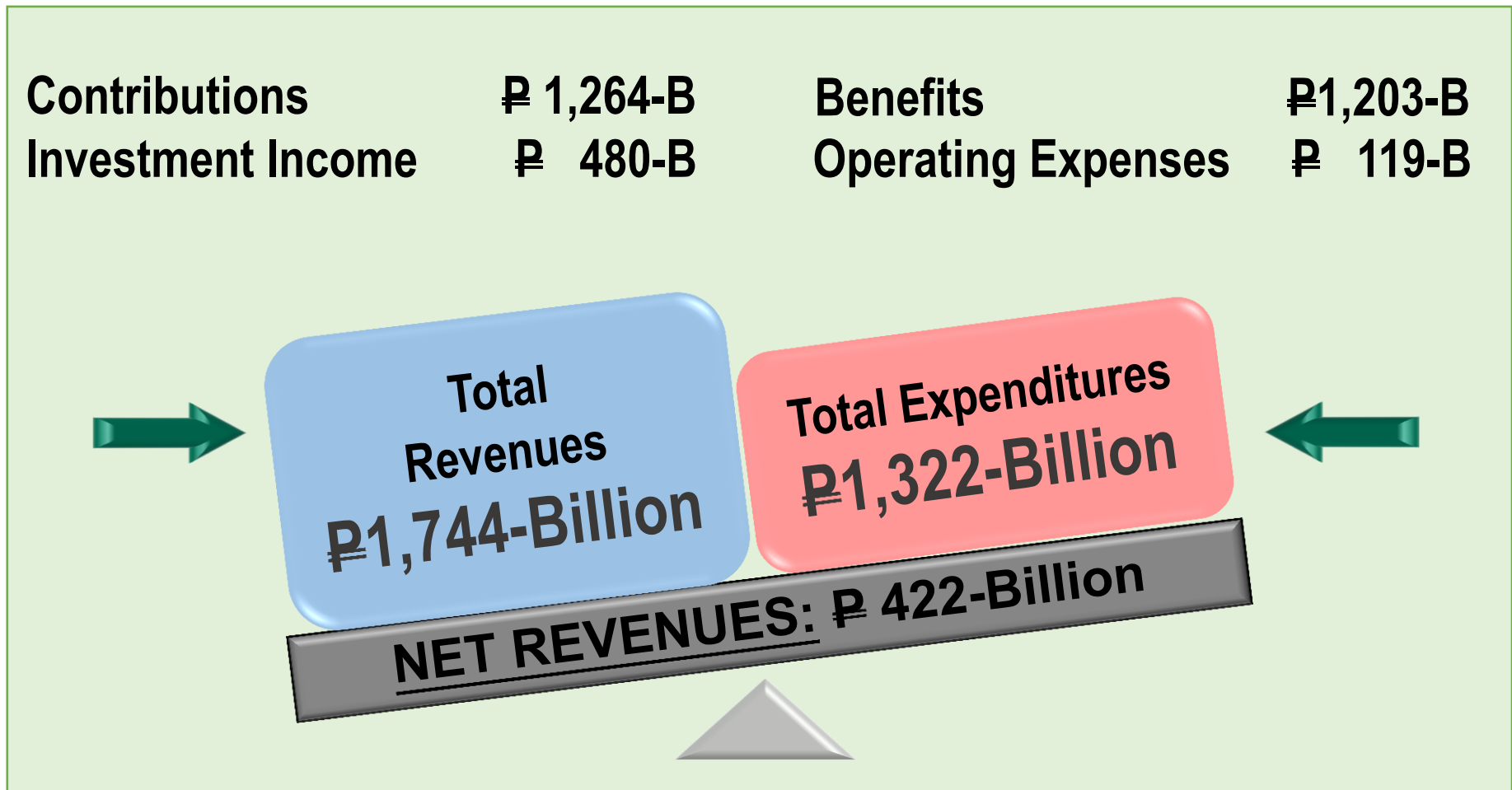
However, this was deferred so it can be implemented when the tax reform package of the Duterte administration is passed into law. With that law, the take-home pay of workers is expected to be increased.

# **2015 ACTUARIAL VALUATION Summary Report**



# Where Are We Now?

Status of the SSS Fund (as of Dec 2015)

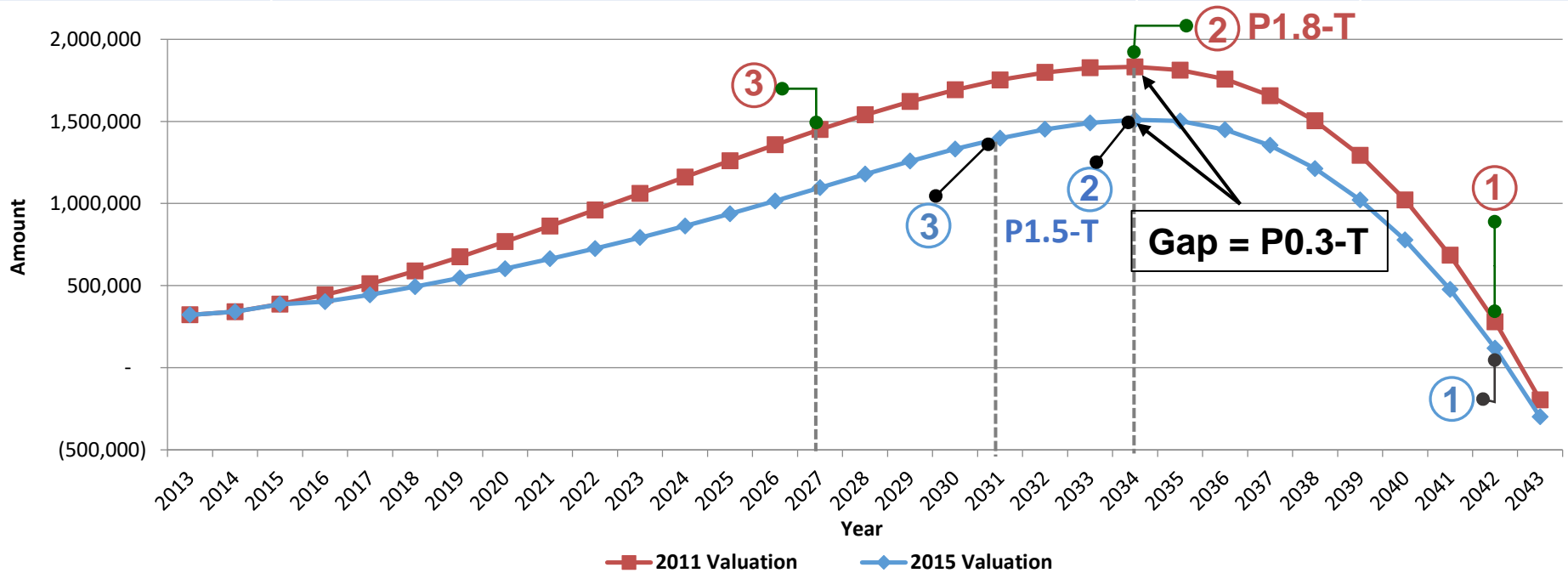


**REVENUES**

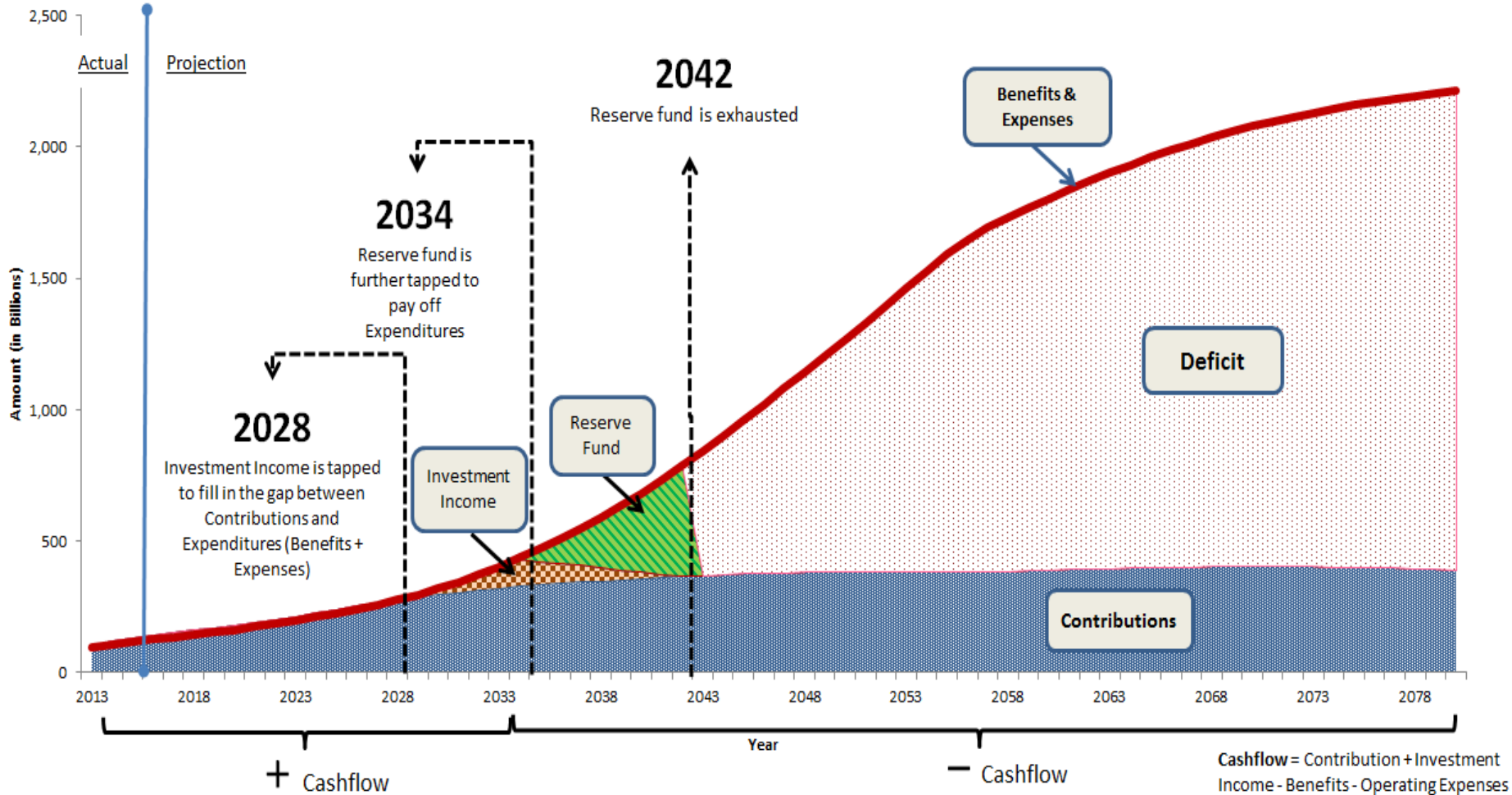
**EXPENDITURES**

# SS Fund life was maintained at 2042

	Projection Milestones	Baseline 2011 AV	Baseline 2015 AV
No Across-the-Board Increase in Pensions	1. <b>Year SSF will become zero</b>	<b>2042</b>	<b>2042</b>
	2. Year when Benefits and Operating Expenses > Contributions and Income	2034	2034
	3. Year when Benefits > Contributions	2027	2031

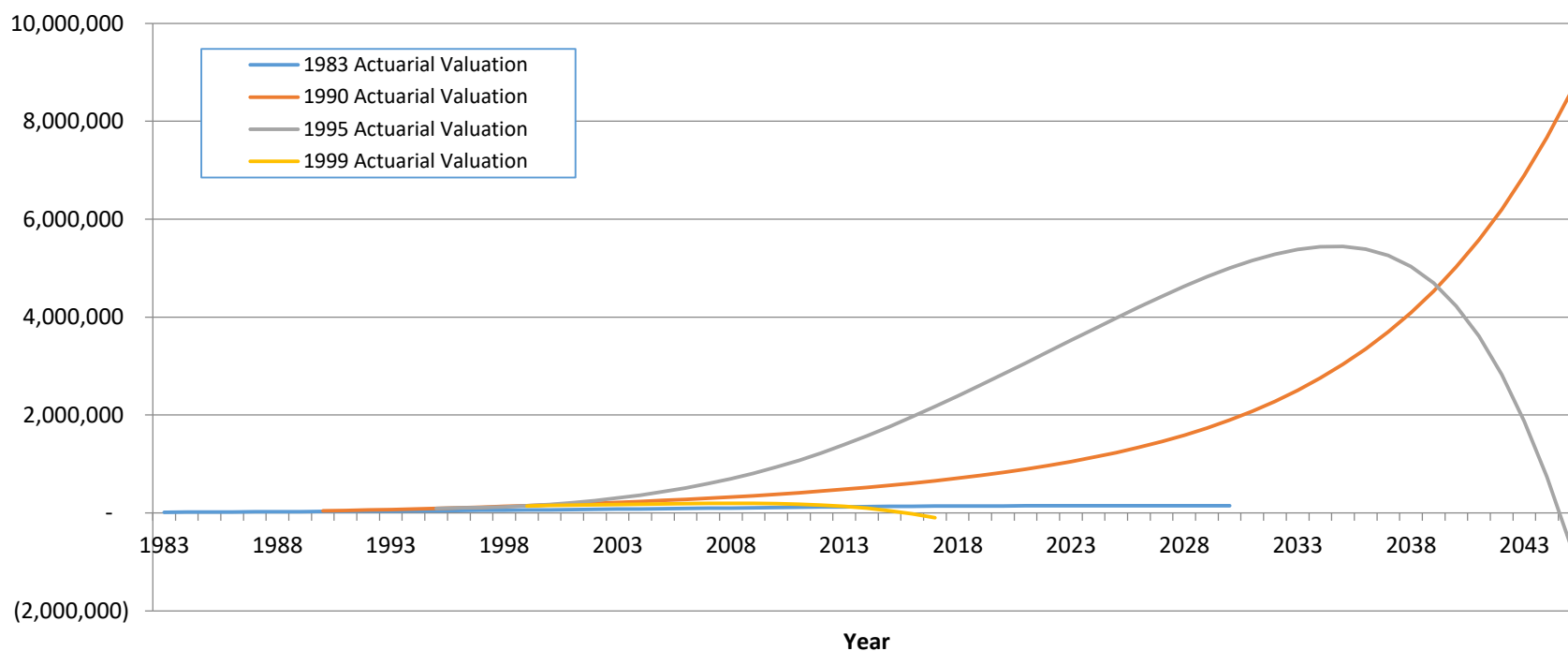


# The SS Fund was projected to last until year 2042



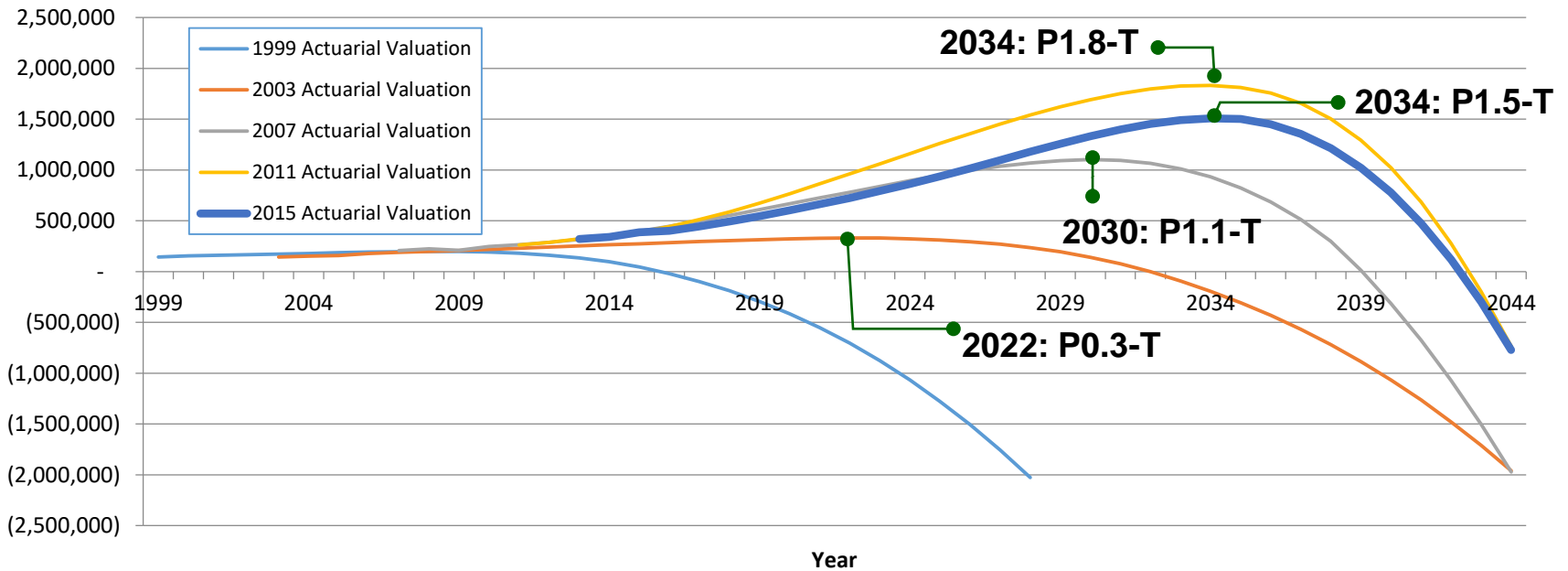
# SS Fund Life has deteriorated in the past

Actuarial Valuation	Year SSF will last	Fund Life (in years)	Change in Fund Life
1983 Actuarial Valuation	Perpetuity	>70	-
1990 Actuarial Valuation	Perpetuity	>70	-
1995 Actuarial Valuation	2044	49	-
1999 Actuarial Valuation	2015	16	(33)



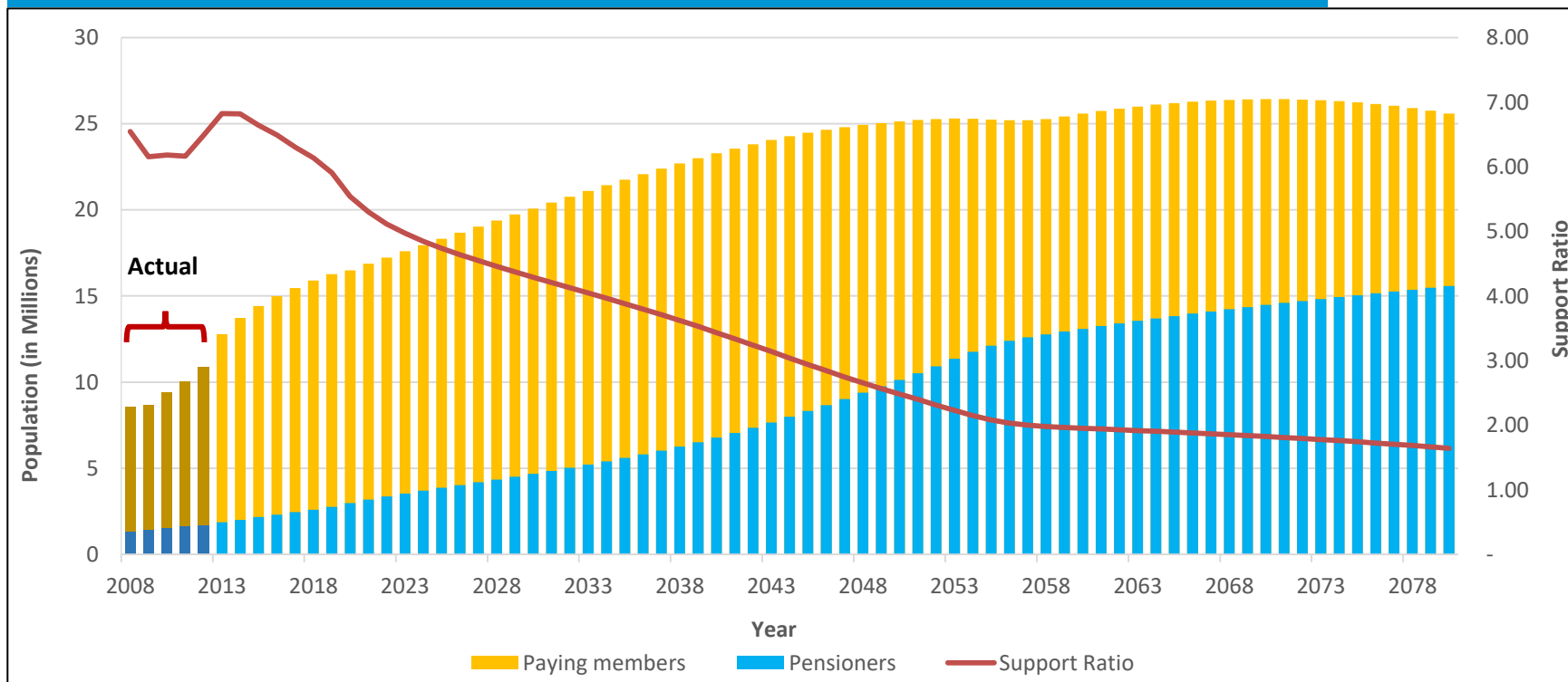
# SS Fund Life has improved since 1999

Actuarial Valuation	Year SSF will last	Fund Life (in years)	Change in Fund Life
1999 Actuarial Valuation	2015	16	(33)
2003 Actuarial Valuation	2031	28	12
2007 Actuarial Valuation	2039	32	4
2011 Actuarial Valuation	2042	31	(1)
2015 Actuarial Valuation	2042	27	(4)



# The number of paying members supporting each pensioner would decrease further

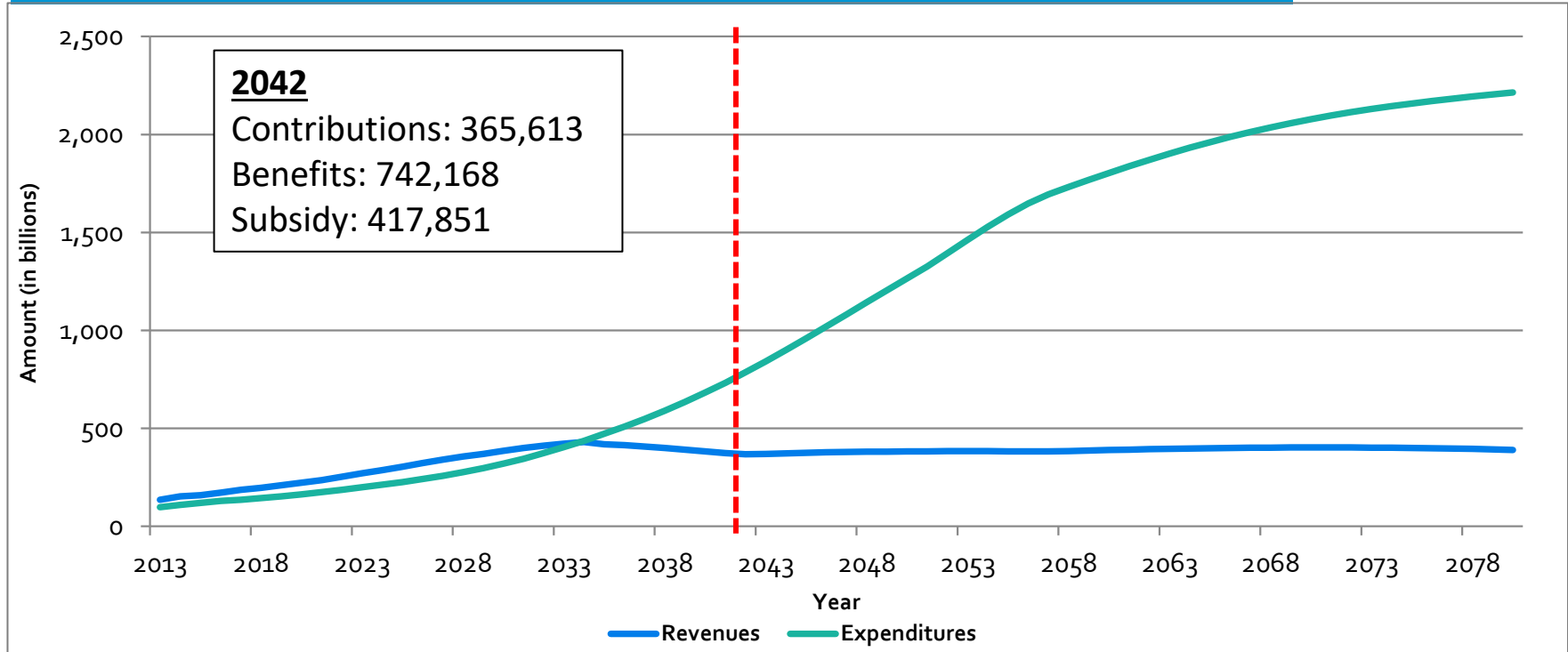
## SSS Paying Members vs Pensioners Projection



	2012 (Actual)	2013	2042	2080
Paying Members	10,893,552	12,784,478	23,808,789	25,592,863
Pensioners	1,678,940	1,873,572	7,352,931	15,582,370
Support Ratio	<b>1 : 6.49</b>	<b>1 : 6.82</b>	<b>1 : 3.24</b>	<b>1 : 1.64</b>

# Revenues can cover expenditures only up to year 2033

## Revenues vs Expenditures Projection



### Amount (in millions)

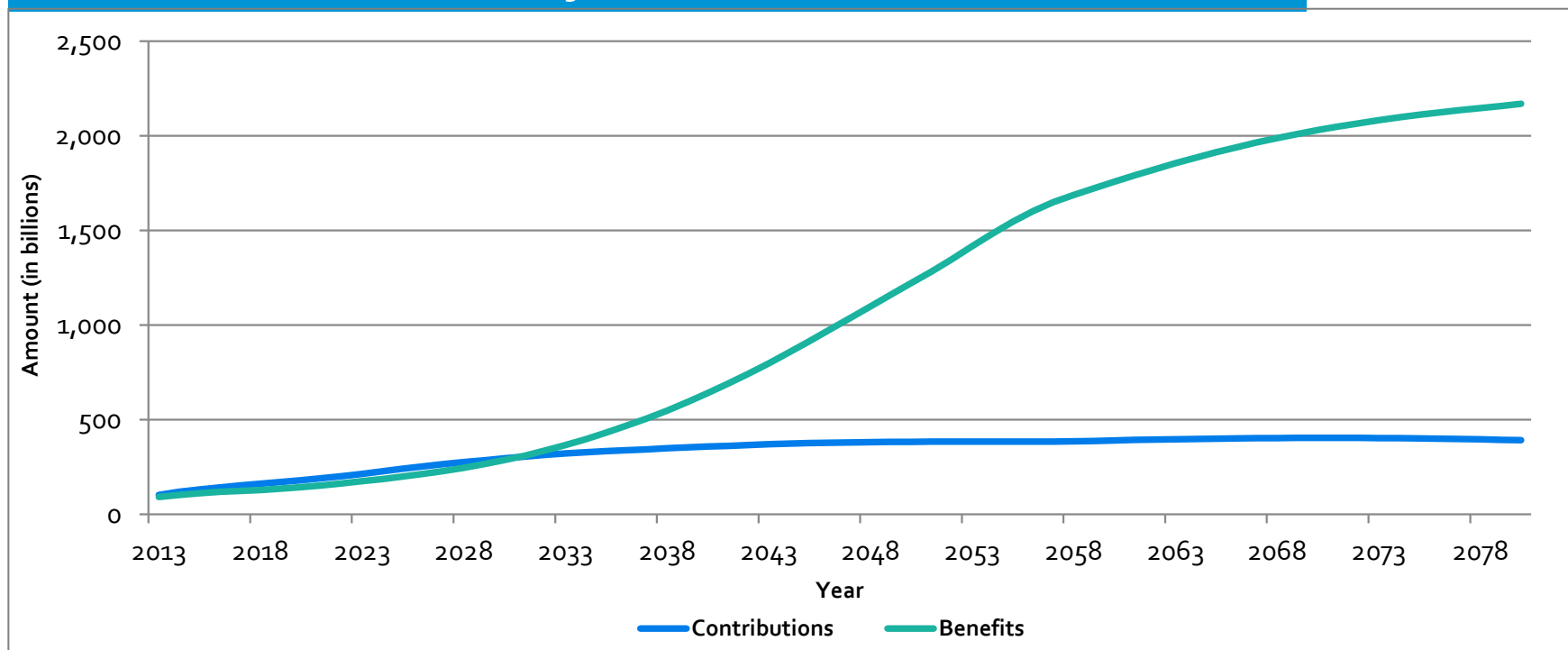
	2013	2033	2080
Revenues	135,106	422,337	390,553
Expenditures	97,973	403,876	2,214,802

### Average Annual Growth Rate

	2013-2026	2026-2033
Revenues	6.95%	3.92%
Expenditures	7.19%	7.64%

# Contributions can cover benefits only up to year 2030

## Contributions vs Benefits Projection



### Amount (in millions)

	2013	2030	2080
Contributions	101,403	294,974	390,553
Benefits	90,417	285,345	2,167,935

### Average Annual Growth Rate

	2013-2022	2022-2030
Contributions	7.97%	4.90%
Benefits	6.81%	7.24%



**2017 UPDATED ACTUARIAL VALUATION  
After P1,000 Additional Benefit**

# Actuarial Valuation

## Comparison of Key Projection Results 2015 Valuation versus 2011 Valuation

Key Projection Results	2011 Valuation*	2015 Valuation	
		Original**	Updated***
Year Fund Will Last	2042	2042	2032
Year Net Revenue Becomes Negative	2034	2034	2022

\*Updated results upon considering the effect of the 5 percent across-the-board pension increase effective June 2014.

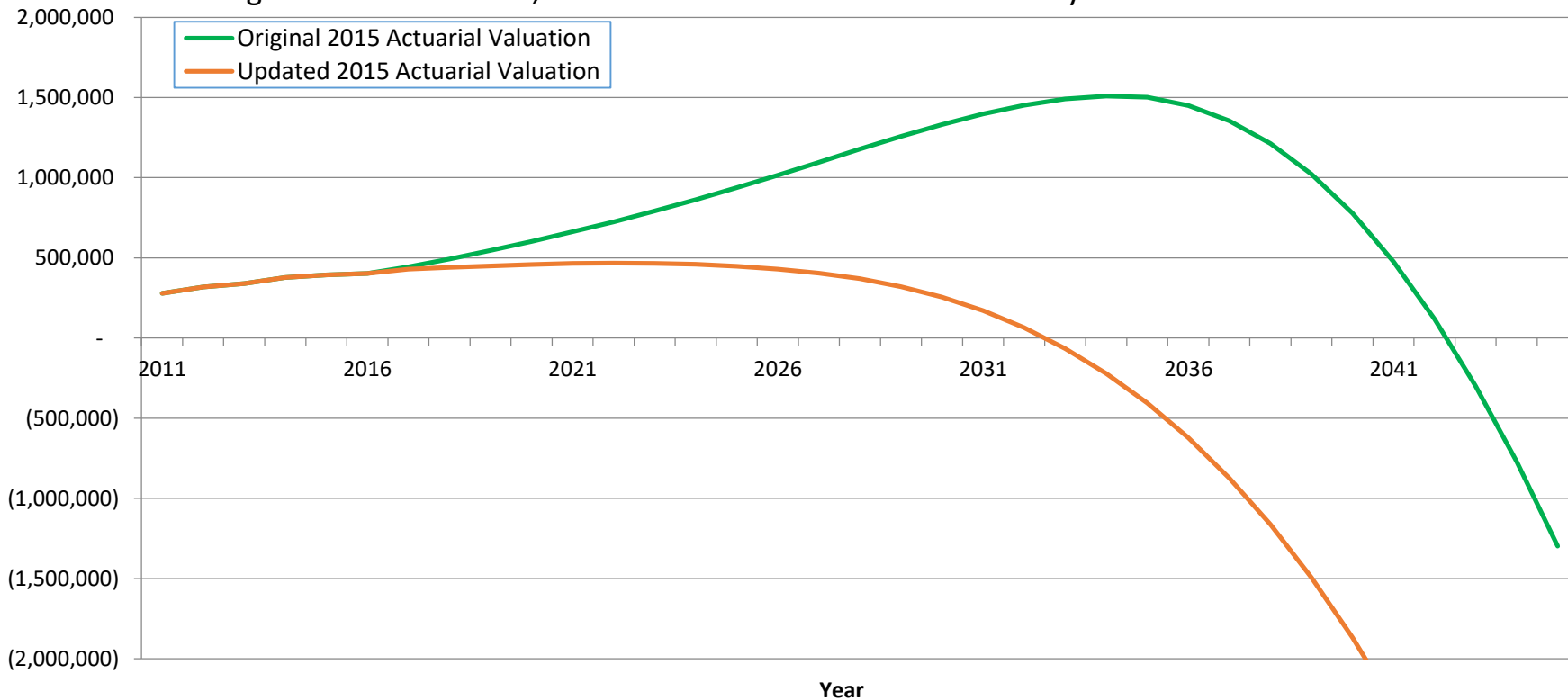
\*\*As published in the 2015 Actuarial Valuation report

\*\*\*Updated results upon considering the effect of the P1,000 additional benefit effective January 2017

# Original 2015 AV versus Updated 2015 AV

Actuarial Valuation	Year Fund Will Last	Fund Life (as of Jan 2019)
Original 2015 Actuarial Valuation	2042	23
Updated 2015 Actuarial Valuation*	2032	13

\*Including the effect of the P1,000 additional benefit effective January 2017



# Challenges: Long-term and Short-term

# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - First P1,000 additional monthly benefit
    - Fund life was shortened by 10 years from 2042 to 2032
    - Unfunded liabilities increased by P1.3-T from P3.7-T to P5-T
  - Pending additional benefits
    - Second P1,000 additional monthly benefit
    - Increase in maternity benefit period from 60 days for normal delivery / 78 days for caesarean delivery to P105 days with additional 15 days for solo parents and transferable 5 days to father
    - New unemployment benefit

# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits
    - Second P1,000 additional monthly benefit
      - P7,000/P5,000 increase – Congress (Senator GMA, etc)
      - P2,000 increase – PNoy Veto
      - Duterte campaign promise



## PNoy vetoes P2,000 SSS pension hike

Willard Cheng, ABS-CBN News  
Posted at Jan 14 2016 12:05 PM



MANILA - President Aquino returned Congress House Bill No. 5842 without his signature, vetoing the proposed law seeking to increase the monthly pension of Social Security System (SSS) pensioners by P2,000.

# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Restoring fund life from up to 2032 or 13 years to go to 26 years (in 2016, fund life was up to 2042 or 26 years to go) or fund life up to 2048 by 2022
  - Work up to 70 years fund life or 2100 by 2030
    - $X = \text{Latest retirement age} - \text{Normal entry age} = 65 - 20 = 45$
    - $Y = \text{Pension years of retiree} + \text{Pension years of survivor} = 16 + 9 = 25$
    - $X + Y = 45 + 25 = 70$
  - Requires 3% additional contribution rate or annual government subsidy, starting at P33-B in 2018, growing by around 4% per year

# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits
    - Second P1,000 additional monthly benefit
      - Immediate impact: Negative net revenues, divestment of reserves
      - Requires 3% additional contribution rate
      - Further reduce fund life from 2032 to 2026 for 2019 implementation or only 7 years fund life (well within the administration of the next President)



# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits
    - Second P1,000 additional monthly benefit
      - Further increase unfunded liability from P3.7-T to P5-T to P6.2-T (as of 2017)
      - Further declines in funding level and funding ratios

	Before 1st P1,000 (2016)	After 1st P1,000 (2017)	After 2nd P1,000 (2019)
Fund Life	2042	2032	2026
Funding Level	58%	50%	45%
Funding Ratio	10%	8%	6%

- Requires contribution rate increase from 11% to 19% for perpetuity, to 22% for the first P1,000 and to 25% for the second P1,000

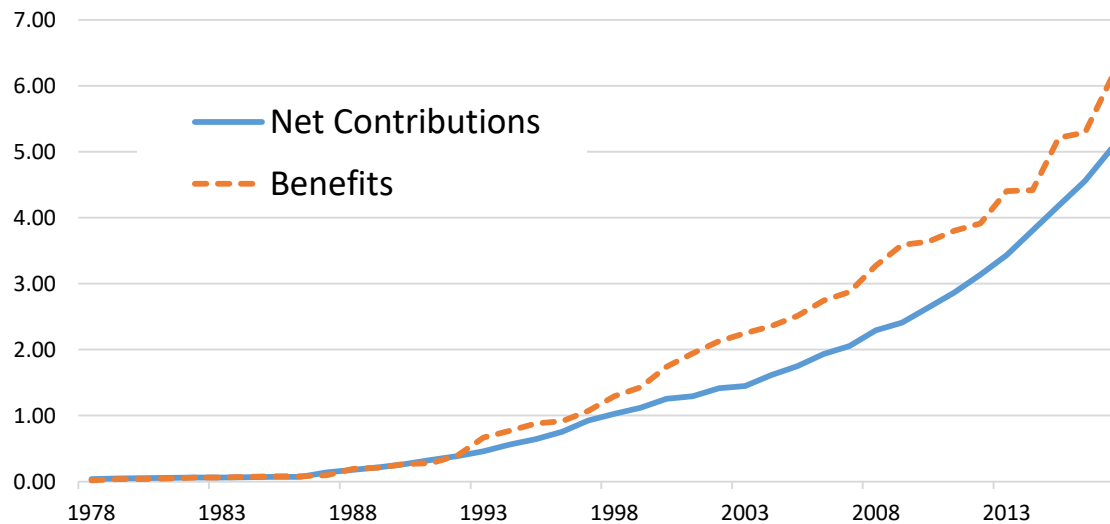
# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits
    - Increase in maternity benefit period from 60 days for normal delivery / 78 days for caesarean delivery to 105 days with additional 15 days for solo parents and transferable 5 days to father
    - Political History of Additional Maternity Benefit Period
      - 13<sup>th</sup> Congress
      - HBN 923, status pending with the Committee on Civil Service and Professional Regulation since 2004-07-28
        - Increase maternity leave benefits from 60 days to 84 days for normal delivery
        - Increase maternity leave benefits from 78 days to 100 days for high-risk or caesarian delivery
        - Limit on the number of pregnancy or miscarriage: First 4 deliveries
      - 17<sup>th</sup> Congress
      - HBN 4113 was filed on October 17, 2016, in substitution of HBNs 152, 472, 483, 509, 580, 1046, 1382, 1644, 1912, 2838, 3224, 3445, 3513, 3645, and 3650.
        - Number of Days of Maternity Leave with Pay: 100
        - Number of Days of Maternity Leave with Pay for Solo Parent: 100
        - Limit on the number of pregnancy or miscarriage: No Limit
      - SBN 1305 was filed on January 23, 2017, in substitution of SBNs 56, 194, 215, 457, 1152, 1153, 1262, and 1276.
        - Number of Days of Maternity Leave with Pay: 120
        - Number of Days of Maternity Leave with Pay for Solo Parent: 150
        - Limit on the number of pregnancy or miscarriage: No Limit

# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits
    - Increase in maternity benefit period from 60 days for normal delivery / 78 days for caesarean delivery to 105 days with additional 15 days for solo parents and transferable 5 days to father
  - Financing Challenge

1978-2017 Maternity Contributions vs. Benefits



## Under the Baseline Program:

Maternity Contribution Rate	0.4%
Needed Contribution Rate	0.5%

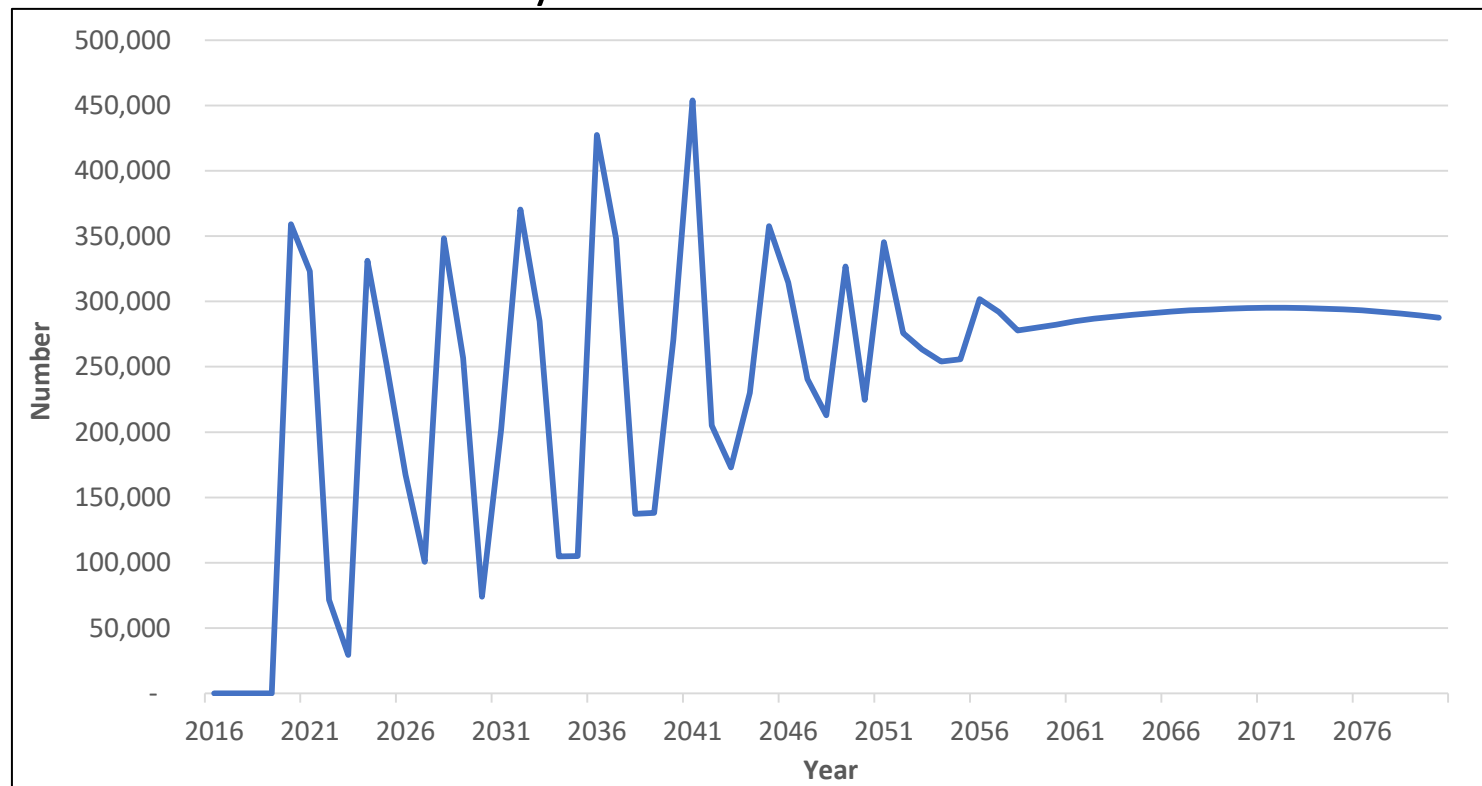
**Program is already underfunded**

# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits
    - New unemployment benefit
    - SSS actuarial study
      - 75% AMSC for up to 6 months unemployment benefits
      - 3% set contribution rate
  - Proposed in the Senate Interpellation of Sen Gordon's sponsored SB 1753 by Sen Recto
    - Section 14-b of Proposed Social Security Act of 2018
    - ½ AMSC for up to 2 months
    - Requires 36 monthly contributions, 12 months of which are within last 18 months prior to involuntary separation / unemployment
    - Member can only claim unemployment benefit once every 3 years

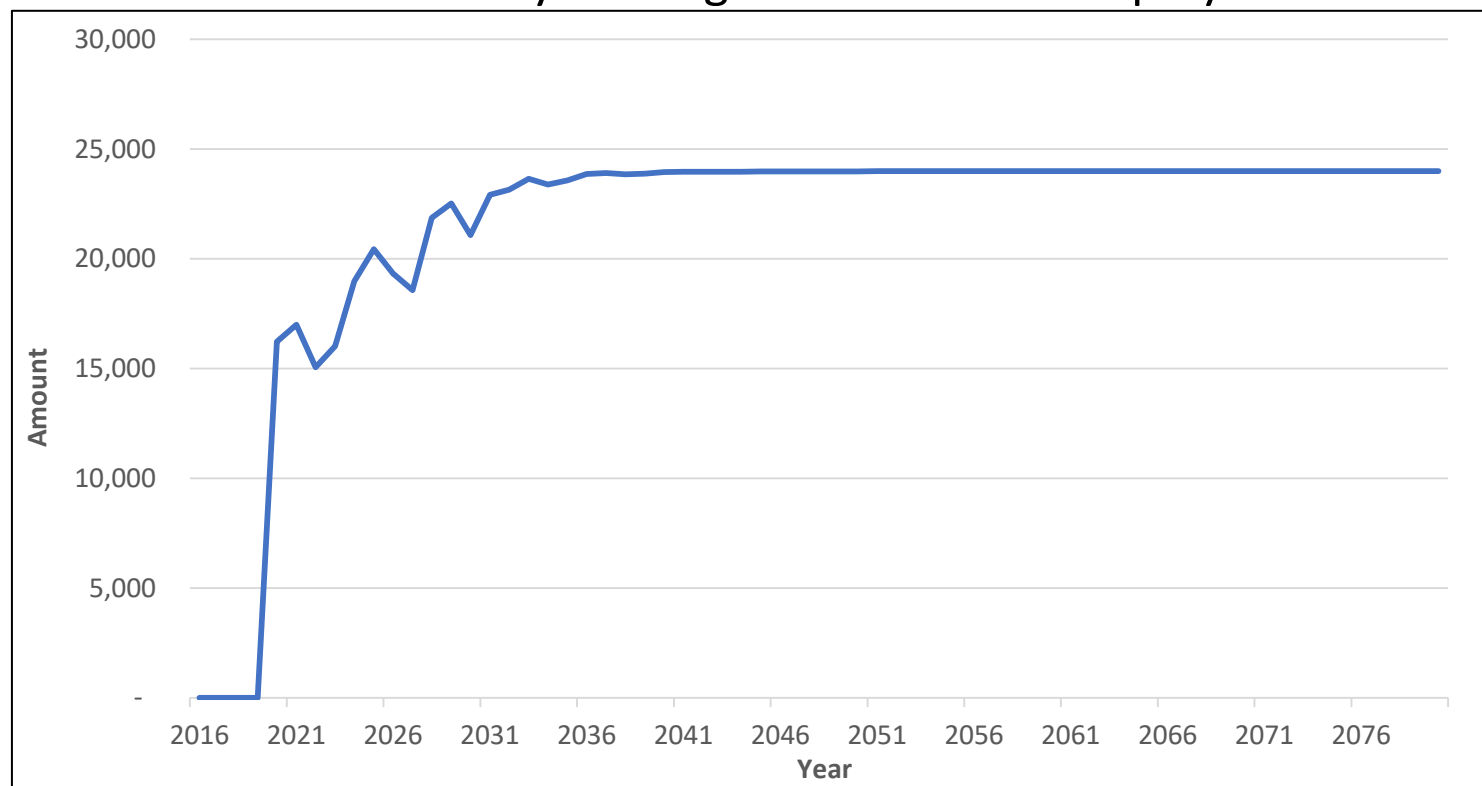
# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits: New unemployment benefits
    - SSS actuarial study: Number of beneficiaries



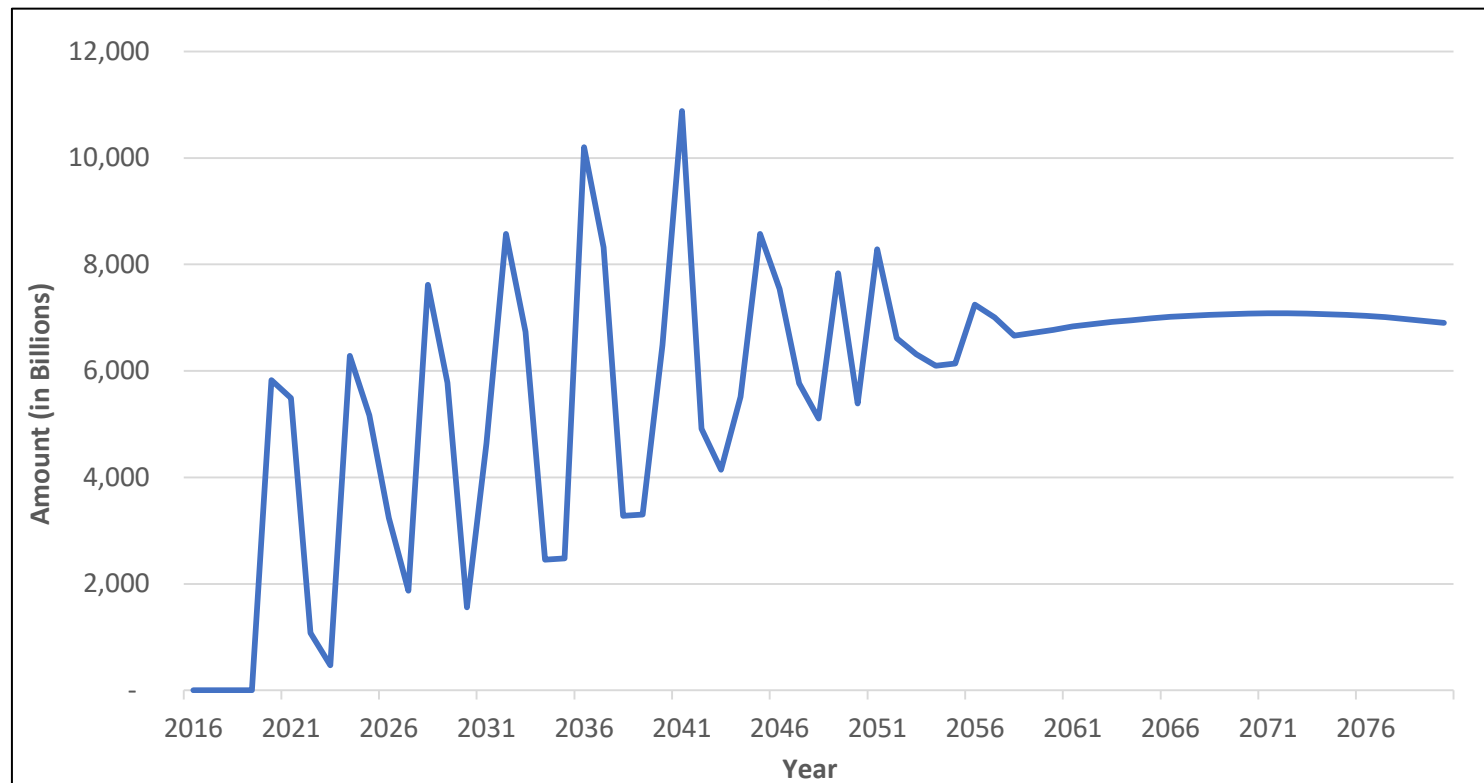
# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits: New unemployment benefit
    - SSS actuarial study: Average amount of unemployment benefit



# CHALLENGES

- Long-Term: Limited Fund Life and Growing Unfunded Liabilities
  - Pending additional benefits: New unemployment benefit
    - SSS actuarial study: Total unemployment benefits



# CHALLENGES

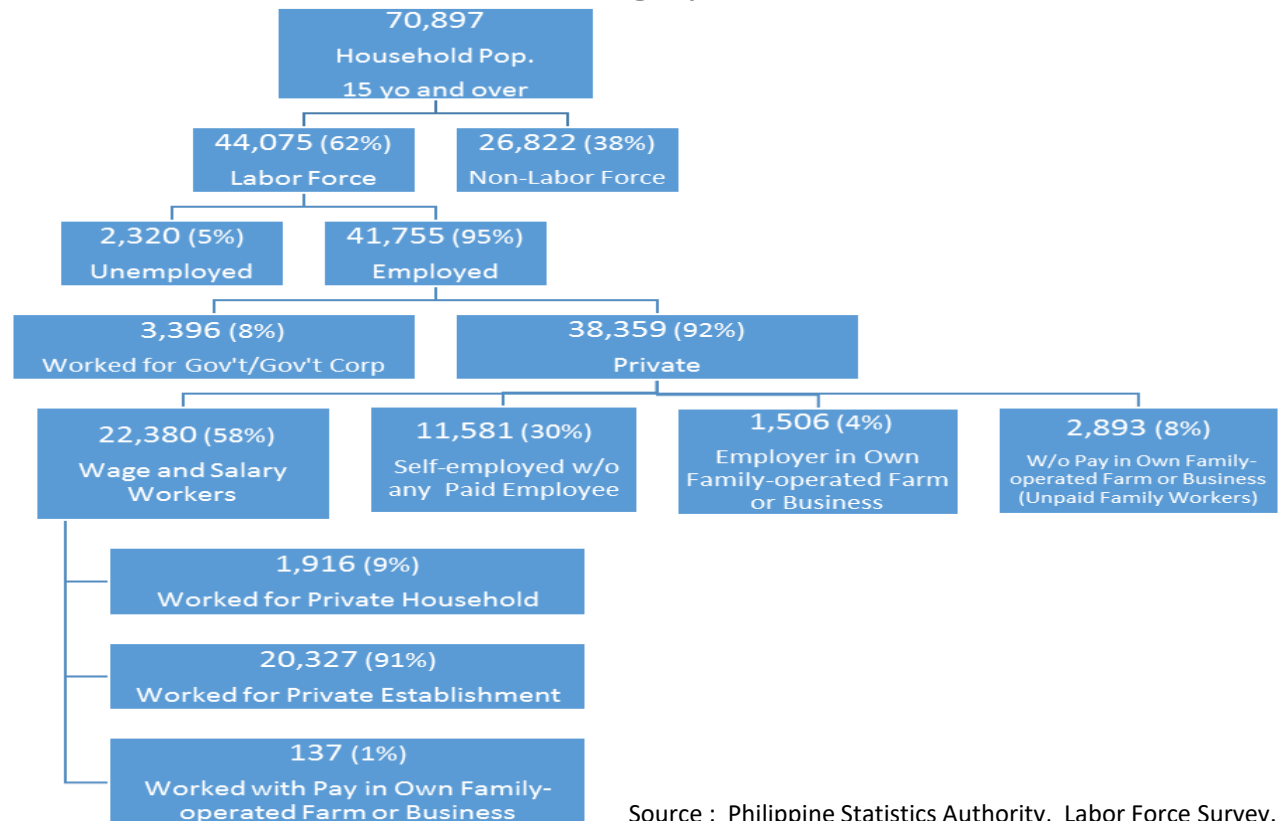
- Factors Affecting Fund Life and Unfunded Liabilities
  - Coverage
    - Mandatory members: employed and self-employed, etc.
    - Voluntary members: OFWs, non-working spouse, etc.
  - Collection Efficiency
    - Contributors ratio
    - Based on covered salary
    - Based on reported salary
    - Based on contribution rate
    - Based on density
    - Based on credited years of service
    - Based on ILO definition
  - Benefit Enhancements
  - Investment Performance



# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Coverage
    - Mandatory members: employed, self-employed
    - Voluntary members: OFWs, non-working spouse

Household Population 15  
Years Old and Over and  
Employment Status,  
January 2018  
(in Thousands)



Source : Philippine Statistics Authority, Labor Force Survey.

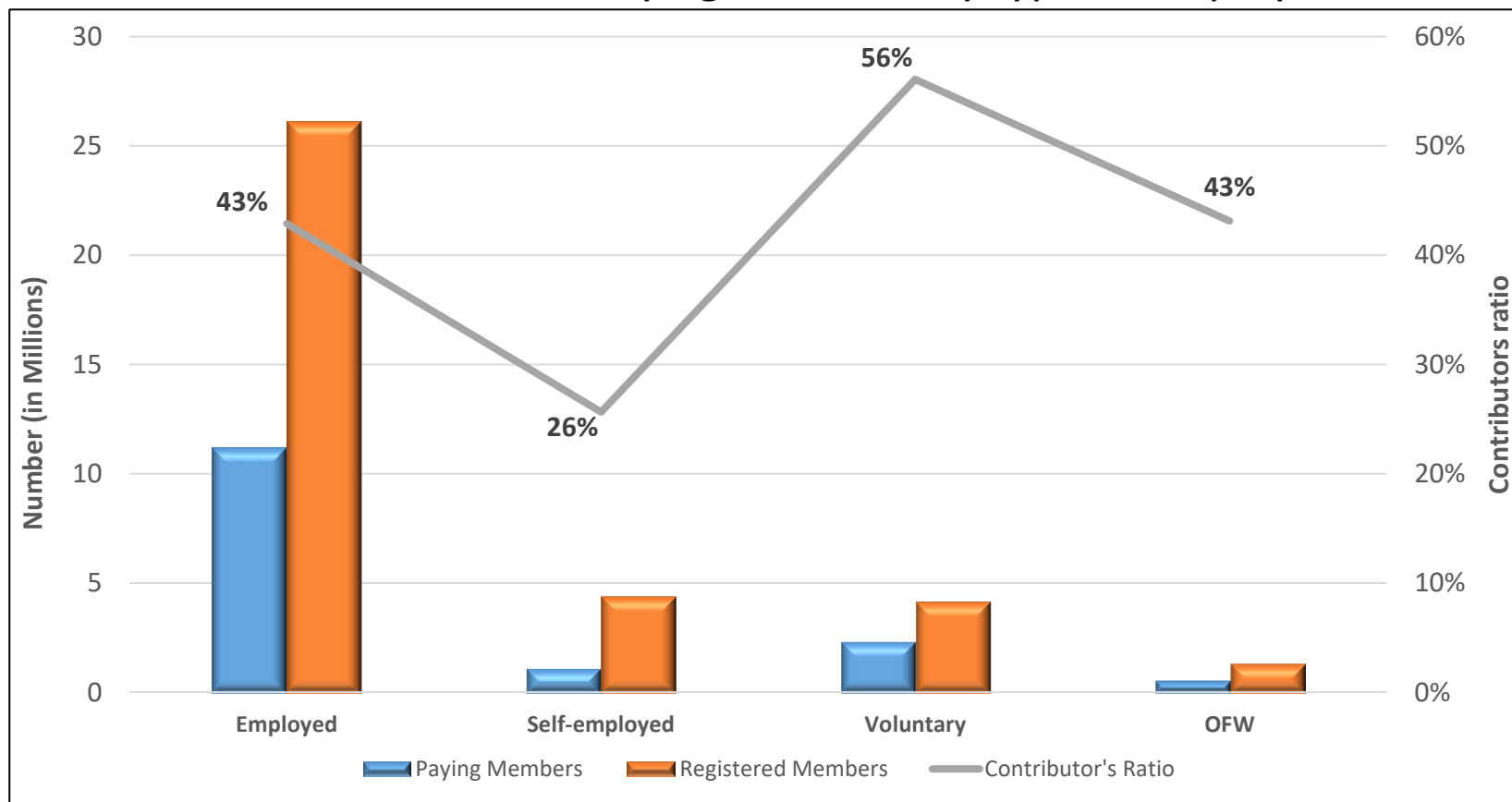
# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Collection Efficiency
    - Contributors ratio: Paying members vs Registered members

Year	No. of Paying Members	% Increase from Previous Year	No. of Registered Members	% Increase from Previous Year	% Paying/Registered (Contributors' Ratio)
2012	10,824,339		29,457,367		36.75%
2013	11,497,542	6.22%	30,721,254	4.29%	37.43%
2014	12,193,165	6.05%	32,142,306	4.63%	37.93%
2015	13,133,958	7.72%	33,621,930	4.60%	39.06%
2016	14,165,247	7.85%	34,889,050	3.77%	40.60%
2017	15,287,133	7.92%	36,129,989	3.56%	42.31%

# CHALLENGES

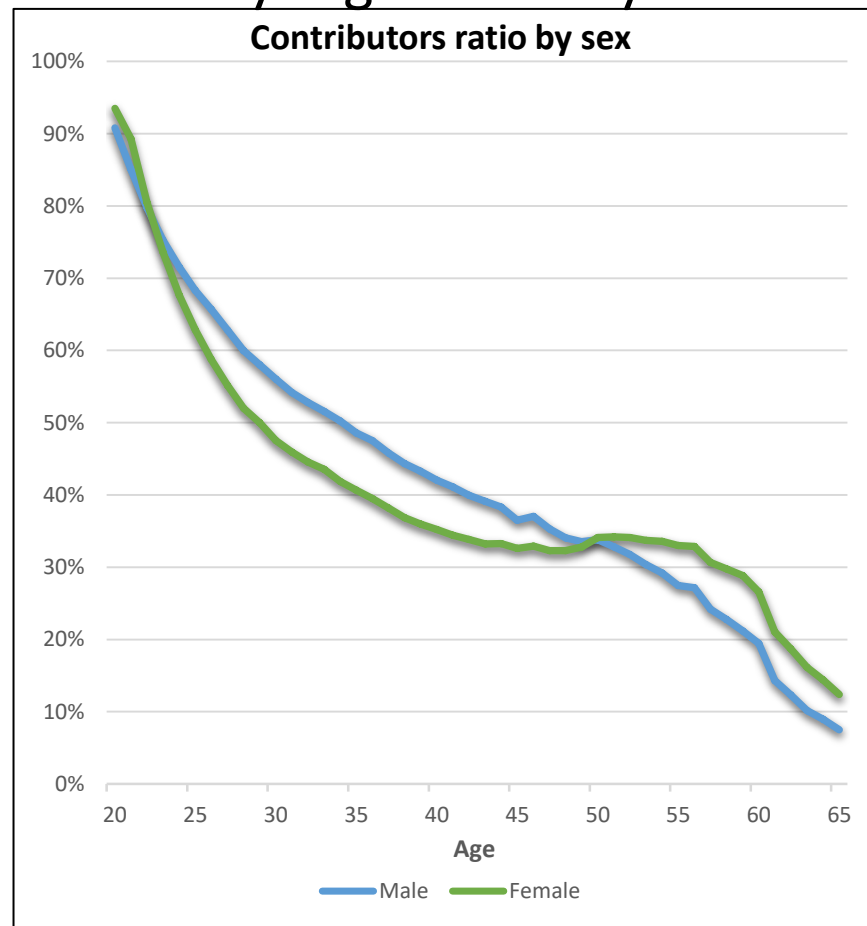
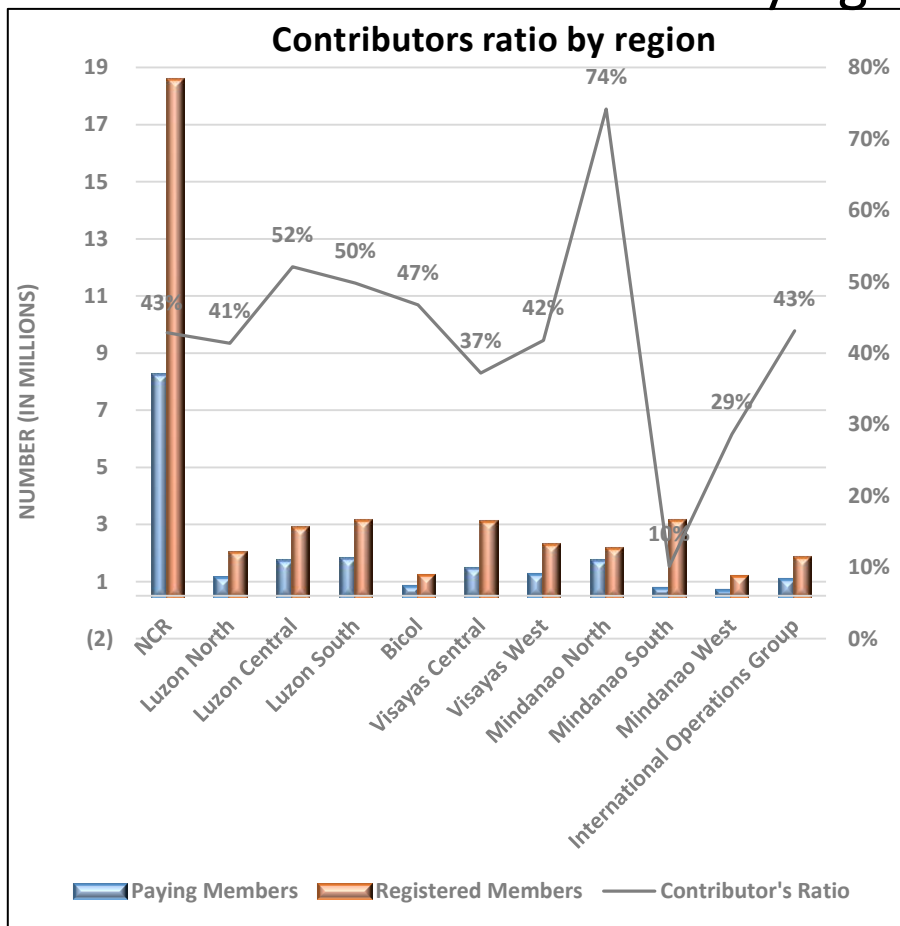
- Factors Affecting Fund Life and Unfunded Liabilities
  - Collection Efficiency
    - Contributors ratio: Paying members by type of employment



# CHALLENGES

- Collection Efficiency

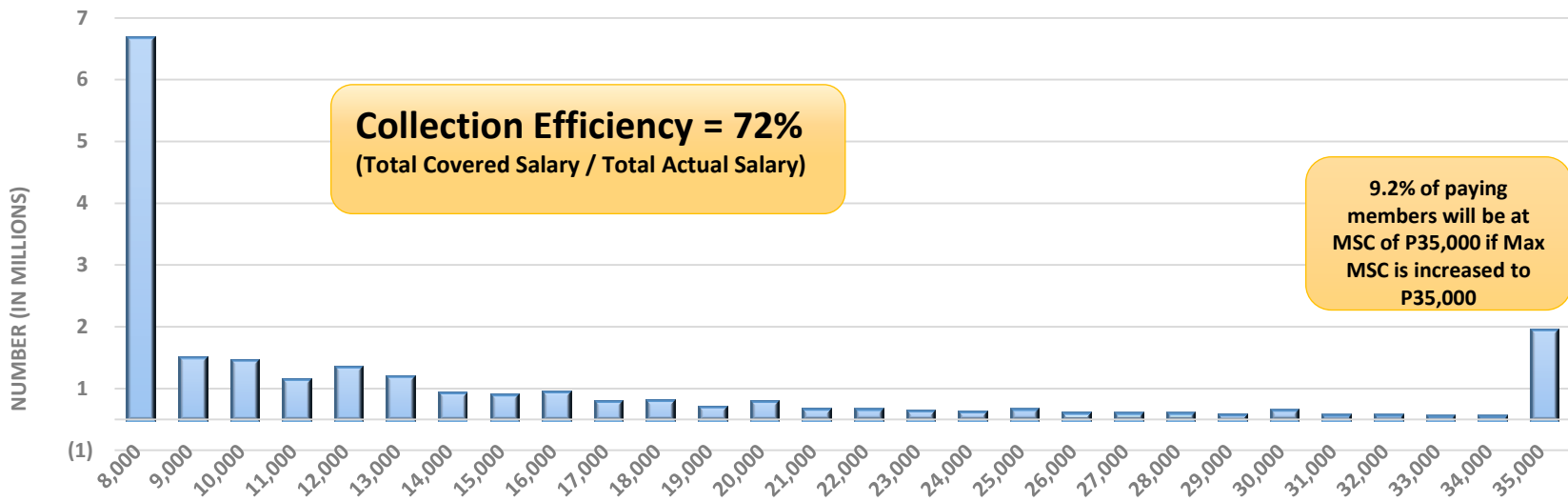
- Contributors ratio: Paying members by region and by sex



# CHALLENGES

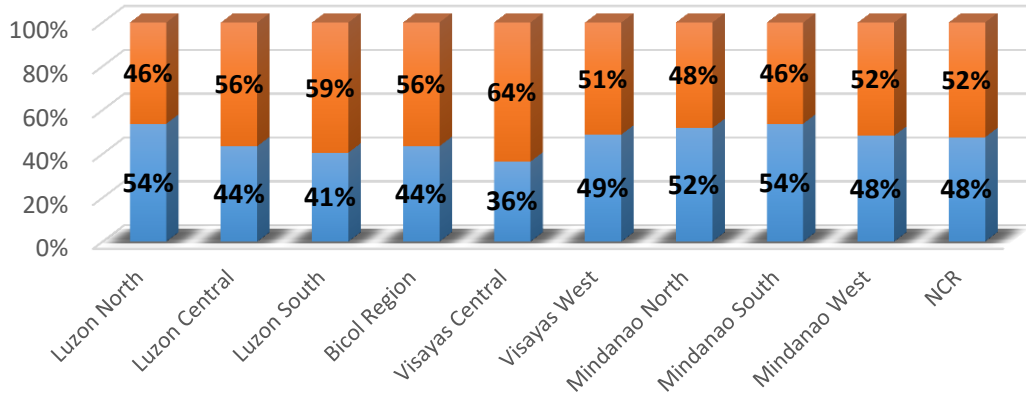
- Collection Efficiency

- Based on covered salary [By contribution design]



# CHALLENGES

- Collection Efficiency
  - Based on reported salary: Minimum wage per region



**47%**

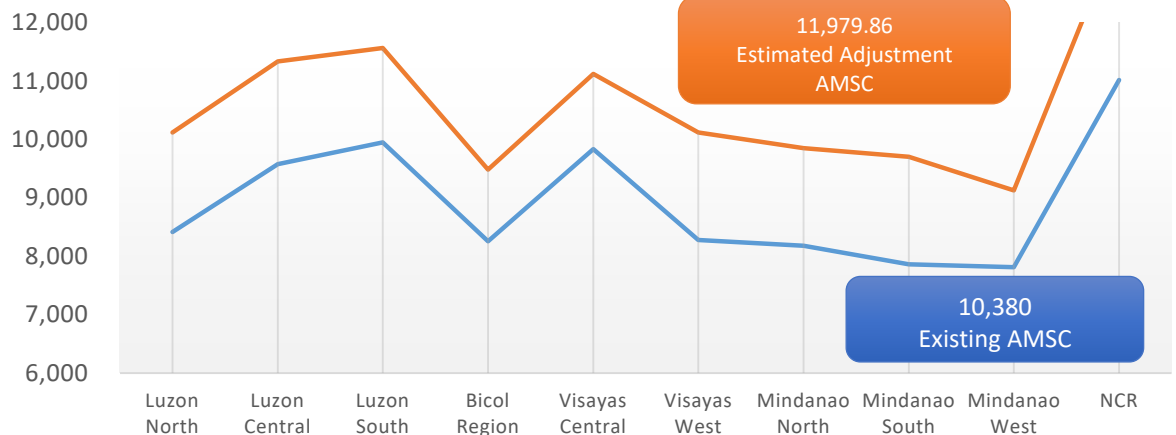
of paying members are below the prevailing minimum wage

Below Prevailing Minimum Wage Earners

At and Above Prevailing Minimum Wage Earners

**↑ 15%**

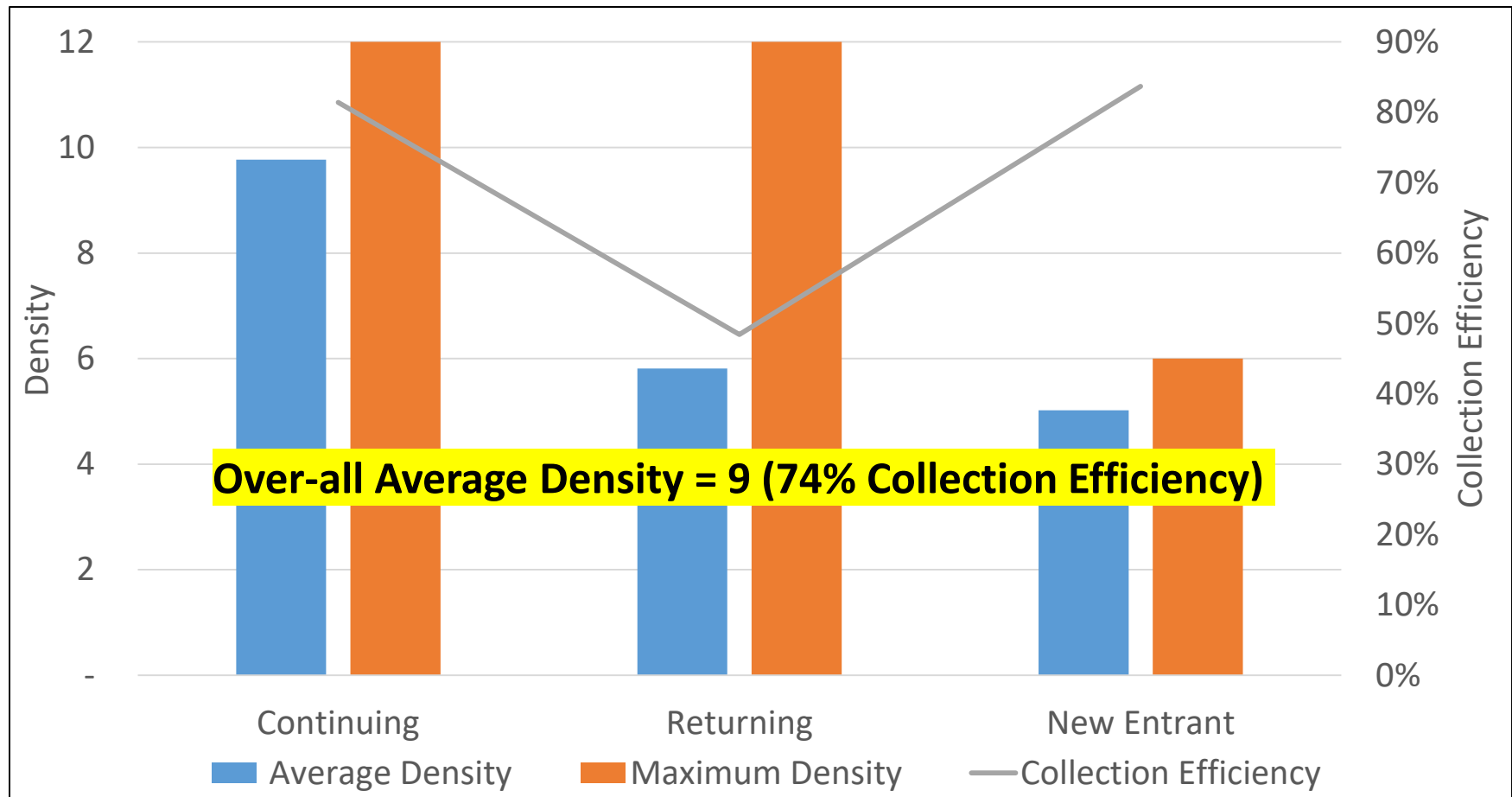
In AMSC If all paying members will pay at least the prevailing minimum wage



Existing AMSC Adjusted AMSC

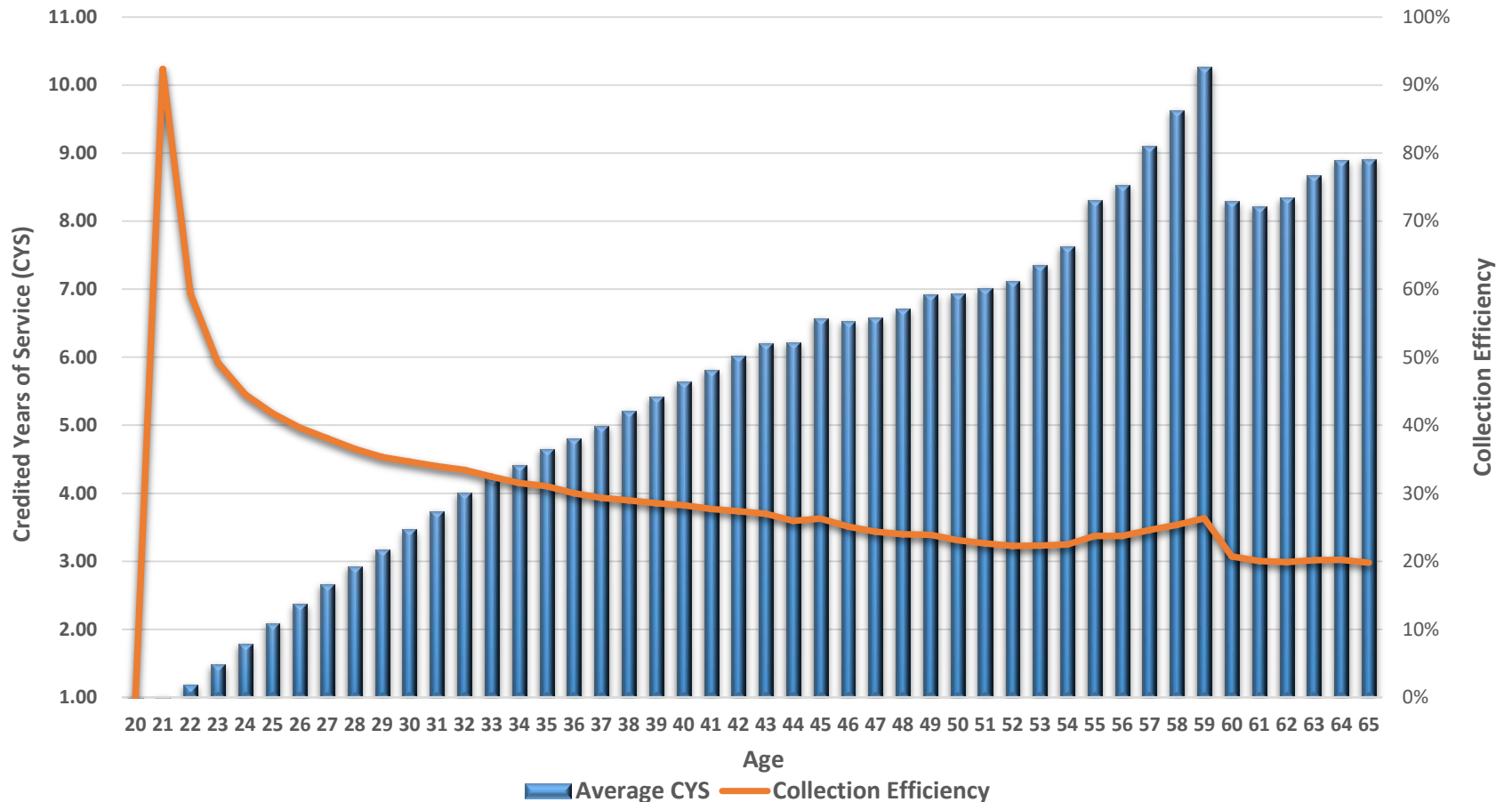
# CHALLENGES

- Collection Efficiency
  - Based on density



# CHALLENGES

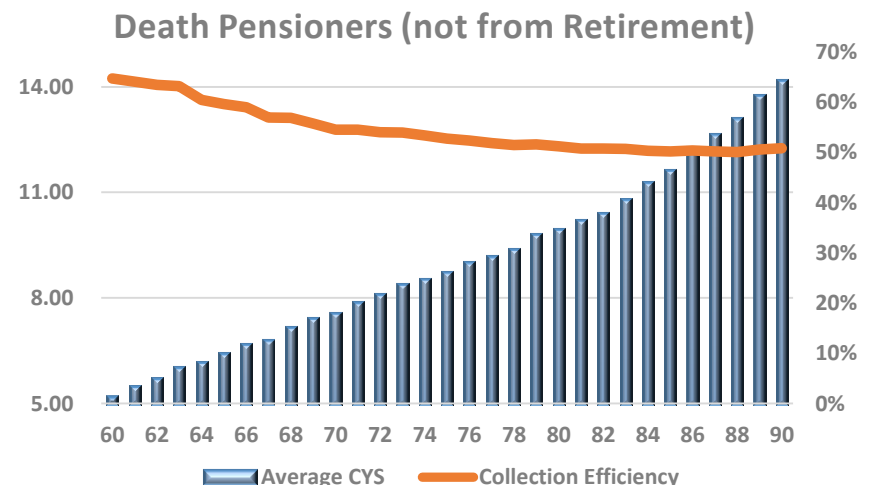
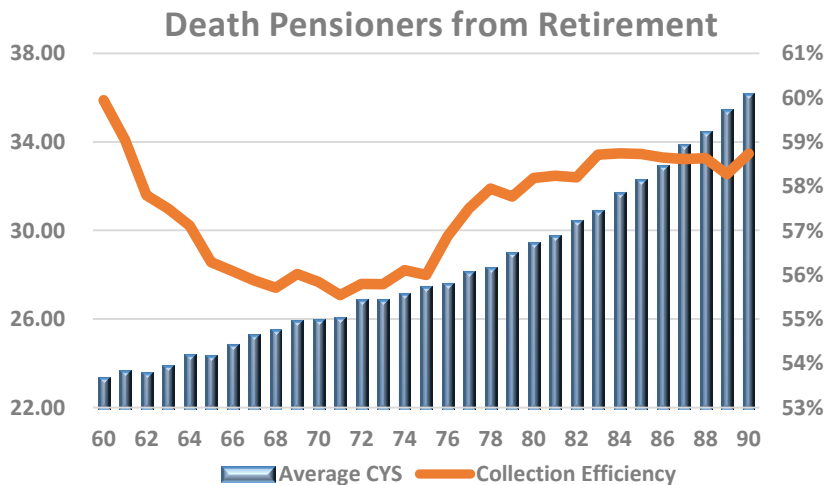
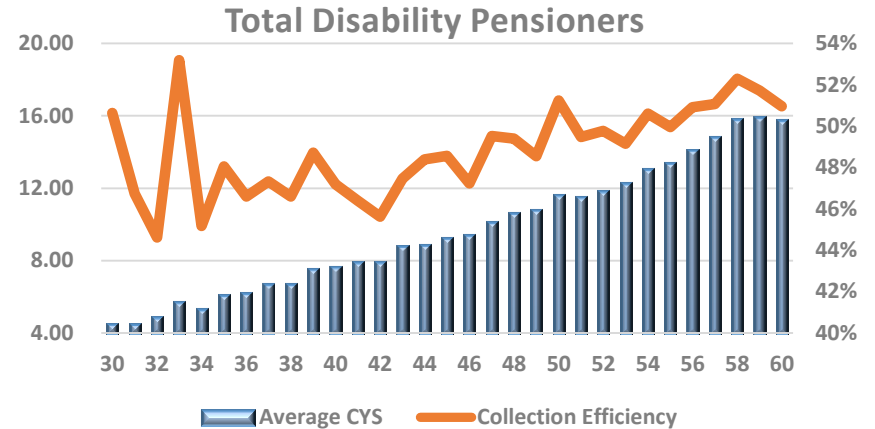
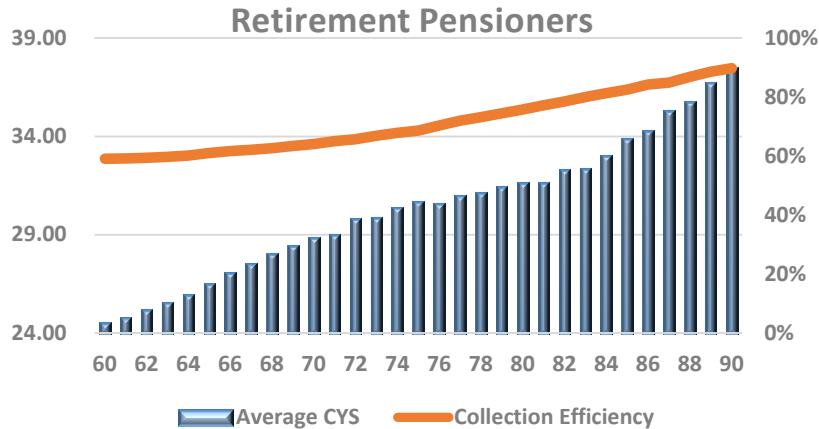
- Collection Efficiency
  - Based on Credited Years of Service (CYS)





# CHALLENGES

- Collection Efficiency
  - Based on Credited Years of Service (CYS)



# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Collection Efficiency
    - Based on ILO definition

Type of Member	2017 Collection (in Billion Pesos)	Uncollected (in Billion Pesos)	Potential Collection (in Billion Pesos)	RA8282 Collection Rate	SSA2018 Collection Rate
Voluntary	9.55			100%	100%
OFW	5.52	25.35	30.87	100%	18%
ER Employed	137.64	96.55	234.19	59%	59%
Self-Employed	7.02	39.50	46.52	15%	15%

<b>OVERALL RA8282</b>	<b>159.72</b>	<b>136.05</b>	<b>295.77</b>	<b>54%</b>	
<b>OVERALL SSA2018</b>	<b>159.72</b>	<b>161.40</b>	<b>321.13</b>		<b>50%</b>

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Sensitivity analysis on contribution parameters
    - Contribution rate
    - Density
    - Minimum salary credit
    - Maximum salary credit

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Sensitivity analysis on Contribution Rate

(amount in billions)

Option	Criteria / Condition	Fund Life	Unfunded Liability
<b>Baseline</b>	<b>Contribution rate at 11.0%</b>	<b>2042</b>	<b>3,466.20</b>
A	Contribution rate at 12.0%	2045	3,114.82
B	Contribution rate at 13.0%	2048	2,761.06
C	Contribution rate at 14.0%	2051	2,404.91
D	Contribution rate at 15.0%	2054	2,046.49
E	Contribution rate at 16.0%	2057	1,688.28
F	Contribution rate at 17.0%	2061	1,329.23
G	Contribution rate at 18.0%	2066	970.75
H	Contribution rate at 19.0%	2072	614.74
I	Contribution rate at 20.0%	PERPETUITY	269.15
J	Gradual Increase following the schedule: 2016 – 12.0% 2021 – 13.0% 2026 – 14.0%	2049	2,574.86
K	Gradual Increase following the schedule: 2016 – 12.0% 2026 – 17.0% 2036 – 22.0%	2061	1,157.76

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Sensitivity analysis on Density

(amount in billions)

Option	Criteria / Condition	Fund Life	Unfunded Liability
<b>Baseline</b>	<b>Based on actual data (7.4 - 10.4)</b>	<b>2042</b>	<b>3,466.20</b>
A	Density of 12	2049	3,207.00
B	Increasing density by 1 until it reaches 12	2049	3,211.94
C	Density of 6	2026	3,369.86
D	Decreasing density by 1 until it reaches 6	2029	3,392.24

- Sensitivity analysis on Minimum Monthly Salary Credit

(amount in billions)

Option	Criteria / Condition	Fund Life	Unfunded Liability
<b>Baseline</b>	<b>Minimum MSC unchanged at P1,000</b>	<b>2042</b>	<b>3,466.20</b>
A	Minimum MSC of P2,000 increasing annually by P1,000 until it reaches P7,000	2042	3,465.23
B	Minimum MSC of P2,000	2042	3,465.82
C	Minimum MSC of P3,000	2042	3,464.79
D	Minimum MSC of P4,000	2042	3,460.98
E	Minimum MSC of P5,000	2042	3,461.35

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Sensitivity analysis on Minimum Monthly Salary Credit

(amount in billions)

Option	Criteria / Condition	Fund Life	Unfunded Liability
<b>Baseline</b>	<b>Maximum MSC unchanged at P16,000</b>	<b>2042</b>	<b>3,466.20</b>
A	Maximum MSC of P20,000	2044	3,937.05
B	Maximum MSC of P20,000 increasing annually by P1,000 until it reaches P50,000	2047	6,123.41
C	Maximum MSC of P20,000 increasing every 5 years by P5,000 until it reaches P50,000	2047	6,101.52
D	Maximum MSC of P25,000	2046	4,482.94
E	Maximum MSC of P30,000	2046	4,963.11
F	Maximum MSC of P35,000	2047	5,369.81
G	Maximum MSC of P40,000	2048	5,697.19
H	Maximum MSC of P45,000	2048	5,946.01
I	Maximum MSC of P50,000	2048	6,139.19

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Benefit Enhancements
    - Sensitivity analysis
      - Retirement age
      - Benefit accrual rate

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Benefit Enhancements: Sensitivity analysis on Retirement age

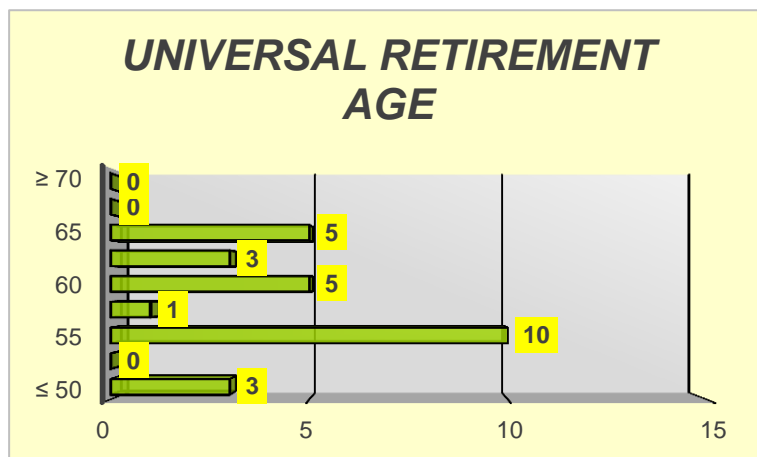
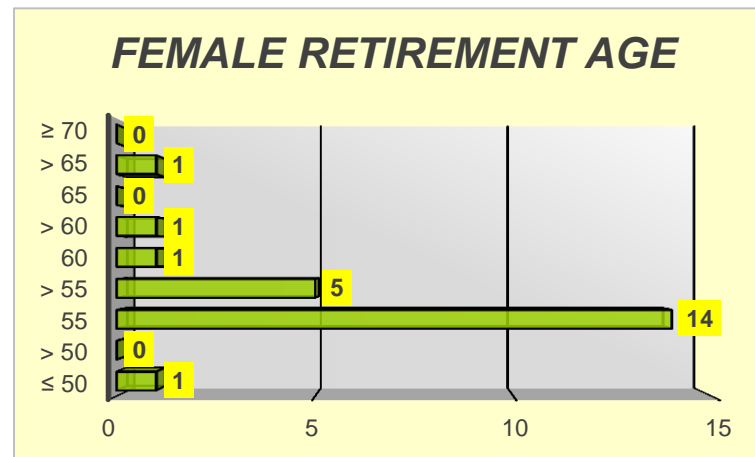
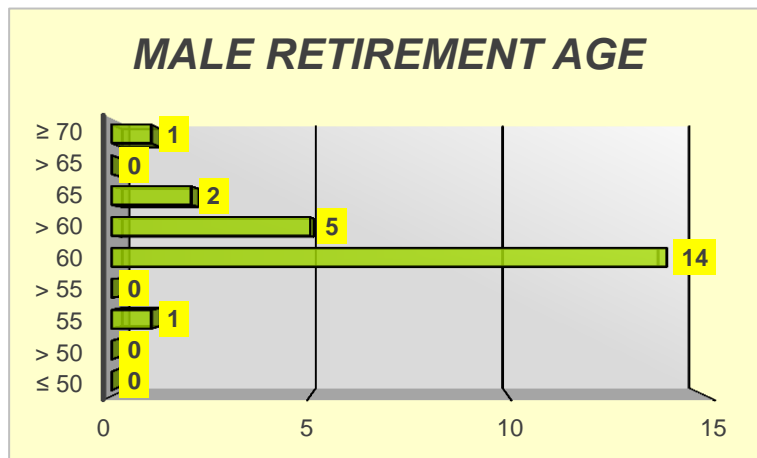
(amount in billions)

Option	Criteria / Condition	Fund Life	Unfunded Liability
<b>Baseline</b>	<b>Retirement age of 62</b>	<b>2042</b>	<b>3,466.20</b>
A	Retirement age of 50	2020	6,347.84
B	Retirement age of 55	2027	5,134.57
C	Retirement age of 57	2031	4,653.49
D	Retirement age of 60	2039	3,937.71
E	Retirement age of 65	2047	2,757.38
F	Retirement age of 67	2050	2,310.64



# CHALLENGES

## RETIREMENT AGE (ASIA AND THE PACIFIC)



#### Countries with highest retirement age

Male  (at age 70)

Female  (at age 68)

Universal  (at age 65)

#### Countries with lowest retirement age

Male  (at age 55)

Female  (at age 50)

Universal  (at age 50)

# CHALLENGES




- Factors Affecting Fund Life and Unfunded Liabilities
  - Benefit Enhancements: Sensitivity analysis on Benefit Accrual Rate

(amount in billions)

Option	Criteria / Condition	Fund Life	Unfunded Liability
<b>Baseline</b>	<b>2.0% accrual factor</b>	<b>2042</b>	<b>3,466.20</b>
A	1.0% accrual factor	2046	1,958.66
B	1.5% accrual factor	2046	2,316.68
C	2.5% accrual factor	2038	4,768.17
D	3.0% accrual factor	2036	6,128.40

- Note: GSIS pension formula is at 2.5% benefit accrual rate

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Benefit Enhancements
    - Accrual factors of Countries in Asia
  - Pension Computation
    - **THAILAND** 
      - $20\% \text{ AMW} + 1.5\% \text{ AMW} \times [(\text{POC} - 180 \text{ months})/12]$   
 → 20% of the insured's average monthly wage (AMW) in the last 60 months before retirement is paid, plus 1.5% of the insured's average monthly wage in the last 60 months for each 12-month period of contributions (POC) exceeding 180 months.
    - **VIETNAM** 
      - $45\% \text{ AME} + 2\% \text{ AME} \times (\text{YOC} - 15 \text{ years})$   
 → 45% of the insured's average monthly earnings (AME) is paid for the first 15 years of contributions plus 2% of the insured's covered average monthly earnings for each year of contributions (YOC) exceeding 15 years.
    - **PHILIPPINES** 
      - $\text{P300} + 20\% \text{ AMSC} + 2\% \text{ AMSC} \times (\text{CYS} - 10 \text{ years})$   
 → 300 pesos plus 20% of the insured's average monthly covered earnings and 2% of the insured's average monthly covered earnings for each credited year of service exceeding 10 years

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Investment Performance: Risk management
    - Market risk, volatility of returns
    - Credit risk, member loans and housing loans
    - Liquidity risk, properties
    - Political risk, directed investments, HR crisis

# CHALLENGES

- Factors Affecting Fund Life and Unfunded Liabilities
  - Investment Performance: Sensitivity analysis on ROI

(amount in billions)

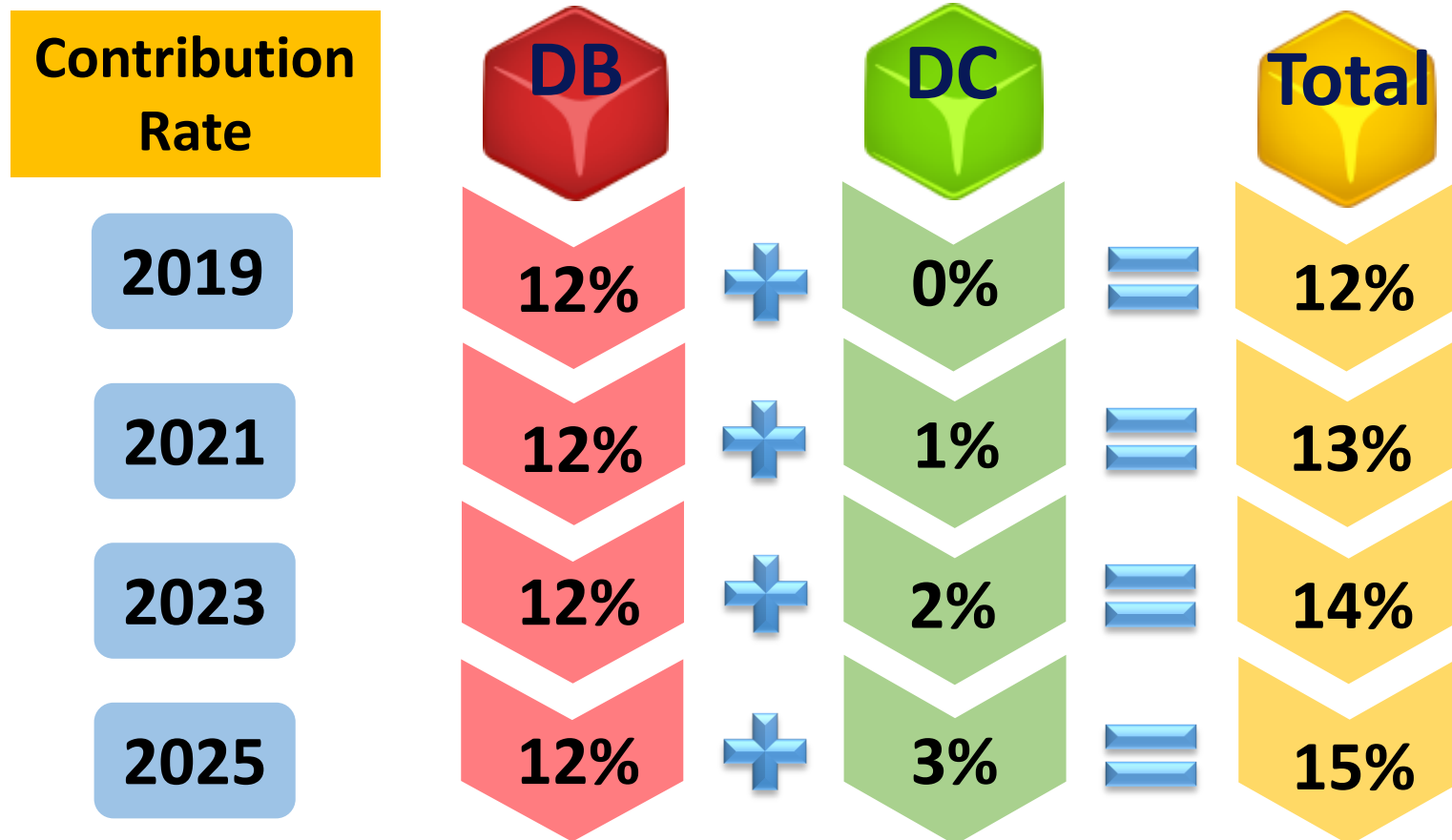
Option	Criteria / Condition	Fund Life
Baseline	ROI based on Investment Income and Investment Levels in any given year Average Annual ROI: 6.5%	2042
<b>Fixed Return on Investments (ROI) for all years at:</b>		
A	5%	2040
B	6%	2041
C	7%	2042
D	8%	2044
E	9%	2046
F	10%	2049
G	12.53%	PERPETUITY

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Structural Reforms
    - Hybrid DB-DC Program
    - Mandatory Coverage of OFWs
  - Parametric Reforms
    - Contribution rate and Minimum and Maximum MSC Increases
    - Lowering of Penalty Rate for Delinquent Contribution of Employers
  - Investment Reforms
    - More flexible limits for most asset classes
    - Lower limits on housing and infrastructure
    - Alignment of foreign investment rating to Philippine rating
  - Governance Reforms

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018:
  - Hybrid DB-DC Program



# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018:
  - Hybrid DB-DC Program

Monthly Salary Credit (MSC)	Minimum MSC	Maximum MSC
2019	P2,000	P20,000
2021	P3,000	P25,000
2023	P4,000	P30,000
2025	P5,000	P35,000



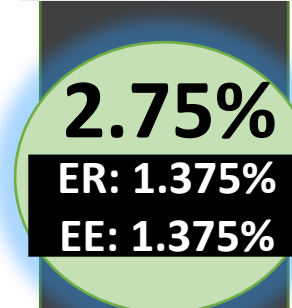
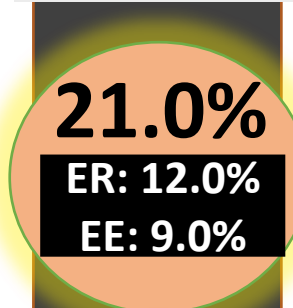
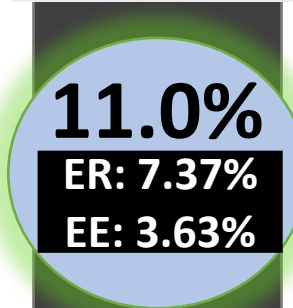
# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018:

COMPARATIVE CONTRIBUTION RATES IN THE PHILIPPINES

CONTRIBUTION RATE SHARING

SALARY BASE  
Minimum/Maximum



# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018:

## COMPARATIVE CONTRIBUTION RATES AROUND THE WORLD

(SELECTED COUNTRIES ONLY FROM LATEST SSPTW SURVEY OF SSA)

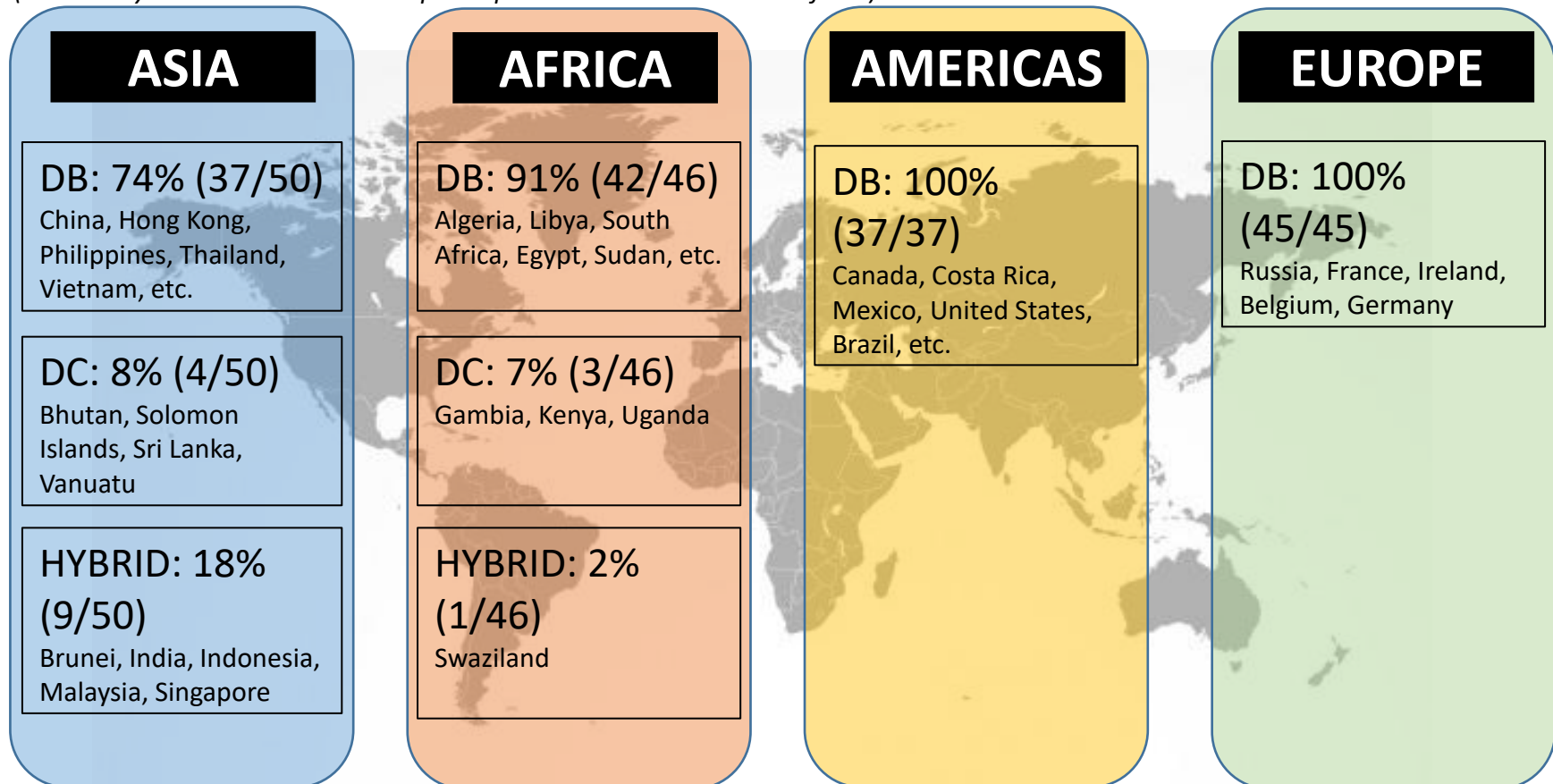
	0-5%	5-10%	10-15%	15-20%	20-25%	25-30%	>30%
<b>ASIA</b>		Australia (9.5)	Hong Kong (10)	Qatar (15) Kuwait (16) Brunei (17) Japan (19.4)	Taiwan (20.07) Malaysia (23.3)	Vietnam (29)	Singapore (37)
<b>AFRICA</b>	Namibia (1.8) South Africa (2) Seychelles (4)		Mauritius (12.5) Libya (14.25)	Gabon (18.5)	Tunisia (25.25)	Equatorial Guinea (26)	Algeria (34) Egypt (40)
<b>AMERICAS</b>		British Virgin Island (8.5) Bahamas (9.8)	Bermuda (10) St Kitts & Nevis (11) Antigua (12) Trinidad & Tobago (13.2) Canada (13.8) United States (14.35)		Panama (22) Chile (23.8)		
<b>EUROPE</b>			Ireland (12.6) Jersey (12.5)	Luxembourg (17.4)	Switzerland (19.55) Isle of Man (23.8) Norway (24.3)	Sweden (27.97) Liechtenstein (30)	Netherlands (38.14) San Marino (42.7)

# PROPOSED SOLUTIONS

## • Proposed Social Security Act of 2018:

Distribution of DB, DC, Hybrid schemes around the world

*(Based only on the countries which participated in the latest SSPTW of SSA)*

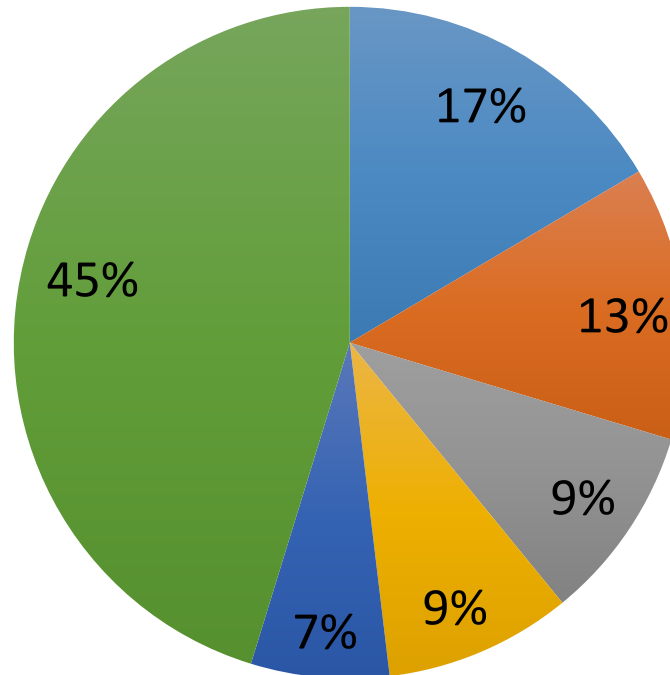


# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Structural Reforms
    - Mandatory Coverage of OFWs

## SEABASED WORKERS

➤ 501,005 out of 2.5M (19.6%) Documented OFWs are seafarers (2016 POEA data)



## TOP 5 FLAGS OF REGISTRY

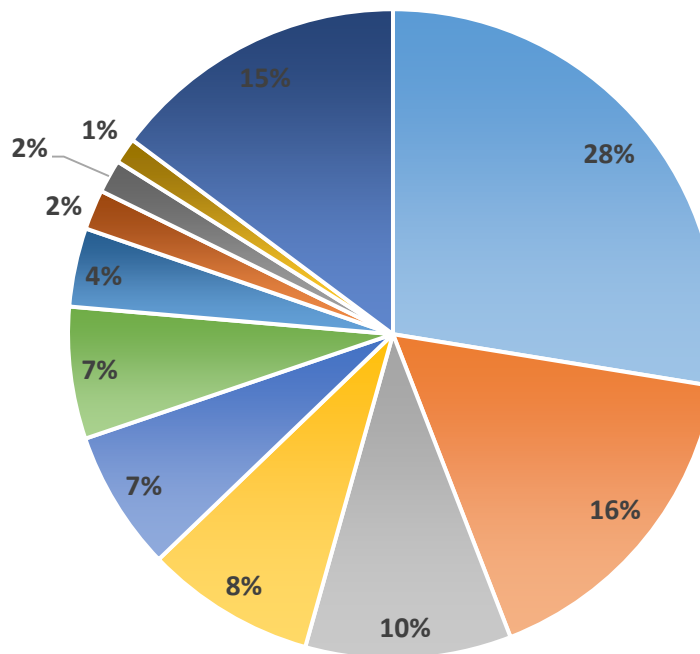
- Panama
- Bahamas
- Republic of Marshall Islands
- Liberia
- Malta
- Others

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Structural Reforms
    - Mandatory Coverage of OFWs

## LANDBASED WORKERS

➤ 1.7M Deployed Landbased OFWs as of 2016 survey of POEA



### TOP 10 COUNTRY DESTINATIONS

- Saudi Arabia
- United Arab Emirates
- Singapore
- Qatar
- Hong Kong
- Kuwait
- Taiwan
- Malaysia
- Oman
- Bahrain
- Others

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Structural Reforms
    - Mandatory Coverage of OFWs

## How many does the Philippines have so far?

### SSS BILATERAL AGREEMENTS WITH OTHER COUNTRIES



#### 13 in-force agreements (effectivity date)

- |   |  |
|---|--|
| <ul style="list-style-type: none"> <li>▪ Austria (1982)</li> <li>▪ United Kingdom &amp; Northern Ireland (1989)</li> <li>▪ Spain (1989)</li> <li>▪ France (1994)</li> <li>▪ Canada (1997)</li> <li>▪ Quebec (1998)</li> </ul> | <ul style="list-style-type: none"> <li>▪ Netherlands (admin, 2001)</li> <li>▪ Switzerland (2004)</li> <li>▪ Belgium (2005)</li> <li>▪ Denmark (2015)</li> <li>▪ Portugal (2017)</li> <li>▪ Germany (2018)</li> <li>▪ Japan (2018)</li> </ul> |
|---|--|

#### 2 signed agreements (signing date)

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>▪ Sweden (2015): Awaiting entry into force</li> </ul> | <ul style="list-style-type: none"> <li>▪ Luxembourg (2015): for ratification of PHL President</li> </ul> |
|--|--|



# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Structural Reforms
    - Mandatory Coverage of OFWs

## *Foreign Offices in Top OF Destinations*

### SSS FOREIGN OFFICES



*23 SSS offices in 17 countries, mostly top OFW destinations; and*

*... 10 more offices to be set up*

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Parametric Reforms

## CONTRIBUTION RATE, MINIMUM & MAXIMUM MSC

Year of Implementation	Contribution Rate	Share		Monthly Salary Credit	
		Employer	Employee	Minimum	Maximum
2019	12%	8%	4%	P2,000	P20,000
2020	12%	8%	4%	P2,000	P20,000
2021	13%	8.5%	4.5%	P3,000	P25,000
2022	13%	8.5%	4.5%	P3,000	P25,000
2023	14%	9.5%	4.5%	P4,000	P30,000
2024	14%	9.5%	4.5%	P4,000	P30,000
2025	15%	10%	5%	P5,000	P35,000

**LOWERED PENALTY FOR  
DELINQUENT  
CONTRIBUTION OF  
EMPLOYERS**

CURRENT

**3%**

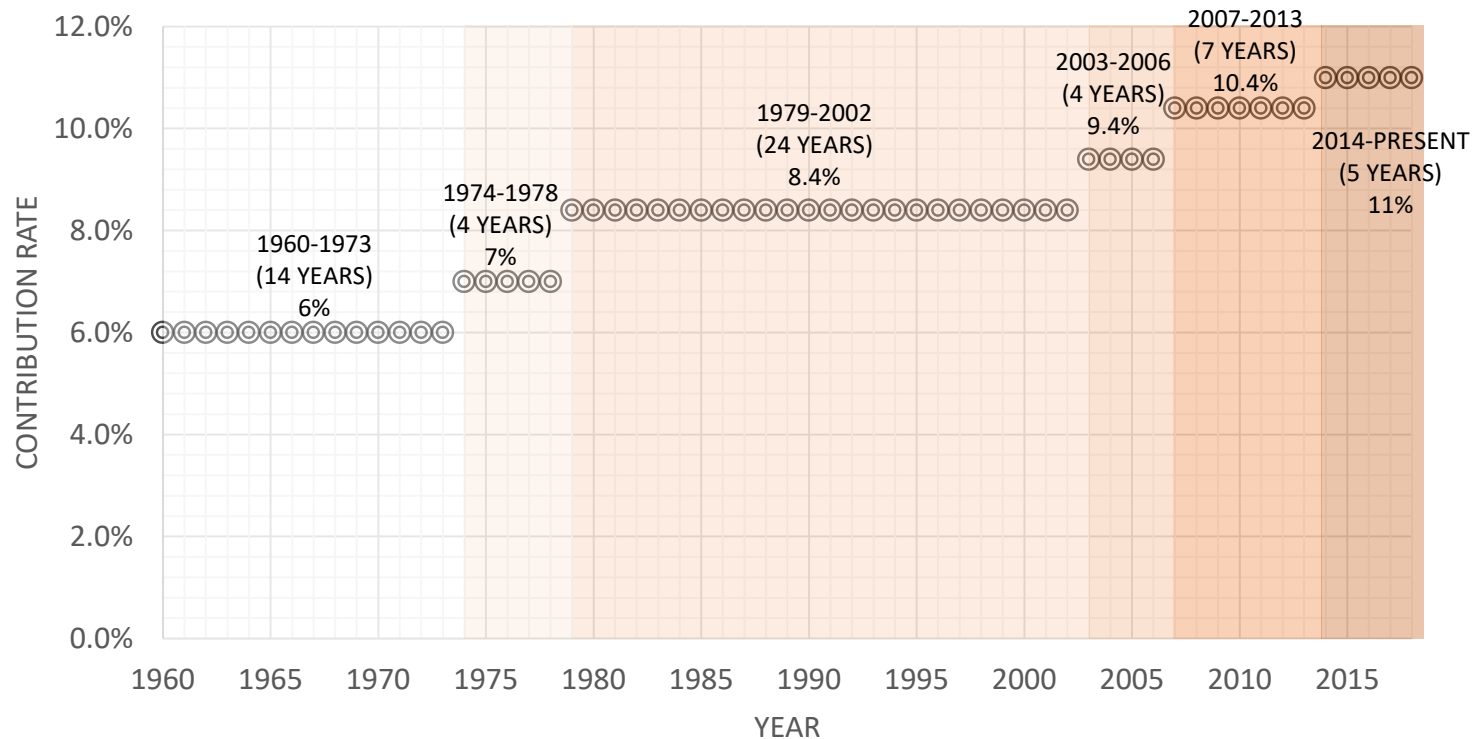
PROPOSED

**2%**



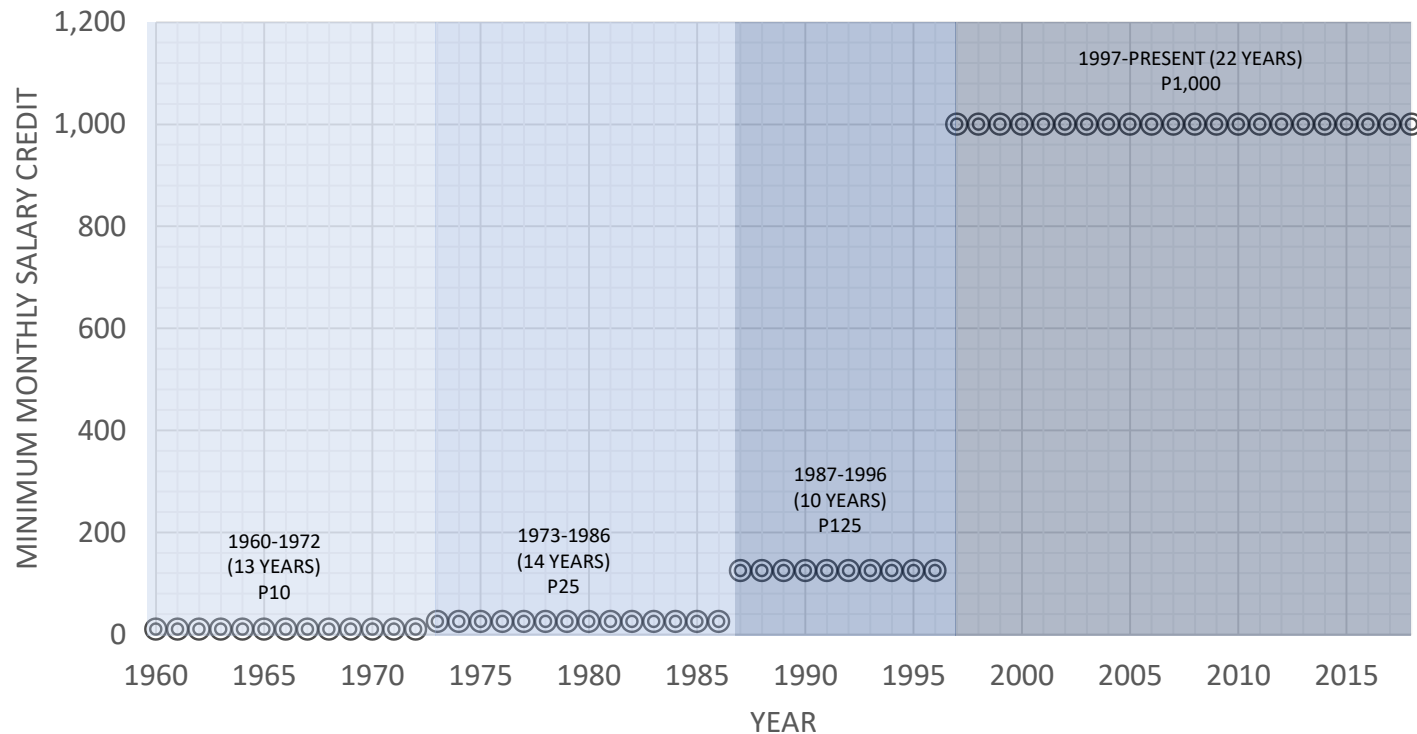
# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Parametric Reforms
    - Historical contribution rate



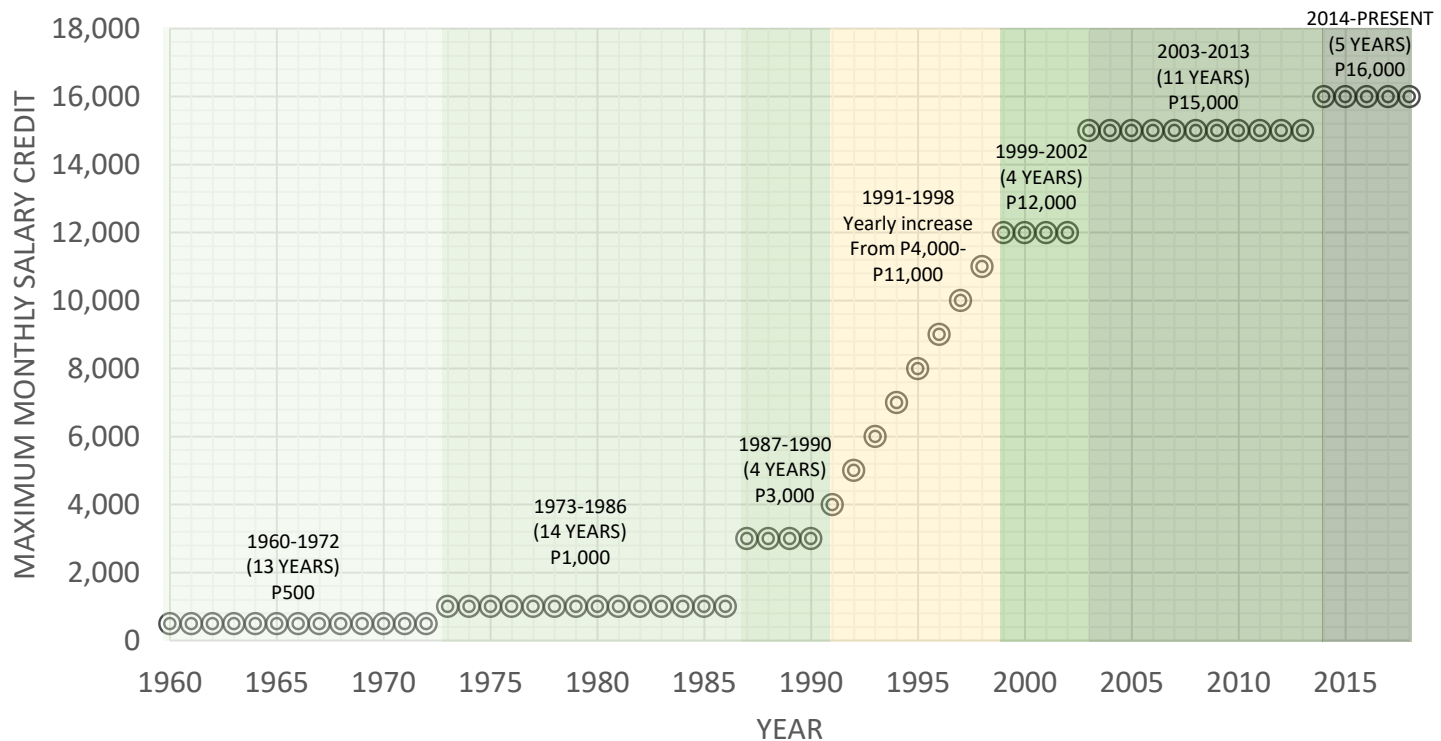
# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Parametric Reforms
    - Historical minimum MSC



# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Parametric Reforms
    - Historical maximum MSC



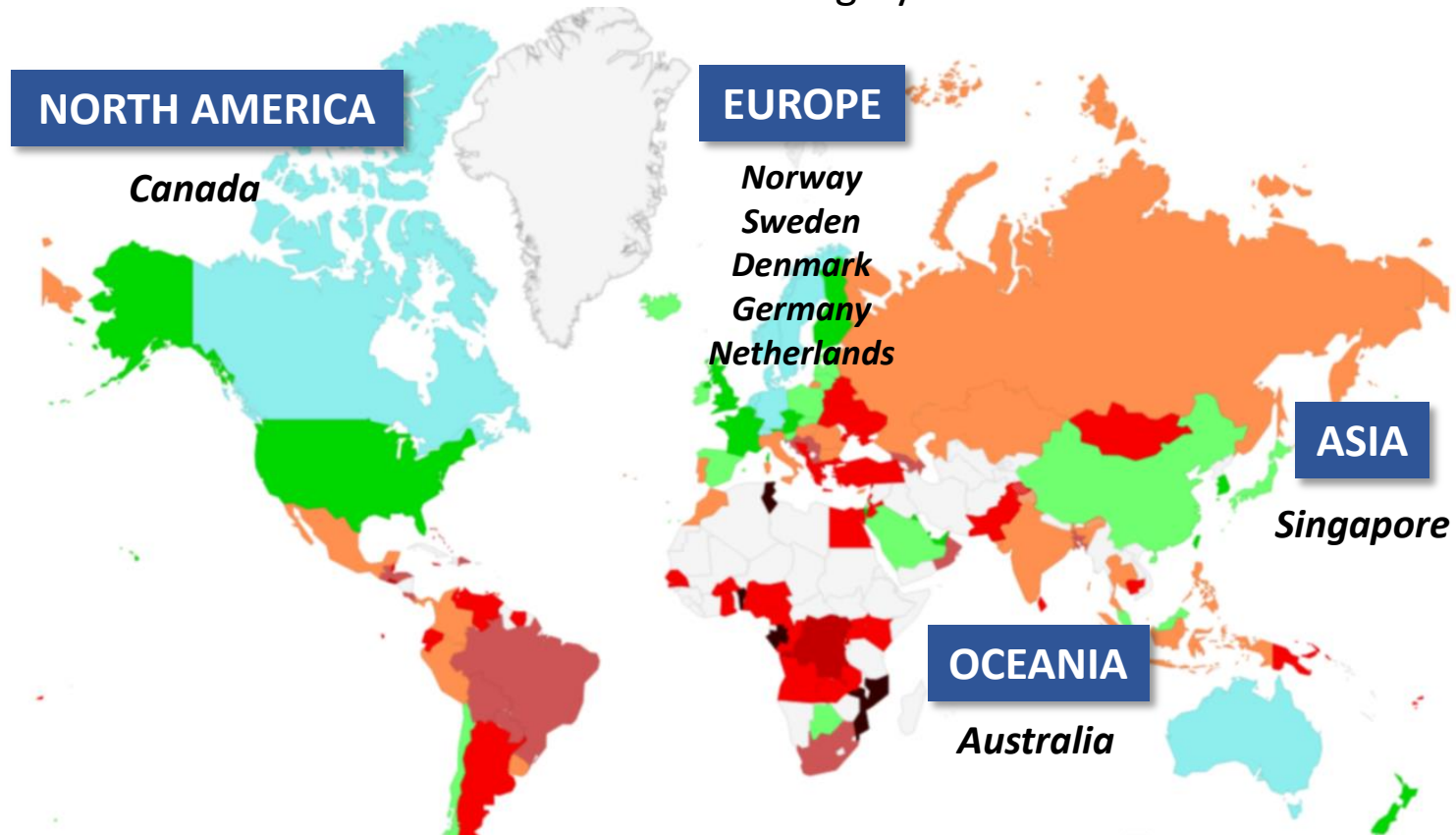
# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Investment Reforms
    - More flexible limits for most asset classes
    - Lower limits on housing and infrastructure

Asset Class	Existing	Proposed
Private securities	40%	60%
Housing	35%	5%
Real estate related investments	30%	30%
Short and medium-term member loans	10%	25%
Government financial institutions and corporations	30%	30%
Any particular industry	15%	15%
Foreign-currency denominated investments	7.5%	7.5%
Infrastructure projects	30%	
Private-sponsored infrastructure projects without guarantee		5%
Private and government sponsored infrastructure projects with guarantee		5%
Private and government sponsored infrastructure projects		5%

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - From AAA to Investment Grade rating
    - Countries with AAA Credit Rating by S&P



Source: [countryeconomy.com/ratings](http://countryeconomy.com/ratings)

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Governance Reforms
    - Composition of the Social Security Commission (SSC)
      - Inclusion of Secretary of Finance as SSC chair
      - Removal of general public representative
      - Additional qualifications: area of expertise
    - Powers and Duties of SSC
      - Increase contribution rates and minimum and maximum salary credits
      - Condone penalties

# PROPOSED SOLUTIONS

- Proposed Social Security Act of 2018
  - Governance Reforms
    - Duties of actuary / actuarial department
      - Submit a Valuation Report on the SSS benefit program every three (3) years, or more frequently as necessary (from 4 years to 3 years)
      - Undertake necessary actuarial studies concerning increases in benefits
    - Removal of provision on no benefit increase that requires contribution rate increase

# PROPOSED SOLUTIONS

- Coverage Drives
  - AlkanSSSy, LGU Partnerships, Professional Group Partnerships
- Collection Drives
  - R.A.C.E.
  - W.D.L.G.
  - Collection Outsourcing
- Collection Channels
  - RTPC and RTPL
  - Mobile and/or Online



# PROPOSED SOLUTIONS

- Coverage Drives

- **AlkanSSSyA**

- LGU Partnerships
    - Professional Group Partnerships

- Collection Drives

- R.A.C.E.
  - W.D.L.G.
  - Collection Outsourcing

- Collection Channels

- RTPC and RTPL
  - Mobile and/or Online

➤ Launched in 2012 to cover the most vulnerable sector of the society, the informal sector workers



**Total No. of AlkanSSSyA Units: 1,431**



# PROPOSED SOLUTIONS

- Coverage Drives

- AlkanSSSyA

- **LGU Partnerships**

- Professional Group Partnerships

- Collection Drives

- R.A.C.E.

- W.D.L.G.

- Collection Outsourcing

- Collection Channels

- RTPC and RTPL

- Mobile and/or Online

➤ Forged agreements with Local Government Units (LGUs) for self-employed coverage of job order and contractual hires excluded from the pension scheme for government employees



(As of June 2018)

• **Total No. of Partner LGU's: 934**

• **Registered Members: 124,630**

# PROPOSED SOLUTIONS

- Coverage Drives

- AlkanSSSyA
- LGU Partnerships

- **Professional Group Partnerships**

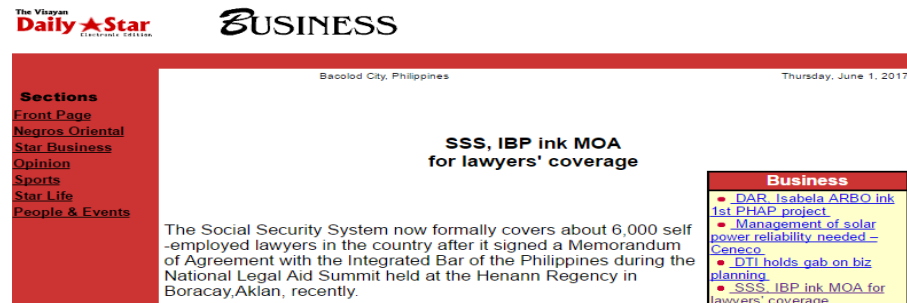
- Collection Drives

- R.A.C.E.
- W.D.L.G.
- Collection Outsourcing

- Collection Channels

- RTPC and RTPL
- Mobile and/or Online

- Partnership with the Integrated Bar of the Philippines (IBP) to cover about 6,000 self-employed lawyers
- Partnership with the Katipunan ng mga Artistang Pilipino sa Pelikula at Telebisyon (KAPPT) to cover around 1,600 movie and television workers



(As of June 2018)  
**Total No. of Partner Professional Group/Assoc : 9**  
**Registered Members : 459**

# PROPOSED SOLUTIONS

- Coverage Drives
    - AlkanSSSyA
    - LGU Partnerships
    - Professional Group Partnerships
  - Collection Drives
    - **R.A.C.E.**
    - W.D.L.G.
    - Collection Outsourcing
  - Collection Channels
    - RTPC and RTPL
    - Mobile and/or Online
- **Run After Contribution Evaders (R.A.C.E.)** was launched in 2017 with the objective to collect delinquencies and enforce compliance.
    - Posting of Show Cause Order on the premises of establishments that are found to be non-compliant to the SS Law
    - Causing the arrest of delinquent employers who have been convicted by local courts.



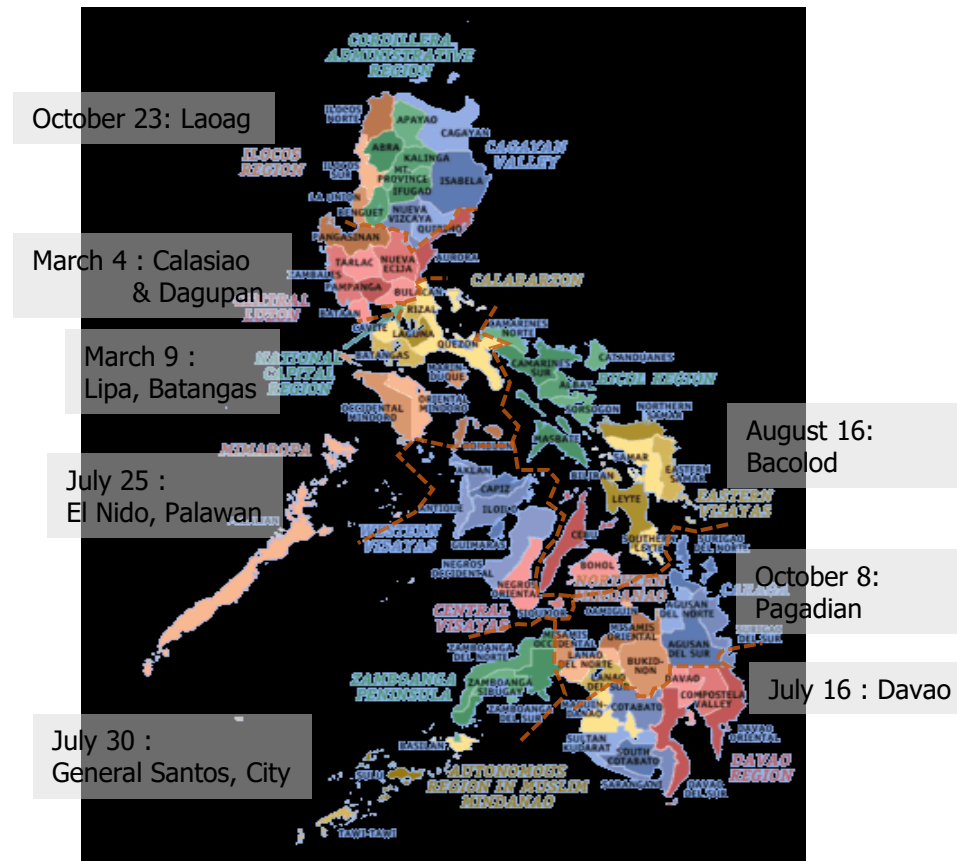




# PROPOSED SOLUTIONS

- Coverage Drives
  - AlkanSSSyA
  - LGU Partnerships
  - Professional Group Partnerships
- Collection Drives
  - **R.A.C.E.**
  - W.D.L.G.
  - Collection Outsourcing
- Collection Channels
  - RTPC and RTPL
  - Mobile and/or Online

➤ Areas where R.A.C.E has been conducted in 2018



# PROPOSED SOLUTIONS

- Coverage Drives
  - AlkanSSSyA
  - LGU Partnerships
  - Professional Group Partnerships
- Collection Drives
  - R.A.C.E.
  - **W.D.L.G.**
  - Collection Outsourcing
- Collection Channels
  - RTPC and RTPL
  - Mobile and/or Online

- **Warrant of Distraint, Levy and Garnishment (W.D.L.G.)** is similar to the tax collection of BIR whereby SSS can seize real and personal properties, subject to an auction sale, as payment for unpaid contributions.



**Warrant (W)** : Legal document issued to SSS personnel by SSS/SSC authorizing such person to carry out an action with legal force and effect.

**Distraint (D)** : Seizure of any goods, chattels or effects, shares of stocks, securities, debts and credits and other personal/movable properties.

**Levy (L)** : Seizure of real/movable properties, any rights or interest thereto, of a delinquent employer.

**Garnishment (G)** : A proceeding in the nature of an attachment by means of which monies, bank accounts and interests in and rights thereto, of the delinquent employer in the custody or control of a third person.

# PROPOSED SOLUTIONS

- Coverage Drives
    - AlkanSSSyA
    - LGU Partnerships
    - Professional Group Partnerships
  - Collection Drives
    - R.A.C.E.
    - W.D.L.G.
    - **Collection Outsourcing**
  - Collection Channels
    - R.T.P.C.
    - Mobile and/or Online
- Partnership with Bank and Non-Bank institutions to collect member contributions. Listed below are just few of the several collection partners of SSS





# PROPOSED SOLUTIONS

- Coverage Drives
  - AlkanSSSyA
  - LGU Partnerships
  - Professional Group Partnerships
- Collection Drives
  - R.A.C.E.
  - W.D.L.G.
  - **Collection Outsourcing**
- Collection Channels
  - R.T.P.C.
  - Mobile and/or Online

- Existing collection channels
  - Previous processing time
    - Remittance
    - Posting



# PROPOSED SOLUTIONS

- Coverage Drives
    - AlkanSSSyA
    - LGU Partnerships
    - Professional Group Partnerships
  - Collection Drives
    - R.A.C.E.
    - W.D.L.G.
    - Collection Outsourcing
  - Collection Channels
    - **RTPC and RTPL**
    - Mobile and/or Online
- **Real-Time Processing of Contribution Payments (R.T.P.C.) and Real-Time Processing of Loan Payments (R.T.P.L.)** allow faster and more accurate processing of members' benefit claims and loan proceeds.

**STARTING JANUARY 16, 2018**

## REAL-TIME PROCESSING OF CONTRIBUTIONS

PAY YOUR CONTRIBUTIONS REGULARLY USING YOUR **PAYMENT REFERENCE NUMBER (PRN)** AND HAVE THEM POSTED **INSTANTLY!**

**FOR MORE DETAILS:**

✉ [PRNHelpLine@sss.gov.ph](mailto:PRNHelpLine@sss.gov.ph)  
[online.service.assistance@sss.gov.ph](mailto:online.service.assistance@sss.gov.ph)

☎ 920-6446 to 65  
917-7777

📘 SSSPh

🐦 @PHLSSS

# PROPOSED SOLUTIONS

- Coverage Drives
  - AlkanSSSyA
  - LGU Partnerships
  - Professional Group Partnerships
- Collection Drives
  - R.A.C.E.
  - W.D.L.G.
  - Collection Outsourcing
- Collection Channels
  - **RTPC and RTPL**
  - Mobile and/or Online

## ➤ Distribution of collection by channel

Channel	Before RTPC	After RTPC
Tellering	1/3	68%
Banks	1/3	4%
Electronic	1/3	29%

STARTING  
JANUARY 16, 2018

## REAL-TIME PROCESSING OF CONTRIBUTIONS

PAY YOUR CONTRIBUTIONS REGULARLY USING YOUR  
**PAYMENT REFERENCE NUMBER (PRN)**  
AND HAVE THEM POSTED **INSTANTLY!**

FOR MORE DETAILS: [PRNHelpLine@sss.gov.ph](mailto:PRNHelpLine@sss.gov.ph)  
[onlineserviceassistance@sss.gov.ph](mailto:onlineserviceassistance@sss.gov.ph) 920-6446 to 65  
917-7777 SSSPh @PHLSSS

# PROPOSED SOLUTIONS

- Coverage Drives
    - AlkanSSSyA
    - LGU Partnerships
    - Professional Group Partnerships
  - Collection Drives
    - R.A.C.E.
    - W.D.L.G.
    - Collection Outsourcing
  - Collection Channels
    - RTPC and RTPL
    - **Mobile and/or Online**
- Members can now have the convenience of paying contributions and loan repayments thru online and mobile payment channels





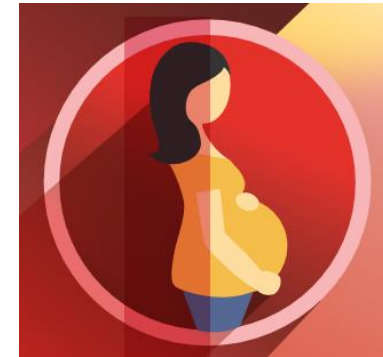


# PROPOSED SOLUTIONS

- Funding Benefits
  - GAA for maternity benefit enhancement
  - Power/Authority given to SSC to increase contribution rates
- Investments
  - Outsourcing Options
    - Mutual Funds: linking with banks, insurance companies, asset managers
    - IMA: linking with trust organizations
    - Salary loan collections: linking with PACAI
    - Housing loan collection and foreclosures: linking with Pag-IBIG
    - Properties: linking with property developers
    - Foreign Investments: linking with foreign fund managers
    - Pension loan and Salary Loan: linking with insurers

# PROPOSED SOLUTIONS

- Funding Benefits
  - General Appropriations Act (GAA) as the source of funding for the additional maternity benefit proposed by the Expanded Maternity Leave Bill
  - Power/Authority given to the Social Security Commission (SSC) to increase contribution rates



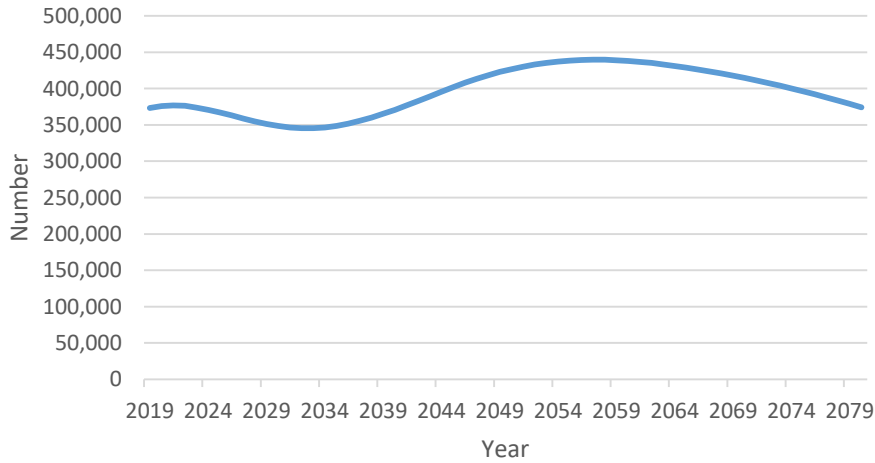
# PROPOSED SOLUTIONS

- Funding Benefits
  - General Appropriations Act (GAA) as the source of funding for the additional maternity benefit proposed by the Expanded Maternity Leave Bill
  - 2019 Required Funding: P6.5-B, growing by 2% per year
  - Increase in PV of Maternity Benefits: P141-B, from P154-B

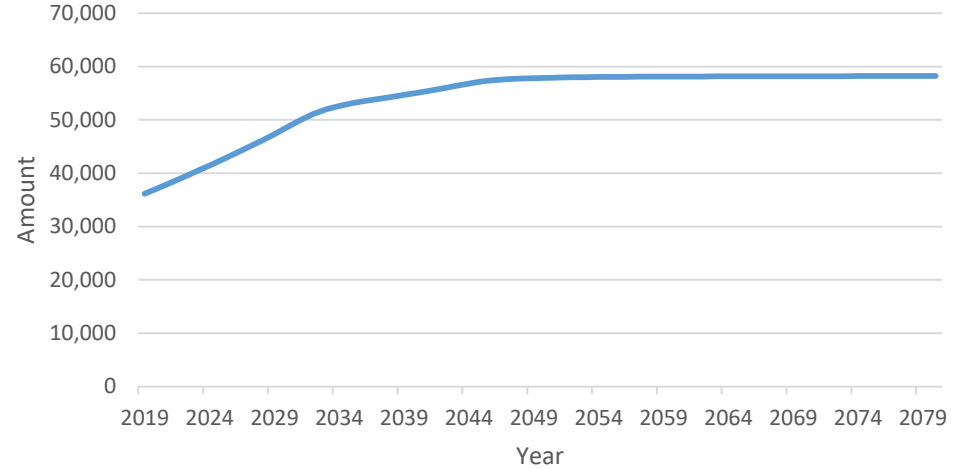


# MATERNITY BENEFIT PROJECTIONS

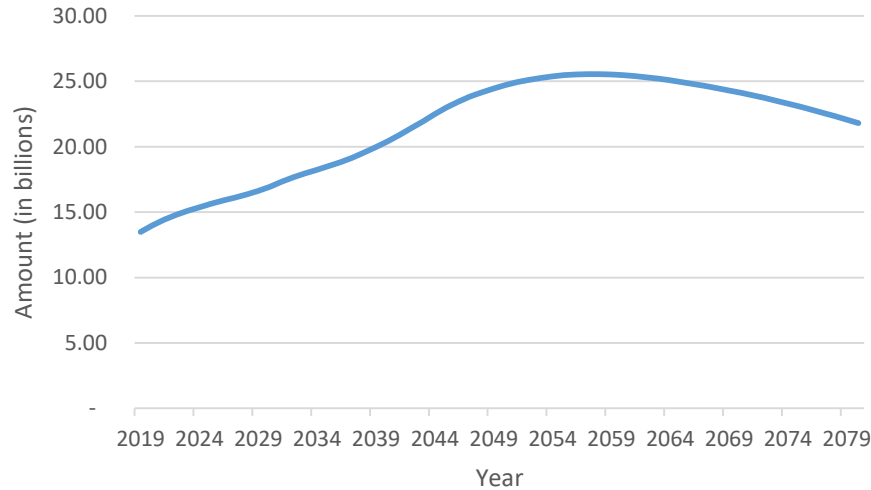
Number of Claims



Average Amount per Claim



Total Amount of Claims





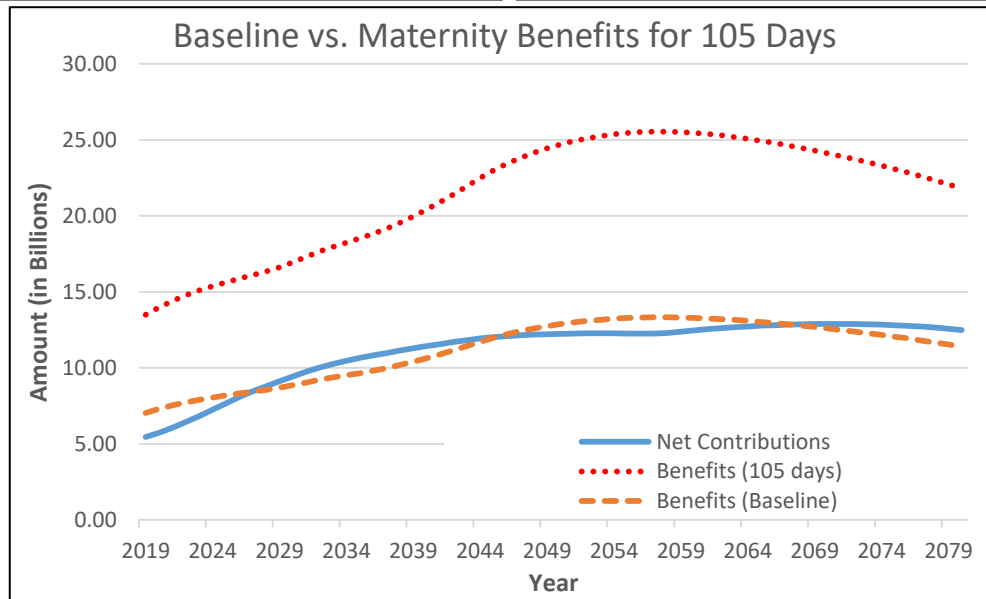
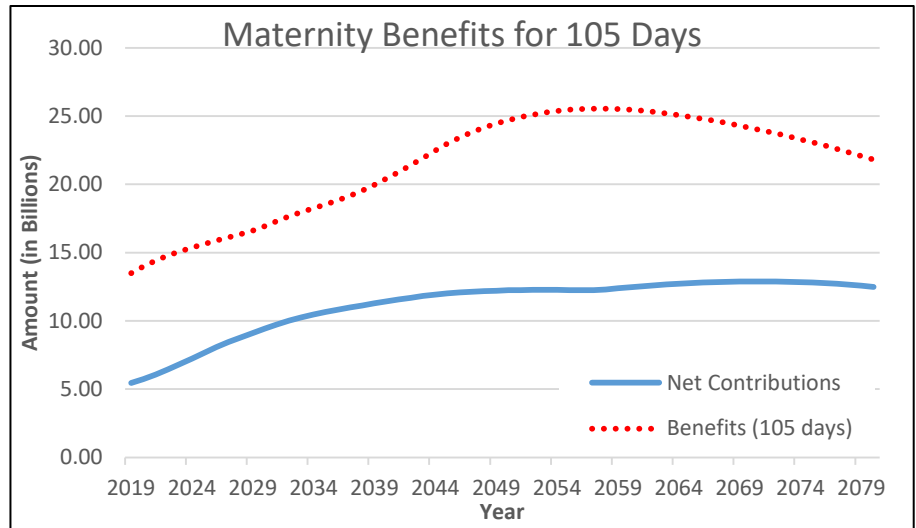
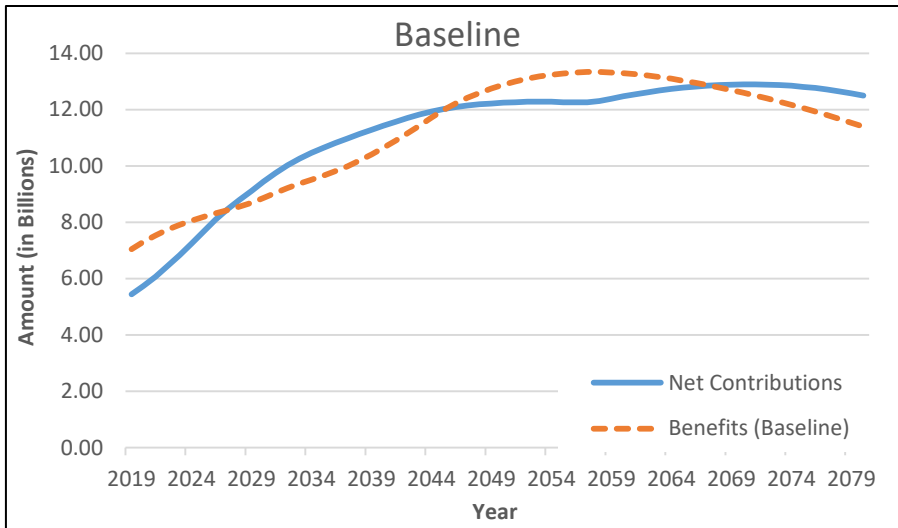
# PROPOSED SOLUTIONS

- Funding Benefits
  - Power/Authority given to the Social Security Commission (SSC) to increase contribution rates
- Contribution rates
  - Required Contribution Rate for Maternity: 0.5%
  - Increase in benefit period: 35% - 100%
  - Increase in number of compensable pregnancies: 13%



# MATERNITY BENEFIT PROJECTIONS

## Net Contributions vs. Benefits (Baseline)

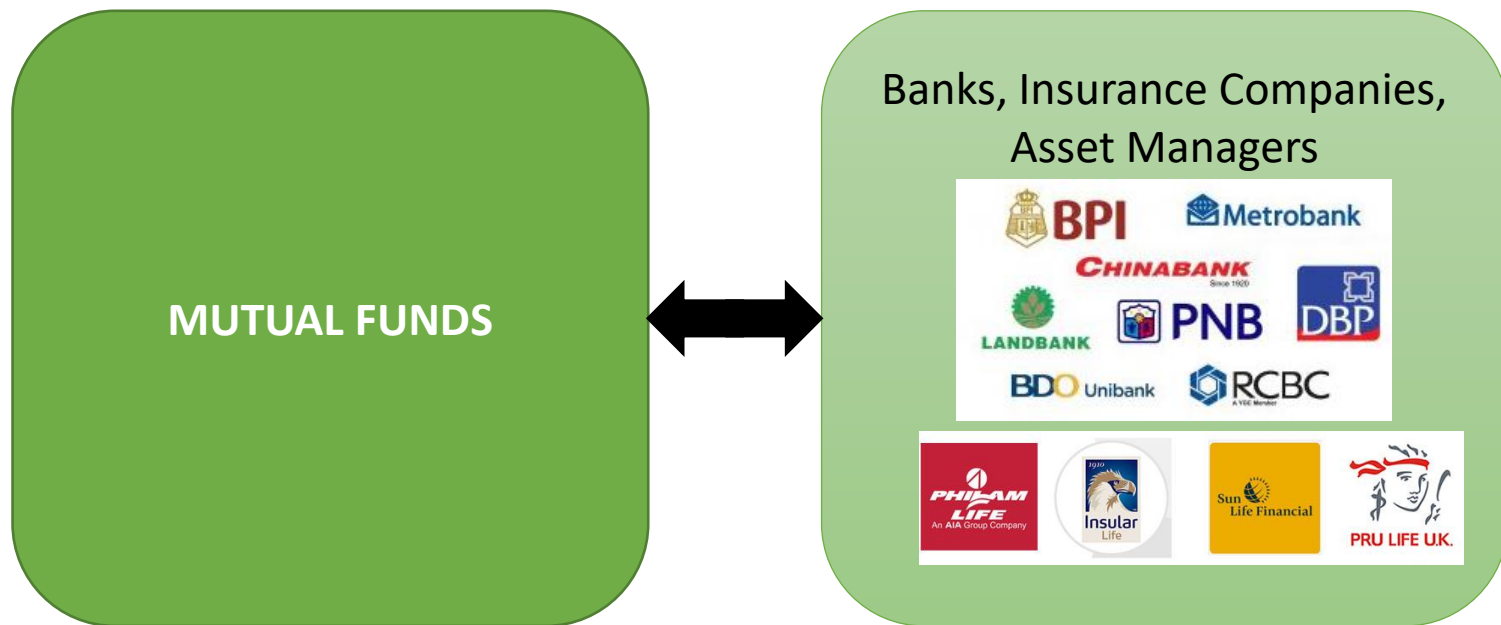


# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options
    - Mutual Funds: linking with banks, insurance companies, asset managers
    - IMA: linking with trust organizations
    - Salary loan collections: linking with PACAI
    - Housing loan collection and foreclosures: linking with Pag-IBIG
    - Properties: linking with property developers
    - Foreign Investments: linking with foreign fund managers
    - Pension loan and Salary Loan: linking with insurers

# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options



# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options

**P3-B** awarded to BPI, SunLife, PhilEquity  
(P1-B each) in June 2018



## Criteria

- SEC registration as Investment Company/Mutual Fund
- PIFA member
- Min. required AUM of P10-B
- Min. of 5 years existence
- Min. historical performance of 5 years, outperforming reference benchmark by 25 basis points

# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options

Target: **P9-B** to be invested through nine (9) local fund managers (P1-B each)

## Criteria

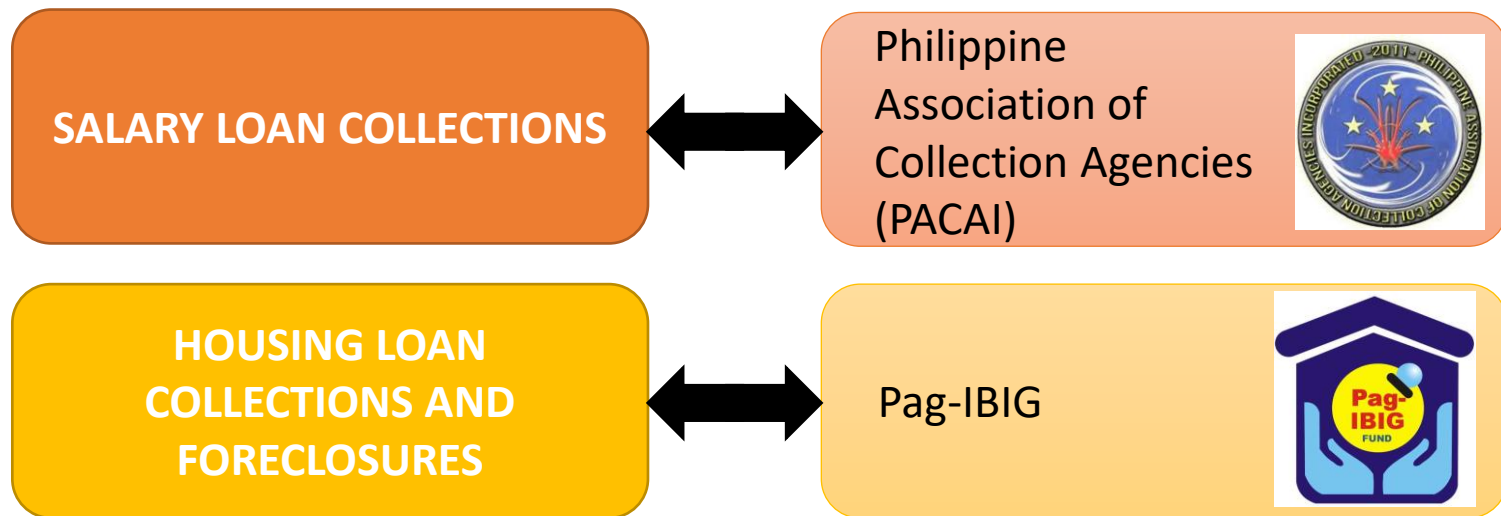
- Bidders Mandate as Fund Manager
- Qualification of personnel to be assigned to manage the SSS Fund
- Account Loading per Personnel
- Assets Under Management (AUM)
- Performance Record

## TIMETABLE

Activity	Timeline
Advertisement	Aug 31 – Sep 7, 2018
Notice and Posting of Shortlisted Consultants to SSS and PhilGeps website	Oct 31 – Nov 7, 2018
Pre-Bid Conference	Nov 8, 2018
Deadline of Submission of written Queries from Bidders	Nov 9, 2018
Issuance of Bid Bulletin	Nov 12, 2018
Deadline of Submission & Receipt of Bids	Nov 23, 2018
Bid Evaluation	Nov 23 – Dec 5, 2018
Notification for Negotiation	Dec 7, 2018
Post-Qualification	Dec 7-14, 2018
HoPe Approval of Award	Dec 17-19, 2018
Notice of Award	Dec 20, 2018
Contract Preparation and Signing	Dec 21-26, 2018
Approval of Contract by Higher Authority	Dec 27-28, 2018
Issuance of Notice to Proceed	Jan 2, 2019

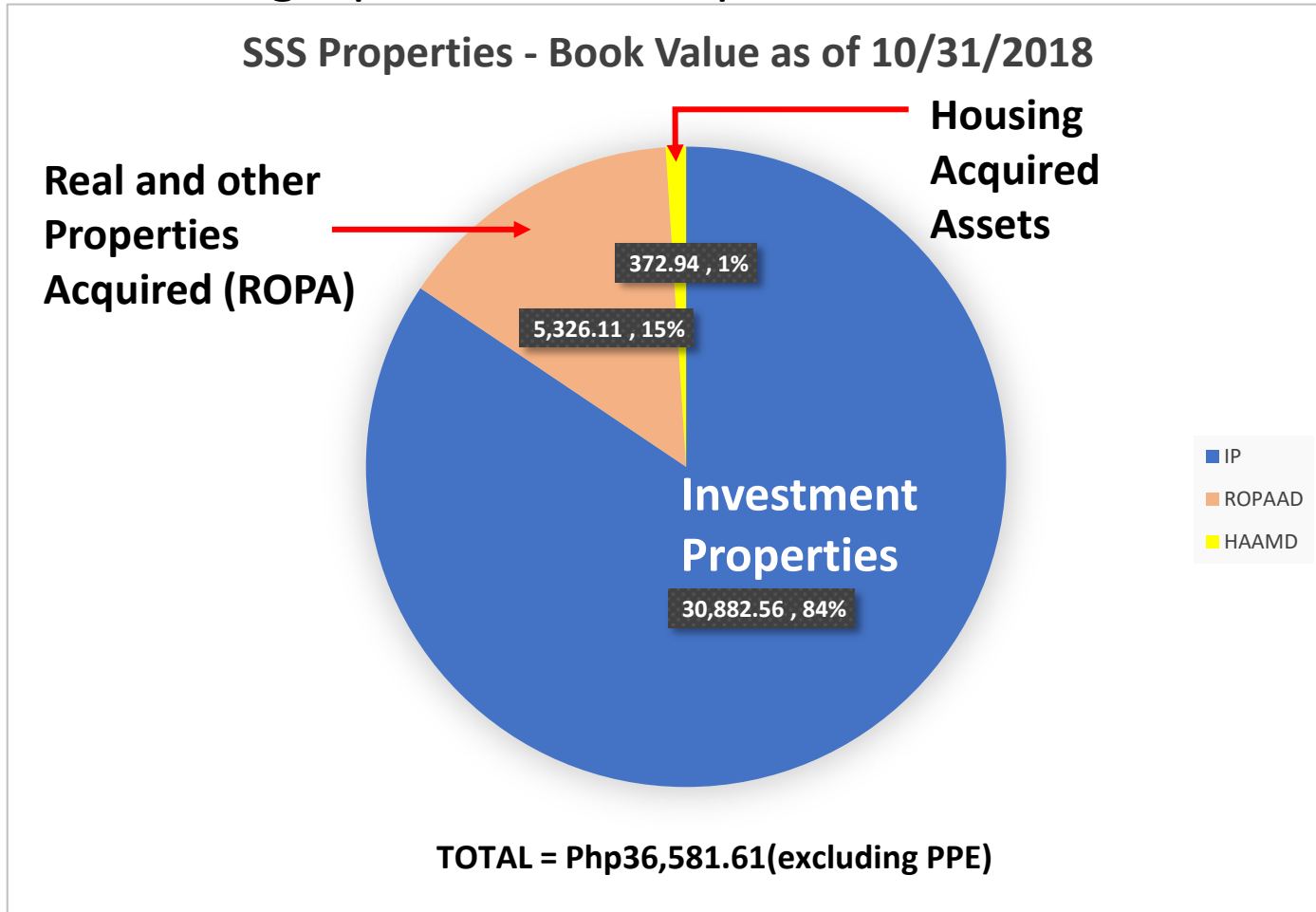
# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options



# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options: SSS Properties





# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options: SSS Properties – Used in Operations

ASSET	2018 BOOK VALUE (10/31/18)	%	LOT AREA	FLOOR/ UNIT AREA	PARKING AREA	TOTAL AREA (SQ.M.)	RENTAL INCOME (Jan-Aug 2018)	ROI	STATUS/PLAN
<b>I. OCCUPIED</b>									PPE not managed by AMD but by EFMD
- Land (14 properties)	2,790,580,000.00		78,736.20			78,736.20			
- Building (18 properties)	307,125,653.62			84,416.86		84,416.86	7,015,486.11		
SUB-TOTAL (32 properties)	3,097,705,653.62		78,736.20	84,416.86		163,153.06	7,015,486.11		
<b>II. VACANT</b>									
- Land (7 properties)	526,680,000.00		25,418.60			25,418.60			
- Building (1 property)	5,758,959.94			971.94		971.94			
SUB-TOTAL (8 properties)	532,438,959.94		25,418.60	971.94		26,390.54	0.00		
<b>TOTAL (40 properties)</b>	<b>3,630,144,613.56</b>	<b>9.03%</b>	<b>104,154.80</b>	<b>85,388.80</b>	<b>0.00</b>	<b>189,543.60</b>	<b>7,015,486.11</b>	<b>0.19%</b>	

# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options: SSS Properties – Top Properties for development

Property	Lot Area (sq.m.)	Floor/Unit Area (sq.m.)	Status/Plan
SSS Makati Building	5,881.00	22,340.36	For redevelopment into a Premium Grade office building via Joint Venture (JV) with local/foreign JV partner or thru a long-term lease
Bonifacio Global City (Block 57)	7,456.00 sq.m. (Lots 1, 2, 3 & 4) 6,536.93 sq.m. (49.11% of Lot 1, Lots 2, 3, & 4) 5,650.00 sq.m. (Lots 2, 3, & 4)		For development via Joint Venture (JV) with local/foreign JV partner or thru a long-term lease
East Triangle	44,529.14		For mixed-use development via Joint Venture (JV) with local/foreign JV partner or thru a long-term lease
FCA - 5	50,001.00	44,000.00	For mixed-use development via Joint Venture (JV) with local/foreign JV partner or thru a long-term lease
FCA - 7	74,995.00		For mixed-use development via Joint Venture (JV) with local/foreign JV partner or thru a long-term lease

# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options
    - Properties: linking with property developers
    - Public Consultation

The logo for AyalaLand, featuring a stylized 'A' icon composed of three overlapping shapes (green, grey, and green) to the left of the text 'AyalaLand' in a green, sans-serif font.The logo for MEGAWORLD, featuring a stylized 'M' icon composed of three overlapping shapes (white, blue, and white) to the left of the text 'MEGAWORLD' in a white, serif font.The logo for FILINVEST, featuring the text 'FILINVEST' in a white, bold, sans-serif font on a dark blue rectangular background.The logo for PALAFOX, featuring the text 'PALAFOX' in a dark green, serif font on a white rectangular background.

# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options: Pension Loan Program



**SULIT-Serbisyo**  
para sa mga Retiradong  
Pensiyonado

Pwedeng umutang up to  
**P32,000.00\***

Kahit retirado na, may pribilehiyo  
pang makapag-loan.  
Sulit talaga ang pakinabang sa SSS!

\*Maximum loan limit

SSS retirement pensioners may now avail of the  
**PENSION LOAN PROGRAM (PLP)**

To qualify, a Philippine-based retirement pensioner:

- must be 80 years of age or below at the end of month of loan term
- must have no deductions from his/her monthly pension
- must have no existing advance pension from the SSS Calamity Package
- must be receiving regular monthly pension for at least 6 months and status of pension must be "Active"

Loanable Amount	Loan Repayment Term
2 x (BMP + P1,000)	3 months
4 x (BMP + P1,000)	6 months
6 x (BMP + P1,000)	12 months

\*BMP = Basic Monthly Pension

**Interest Rate = 10% per annum**

# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options: Pension Loan Program – Partners
    - UnionBank for distribution

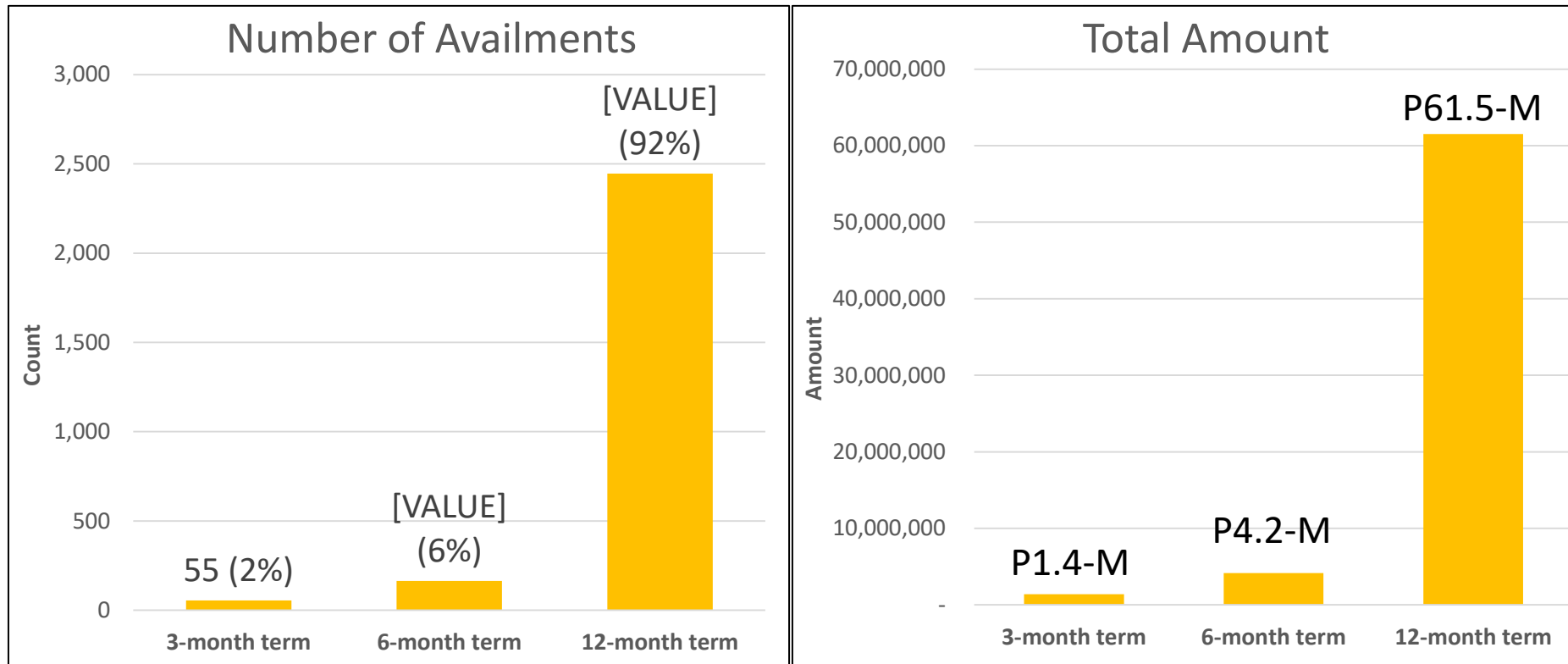


- AsianLife for group credit life insurance



# PROPOSED SOLUTIONS

- Investments
  - Outsourcing Options: Pension loan
    - Availments stats as of Sept 2018:
      - Total Amount = P67-M; Total Count = 2,665



# RESULTS OF ACTUARIAL ANALYSIS

- P2000 additional monthly benefit
  - P1000 in 2019
  - P500 in 2019, P500 in 2022
- Additional maternity benefit period
  - P120 days
  - P105 days
  - P100 days
- Unemployment benefit program

# RESULTS OF ACTUARIAL ANALYSIS

- P2000 additional monthly benefit
  - P1000 in 2019
  - P500 in 2019, P500 in 2022

(Amounts in Trillion Pesos)

Scenario		Fund Life	Unfunded Liability as of 01/01/19	Unfunded Liability as of Imp. date
	Baseline (2015 AV + P1,000 Additional Benefit 2017)	2032	5.6-T	5.0-T
Scenario 1	P1,000 Add'l Benefit in 2019*	2029	7.3	10.4
Scenario 2	P500 Add'l Benefits in 2019 and 2022*	2030	7.3	10.4

\*With the following scheduled reforms:

Year	Reform
2019	Min MSC = P2,000
	Max MSC = P20,000
	Contribution Rate = 12%
	Unemployment Benefits
	Maternity Benefits for 105 Days

Year	Reform
2021	Min MSC = P3,000
2023	Min MSC = P4,000
2025	Min MSC = P5,000



# RESULTS OF ACTUARIAL ANALYSIS

- Additional maternity benefit period
  - 120 days (unli + 30 days for solo parents)
  - 105 days (unli + 15 days for solo parents)
  - 100 days (unli)
- Required contribution rate for 105 days:
  - Pay-As-You-Go (PAYG): Ranging from **0.3% to 0.5%**
  - Scaled Premium Funding (SPF): **0.4%**

# RESULTS OF ACTUARIAL ANALYSIS

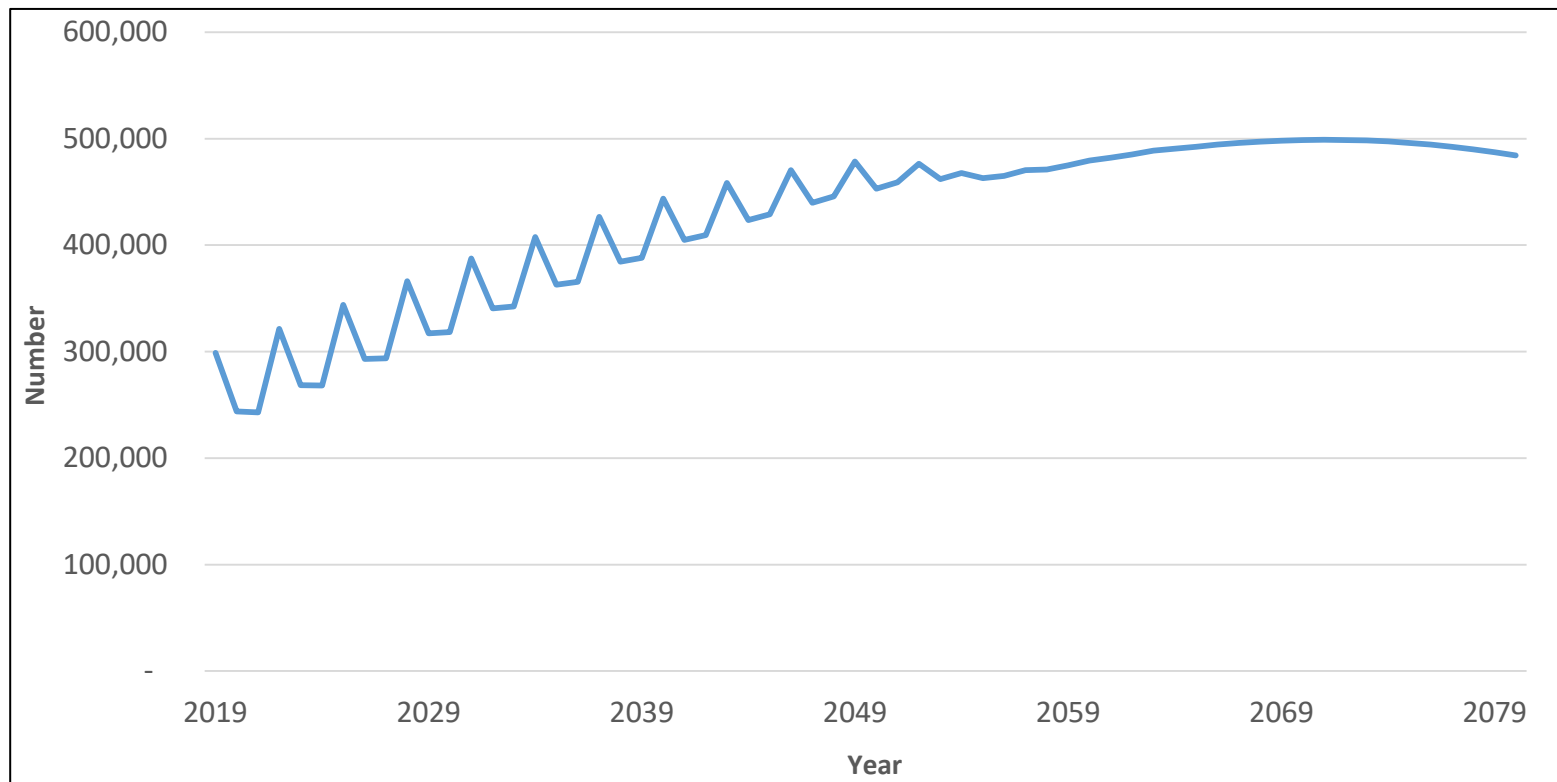
- Additional maternity benefit period
  - 100 days, 105 days, 120 days

(Amounts in Trillion Pesos)

Scenario		Fund Life	Unfunded Liability as of 01/01/19	Unfunded Liability as of Imp. date
Baseline (2015 AV + P1,000 Additional Benefit 2017)		2032	5.6-T	5.0-T
Scenario 1	Maternity Benefits for 100 Days in 2019	2031	5.7	5.7
Scenario 2	Maternity Benefits for 105 Days in 2019	2031	5.7	5.7
Scenario 3	Maternity Benefits for 120 Days in 2019	2030	5.8	5.8

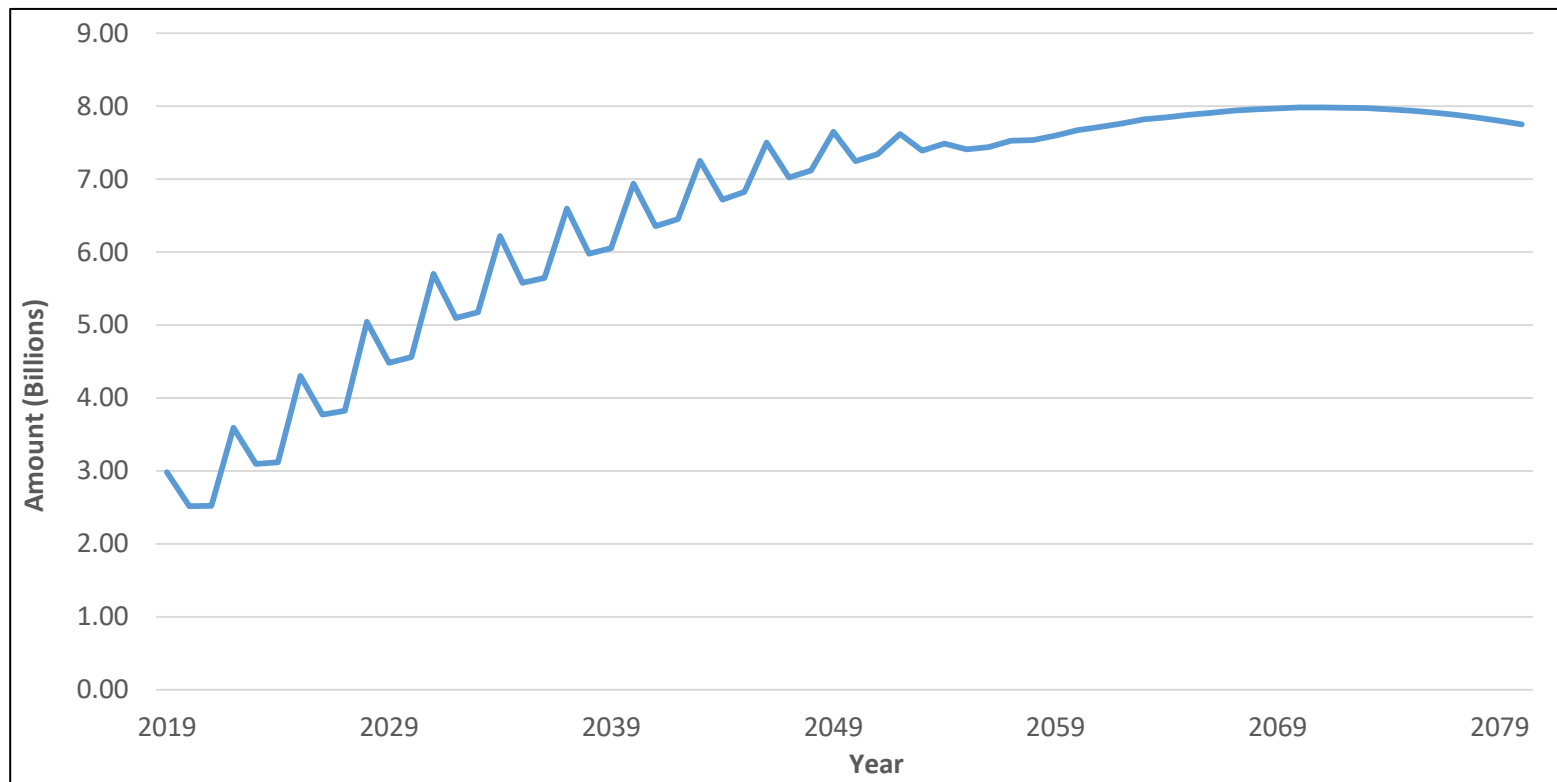
# RESULTS OF ACTUARIAL ANALYSIS

- Unemployment benefit program
  - Section 14-b of Proposed Social Security Act of 2018
    - Number of beneficiaries per year



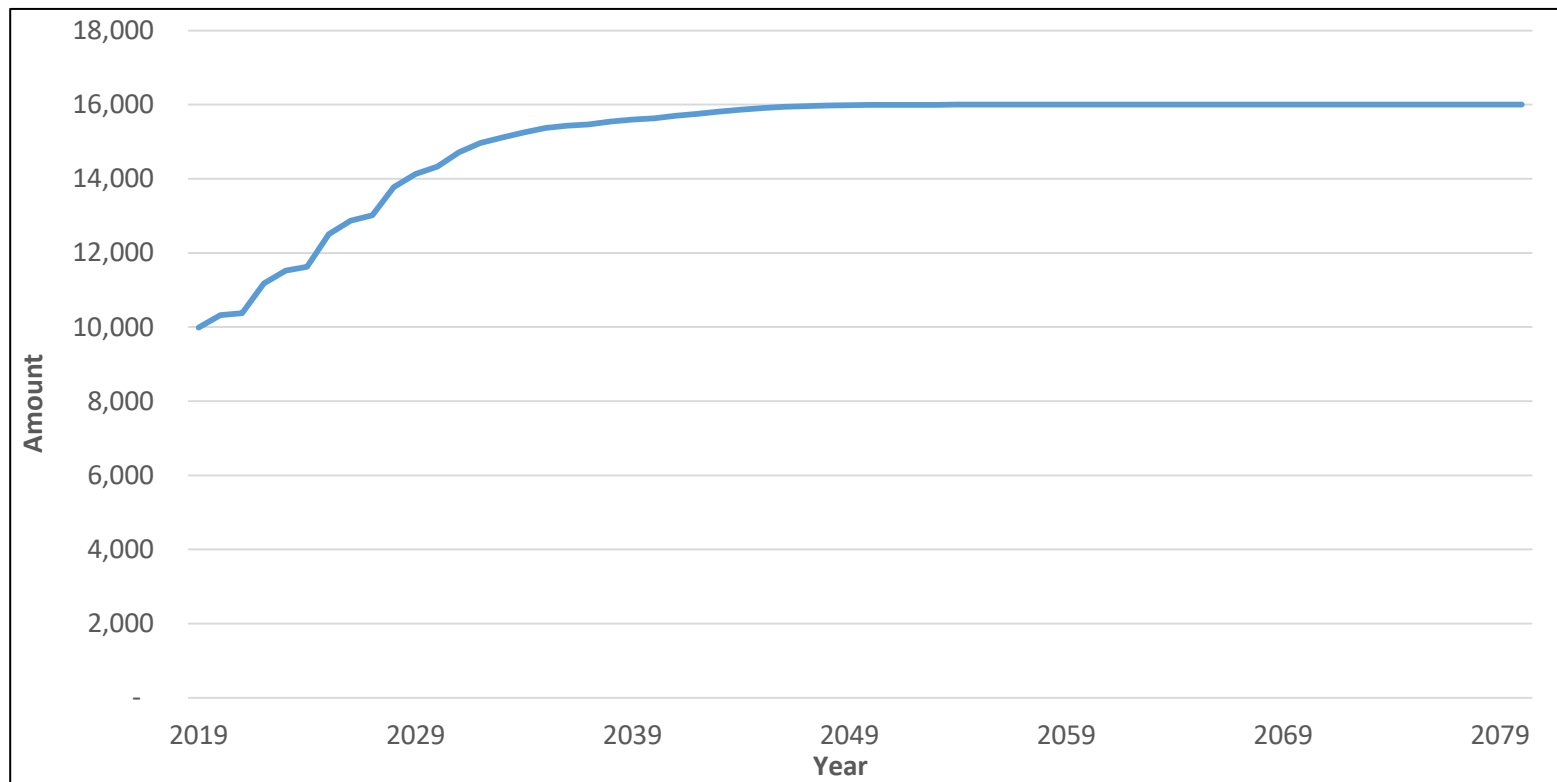
# RESULTS OF ACTUARIAL ANALYSIS

- Unemployment benefit program
  - Section 14-b of Proposed Social Security Act of 2018
    - Average unemployment benefit amount per year



# RESULTS OF ACTUARIAL ANALYSIS

- Unemployment benefit program
  - Section 14-b of Proposed Social Security Act of 2018
    - Total unemployment benefits per year



# RESULTS OF ACTUARIAL ANALYSIS

- Unemployment benefit program
  - Section 14-b of Proposed Social Security Act of 2018
    - PAYG contribution rate = **0.2%**

(Amounts in Trillion Pesos)

Scenario		Fund Life	Unfunded Liability as of 01/01/19	Unfunded Liability as of Imp. date
	Baseline (2015 AV + P1,000 Additional Benefit 2017)	2032	5.6-T	5.0-T
Scenario 1	Unemployment Benefits in 2019	2031	5.6	5.6
Scenario 2	Unemployment Benefits in 2019 w/ reforms*	2038	5.8	8.2

\*With the following scheduled reforms:

Year	Reform
2019	Min MSC = P2,000
	Max MSC = P20,000
	Contribution Rate = 12%
	Unemployment Benefits

Year	Reform
2021	Min MSC = P3,000
2023	Min MSC = P4,000
2025	Min MSC = P5,000

# CONCLUSION

- Status of proposed Social Security Act of 2018
- Status of enrolled maternity bill
- Collaboration with other government agencies
  - Educational assistance loan program
  - Unemployment benefit program



End of presentation.  
Thank you.



SERBISYONG SULIT NA SULIT

*41* Years