



SSS: Anim na Dekadang Sinisiguro
Kinabukasan ng Bawat Miyembro

SSS CONSULTATION WITH ALU-TUCP

Presented by:
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President and Chief Executive Officer

12 October 2017



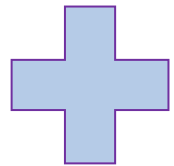
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SSS IS SAVINGS

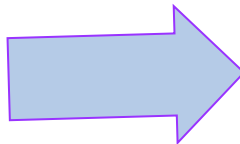
HOW SSS WORKS?

INCOME

Members' Collection (80%)



Investments income (20%)



EXPENSES

Benefit Payments and Operating Expenses



HOW ARE CONTRIBUTIONS COMPUTED?



Min: P1,000.00
Max: P16,000.00

at 11%

Min: P110.00
Max: P1,760.00

of which:

Employer	7.37%
Employee	3.63%
SE/VM/OFW	11.0%



WHAT ARE SSS BENEFITS?



**Once a member,
always a
member.**

**No expiration of
membership.**



SSS, GSIS, PHILHEALTH CONTRIBUTIONS?

Contribution Rate

Salary Base (Min / Max)

SSS

11%
ER: 7.37%
EE: 3.63%

P1,000 / P16,000

GSIS

21%
ER: 12%
EE: 9%

Actual Salary

Philhealth

2.5%
ER: 1.25%
EE: 1.25%

P8,000 / P35,000

GSIS contributions at twice the rate, with total salary covered

Higher salary base for health insurance





02

ISSUES FOR DISCUSSION WITH ALU-TUCP

FOR DISCUSSION WITH ALU-TUCP

1. Collection efficiency is low
 - 1A. Employer delinquency
 - 1B. Prosecution of delinquent employers
2. Improvement in service delivery
3. Compensation and bonuses
4. Unnecessary trips abroad

ADDITIONAL

Low investment income





ISSUE #1

COLLECTION EFFICIENCY IS LOW

BASIC DATA

- 2016 Philippine Labor Force Survey
Employed persons – 40.8 million
- 2013 World Bank Study:
***75% are in the informal sector**
- 2016 Philippine Statistics Authority:
Full time workers– 24.9 million



SSS COVERAGE IN THE FORMAL ECONOMY

PSA	*SSS
24.9 million full-time workers	13.4 million employed, self-employed, OFWs, voluntary
**collection efficiency: 53.8%	

*2016 SSS actively paying members. Does not include **INFORMAL SECTOR** at **800,000** members

**Collection efficiency is PSA over SSS actively-paying members.



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PhilHealth and SSS coverage

COVERED and ACTIVELY PAYING MEMBERS 2016

	PhilHealth	SSS
Private including household helpers	12.5 million	10.2 million
Self-Employed	409,751	3 million
OFWs/ Migrant Workers	659,311	499,271
Total Formal (net of government)	13.6 million	13.4 million (difference of 200,000)
Collection efficiency in the formal sector (Formula: Philhealth & SSS data over PSA's 24.9M)	54.6%	53.8% (difference of .2 or 200,000 paying members)

SOURCE: 2016 PhilHealth data, www.philhealth.gov.ph. Does not include government employees, indigents, sponsored members, senior citizens, lifetime members of PhilHealth.



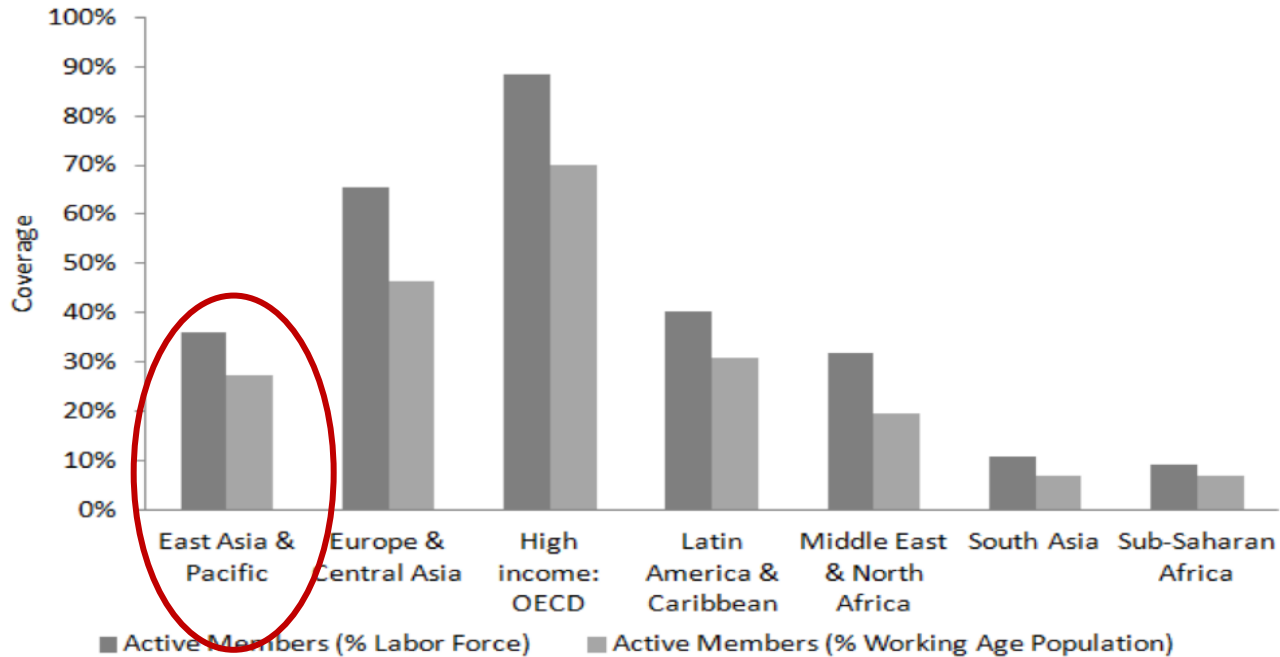
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COVERAGE RATES IN EAST ASIA

Coverage Rates by Region (World Bank 2012)

Below 40% in East Asia & Pacific (including Philippines)

Figure 18: Average coverage rates by region



Source: World Bank Pension Database

Collection efficiency in the formal sector

**PhilHealth
54.6%**

**SSS
53.8%**



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COLLECTION FROM DELINQUENT ACCOUNTS

Component	2013	2014	2015	2016	JUNE 2017
Principal	13.52B	14.62B	16.02B	17.41B	9.78B
Penalty	601M	714M	866M	1.02B	674M
TOTAL COLLECTED	14.12B	15.34B	16.88B	18.44B	10.45B

- Collection from delinquent employers has been **increasing per year**



STATUS OF CASES FILED VS. DELINQUENT EMPLOYERS with COLLECTION

YEAR	REFERRALS TO LEGAL	NO. OF CASES FILED	NO. OF SETTLED CASES	NO. OF CONVIC-TIONS	TOTAL AMOUNT COLLECTIBLES	TOTAL AMOUNT COLLECTED
2010	1,798	1,675	703	1	P 506 M	P 336 M
2011	3,666	2,146	1,524	4	P154 M	P 156 M
2012	4,146	2,407	1,213	2	P 194M	P 180 M
2013	5,221	2,842	1,490	2	P 315M	P 147 M
2014	7,248	2,896	1,508	10	P 400 M	P 161 M
2015	10,160	2,059	1,526	10	P 500 M	P 192 M
2016	18,402	2,618	13,373	13	P3.5B	P672M
June 2017	10,628	1,335	9,371	4	P1.9B	P406M
TOTAL	61,269	18,616	35,086	46	P7.67B	P2.436B

57% of cases referred to Legal are **settled**.



STATUS OF CASES FILED VS. DELINQUENT EMPLOYERS with COLLECTION

PENDING CASES AS OF JUNE 2017					
	No. of Cases	Contributions	Penalties	Salary/Calamity Loan	Total Collectibles
OLSD I					
PROSECUTOR'S OFFICE	2,130	Php504,376,028.78	Php634,686,501.74	Php11,678,970.91	Php1,150,741,501.43
COURT	1,846	Php794,709,929.66	Php625,553,124.17	Php0.00	Php1,420,263,053.83
SSC	469	Php127,646,603.67	Php233,181,112.27	Php21,870,135.66	Php382,697,851.60
SUB-TOTAL	4,445	Php1,426,732,562.11	Php1,493,420,738.18	Php33,549,106.57	Php2,953,702,406.86
OLSD II					
PROSECUTOR'S OFFICE	1,176	Php118,021,746.87	Php147,074,063.56	Php0.00	Php265,095,810.43
COURT	1,827	Php1,050,799,898.20	Php212,362,754.29	Php0.00	Php1,263,162,652.49
SSC	67	Php3,913,419.81	Php7,458,670.06	Php0.00	Php11,372,089.87
SUB-TOTAL	3,070	1,172,735,065	366,895,488	0	Php1,539,630,552.79
GRAND TOTAL	7,515	Php2,599,467,626.99	Php1,860,316,226.09	Php33,549,106.57	Php4,493,332,959.65



SSS COLLECTION

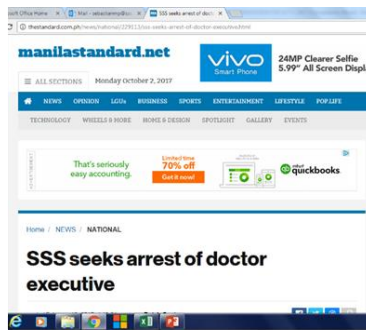
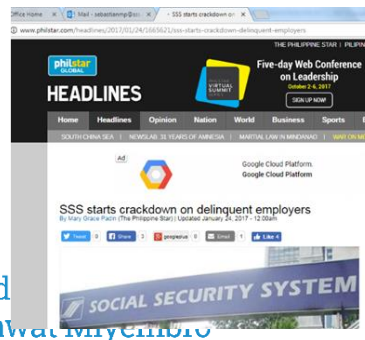
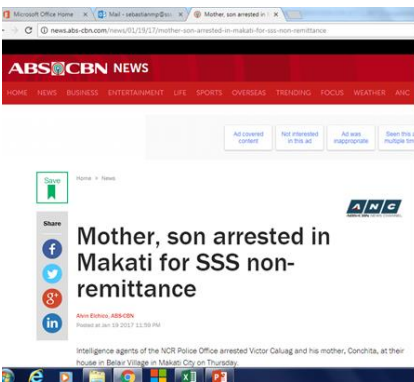
2015	2016	Est. 2017
P132.6B	P144.4B	P159.5B
	↑ 8.9%	↑ 10.5%

INTERVENTIONS:

- Race against contribution evaders
- “Oplan Tokhang” against delinquent employers
- AlkanSSSyA, ArtiSSSyA, MOA with IBP

PENDING

- Warrant of Distrainment, Levy and Garnishment
- Loan Restructuring/Condonation Program



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Bawal Myembro

ESTIMATED ADDITIONAL COLLECTION AT 1M NEW MEMBERS PER YEAR

2018	2019	2021	2022	TOTAL
9.9B	9.9B	9.9B	9.9B	39.6B

Assumptions:

Number of new members : 1,000,000

Average MSC : P 10,000

Contribution Rate: 11%

Density/Number of Payments per year: 9

Estimated Contributions:

No. of members x Ave MSC x Contri. Rate x Density =
P9,900,000 (P9.9-billion)





ISSUE #2
SERVICE DELIVERY

Processing time in processing claims in WDs

	2016	TARGET 2017	7M 2017
Retirement	29.01	25	23.34
Death	47.06	40	44.26
Disability	23.69	23	21.59
Sickness	9.76	10	12.73
Maternity	9.54	10	12.69
Funeral	7.18	5	6.19
Loans Grant	0.93	1	0.97

MOVING FORWARD:

- Real-time posting
- Electronic billing – Accounts Management System



Committed processing time in processing claims

	2018	2019	2020	2021	2022
Retirement	18	15	10	8	5
Death	33	25	17	10	7
Disability	17	14	10	8	6
Sickness	10	9	8	7	6
Maternity	10	9	8	7	6
Funeral	5	5	1	1	1
Loans Grant	1	1	1	Real time	

Subject for SS Commission Approval

MOVING FORWARD:

- Real-time posting
- Electronic billing – Accounts Management System





ISSUE #3

COMPENSATION AND BONUSES

Basis of compensation package of SSS employees

- Compensation package for all plantilla positions approved in 1997 as approved by **DBM** and **Office of the President of the Philippines**.
- All guidelines on step increments, merit increases, and qualifications for promotion are in accordance with Civil Service Rules.
- Performance-Based Bonuses are in accordance with Governance Commission for Government-Owned and Controlled Corporations (GCG) Requirements applicable to **all GOCCs**.



2016 SSS, GSIS, PHILHEALTH: A QUICK LOOK

Item	GSIS	SSS	PHILHEALTH
Total assets	1.012 Trillion	476.396 Billion	162.582 Billion
Number of members	2.10 million	34.9 million	41.23M
Number of benefits	8	8	4
Number of branches	56	301	123
Number of personnel	2,700	6,338	
Number of VPs, SVPs, EVPs & President/PGM and Board of Trustees	49	59	65
Total compensation of Executives and Trustees (2016 COA Report on Salaries & Allowances)	Php 155.24 million	Php142,97 million	Php 45.30 million



OPERATING COSTS

Comparison of 2016 operating expense per member

PhilHealth	SSS	GSIS
(P7.7888/41M members)	(P9.4B/34.9M members)	(P11.2B/ 2.10M members)
P189.00/ member	P271.00/ member	P5,320/ member

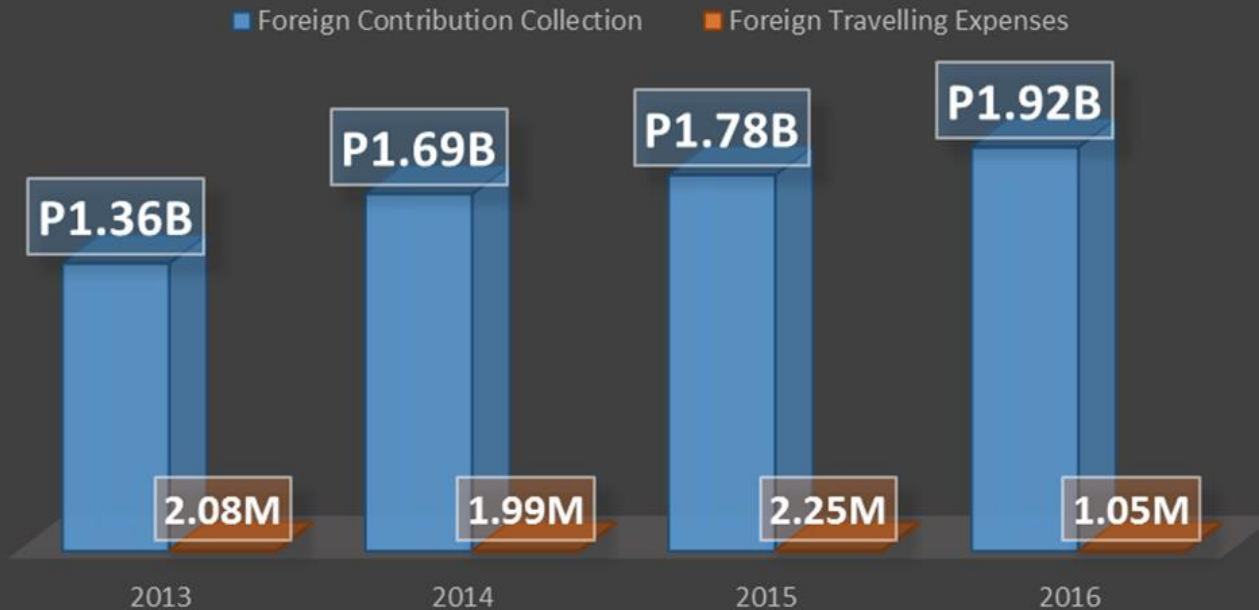
SSS operating expense is **comparable** to PhilHealth but way below GSIS





ISSUE #4
FOREIGN TRAVELS

FOREIGN CONTRIBUTION VS FOREIGN TRAVELLING EXPENSES



IMPACT OF SSS FOREIGN TRIPS:

- Increasing contribution collection from OFWs
- Dialogues with OFWs abroad allow SSS to continuously improve its services based on feedback



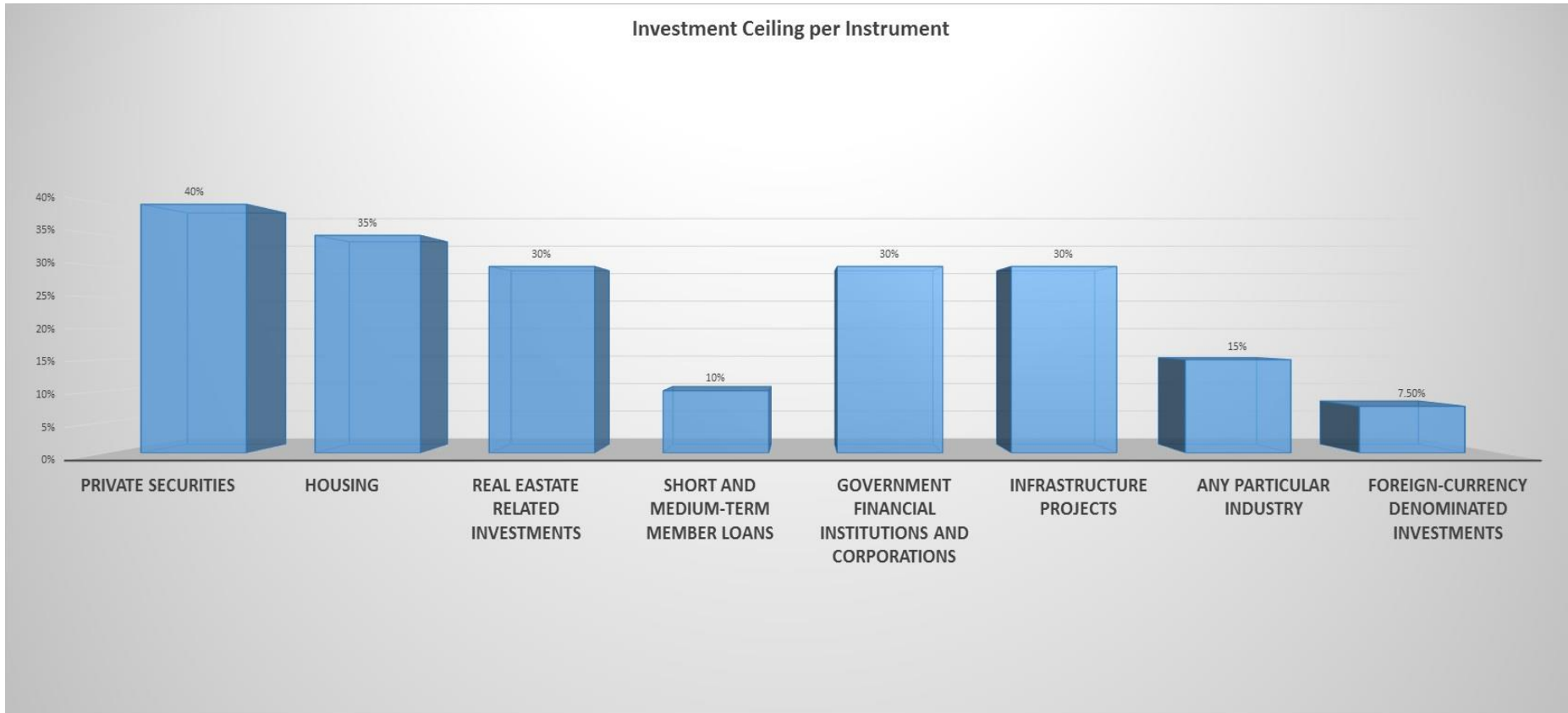


ISSUE #5

LOW INVESTMENT INCOME

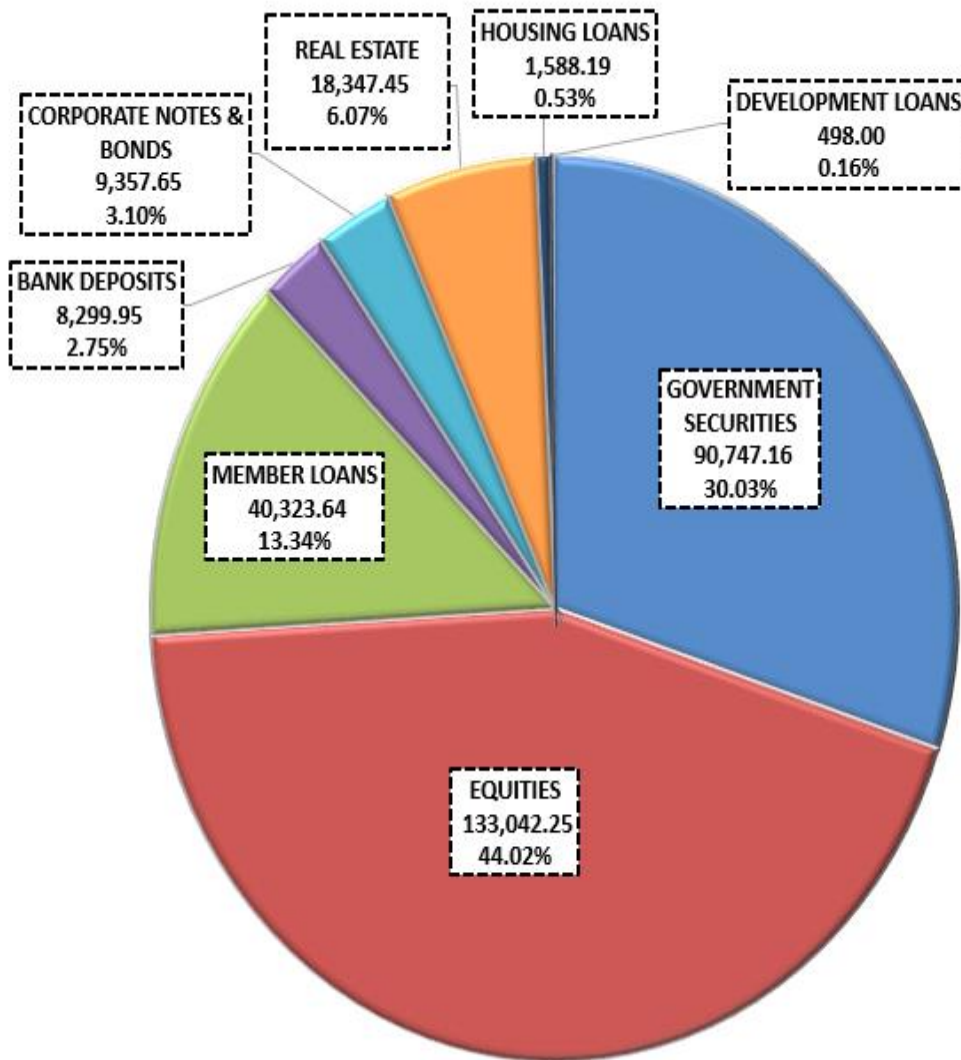
BASIC INFORMATION

- RA 8282 or the SS Charter provides investment ceilings for each type of investment



INVESTMENT PERFORMANCE IN 10 YEARS

2007-July 2017*
Amounts in Billion Pesos



Investment Income (2007-July 2017*):

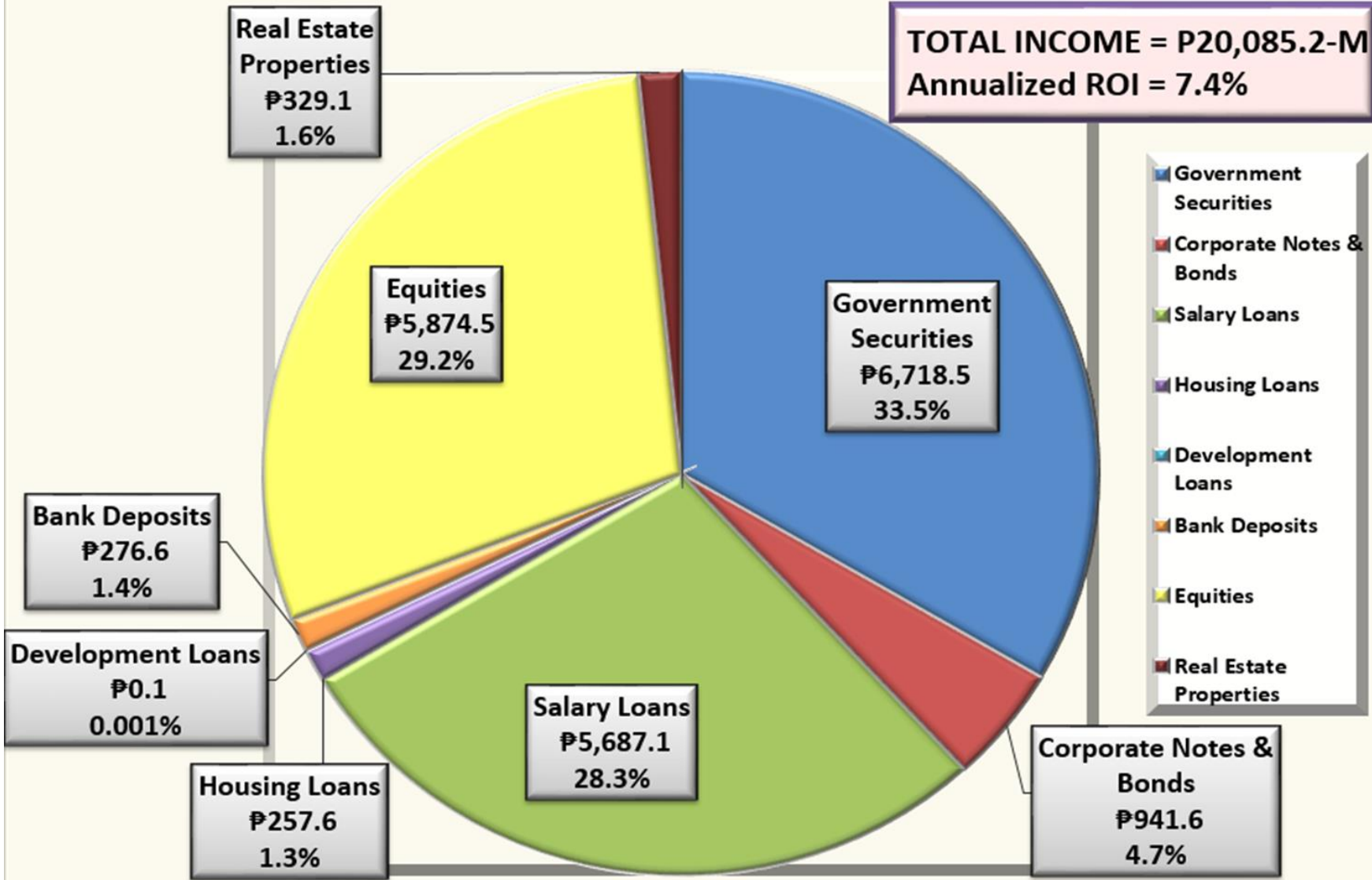
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Average ROI (2007- July 2017*):

9.53%

INVESTMENT INCOME: CONSOLIDATED
Jan-July 2017
(Amounts in Million Pesos)

TOTAL INCOME = P20,085.2-M
Annualized ROI = 7.4%



REAL ESTATE PLAN

P17.07B-worth of properties are eyed for JV or Long-term lease in 2017 - 2022

SSS PROPERTIES	FMV (As of 2/15/17 – Calfil Appraisal)	PLAN	ROI
1.SSS Makati (5,881 sqm)	L- 3,369.81M I - 283.50M	Develop into a new premium grade building with foreign/ local JV partner	Optimistic -12% Most likely - 10% Conservative - 8%
2.FCA-5 (50,001 sqm)	L - 6,550.13M I - 140.65M	JV SSS Corporate City - South	Optimistic -12% Most likely - 10% Conservative - 8%



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REAL ESTATE IS ONLY 1.6% OF TOTAL INVESTIBLE FUND

REAL ESTATE PLAN

P17.07B-worth of properties are eyed for JV or Long-term lease in 2017 - 2022

SSS PROPERTIES	FMV (As of 2/15/17 – Calfil Appraisal)	PLAN	ROI
3.BGC (6,536.93 sqm)	L - 3,039.67M	a. Develop combined Lots 2&4, Blk 57 via JV b. Buy share of AFPMBAI on Lot 1 c. Develop combined Lots 1&3, Blk 57 via JV	Optimistic -12% Most likely - 10% Conservative - 8%
4. East Triangle (44,529.14 sqm)	L - 6,234.08M I - 10.85M	JV SSS Corporate City - North	Optimistic -12% Most likely - 10% Conservative - 8%

REAL ESTATE PLAN

P17.07B-worth of properties are eyed for JV or Long-term lease in 2017 - 2022

SSS PROPERTIES	FMV (As of 2/15/17 – Calfil Appraisal)	PLAN	ROI
5. FCA 7 (74,995 sqm)	L - 7,274.52M	Mixed Use Development thru JV Undertaking	Optimistic -12% Most likely - 10% Conservative - 8%



INVESTMENT INCOME

COMPARISON OF RETURN ON INVESTMENT (ROI)

	GSIS	SSS
Average ROI of last 5 years	7 to 8%	8.8%

Source of GSIS ROI: 06 Feb 2017 Phil. Daily Inquirer

MOVING FORWARD:

- Proposal to amend the SS Charter will remove investment ceilings, giving opportunities to boost investment income from diversification





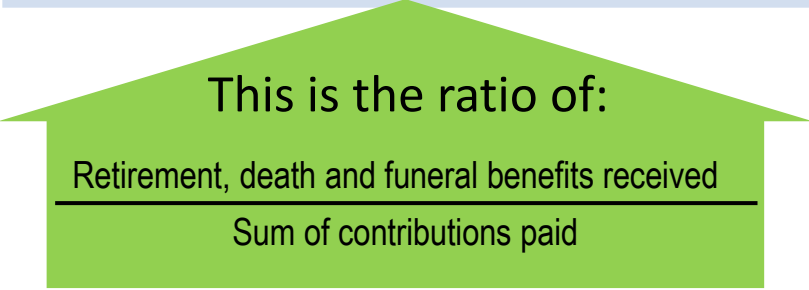
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WORKING FOR BETTER SAVINGS OPTIONS

“Return” of SSS Contributions

SSS CONTRIBUTIONS “ROI”

Php 1 → **Php 55**



Ave Contribution
Php 49

Ave Retirement Pension
Php 1,130

Ave Death Pension
Php 2,229

Ave Funeral Benefit
Php 13,183

For every ₱1 contribution, ₱55 benefits were given

**From an SSS study entitled: “2017 Study on actual contributions and actual benefits of members with completed lifetime”*

Scope of study:

- All members (60,284) who have already received all their pensions
- Both the member and spouse have died already
- Majority were covered in **1950s** to **1970s**

Ave Number of Contributions: 162

Ave Number of Ret Pensions Received: 139

Ave Number of Death Pensions Received: 120

Philosophy behind 2017 SS Reform Law

- **Work, save, invest, prosper (WISP)**

“Mas mabuti na ang maghirap habang malakas pa at kumikita kasi makakahanap pa ng paraan para magka-pera kaysa maging mahirap kapag retirado at mahina na”

- Sen. Richard Gordon -



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Maternity, Sickness, Funeral Benefit Computation if the Reform Agenda pushes through

		(A)	(B)	(C)	(D)
(1)	Actual Monthly Salary:		30,000		
(2)	MSC Ceiling	16,000	20,000	25,000	30,000
(3)	Monthly Salary Credit*	16,000	20,000	25,000	30,000
(4)	Average Daily Salary Credit	533	667	833	1,000
(5)	Sickness Benefit Amount per day	480	600	750	900
(6)	Difference (amount)		120	270	420
(7)	Difference (in %)		25%	56%	88%
(8)	Maternity Benefit (Caesarian, 78 days)	41,600	52,000	65,000	78,000
(9)	Difference (amount)		10,400	23,400	36,400
(10)	Difference (in %)		25%	56%	88%
(11)	Maternity Benefit (Non-Caesarian, 60 days)	32,000	40,000	50,000	60,000
(12)	Difference (amount)		8,000	18,000	28,000
(13)	Difference (in %)		25%	56%	88%
(14)	Funeral Benefit	29,600	32,000	35,000	38,000
(15)	Difference (amount)		2,400	5,400	8,400
(16)	Difference (in %)		8%	18%	28%

*For the sickness and maternity benefits, the member is assumed to have paid 12 contributions at the corresponding MSC in the 12-month period before the semester of contingency.

*For the funeral benefit, the member is assumed to have paid 120 contributions at the corresponding MSC before the semester of contingency.



Pension Computation if the Reform Agenda pushes through

Actual Monthly Salary at Retirement:

30,000

Credited Years of Service (CYS):

30

Effectivity	Current	2018	2019	2022
MSC Ceiling	16,000	20,000	25,000	30,000
AMSC*	16,000	20,000	25,000	30,000
Basic Monthly Pension	9,900	12,300	15,300	18,300
% of Pension vs Last Salary	33%	41%	51%	61%
Add: Supplemental Pension (effective 2017)	1,000	1,000	1,000	1,000
Total Pension	10,900	13,300	16,300	19,300
% of Pension vs Last Salary	36%	44%	54%	64%
Add: Supplemental Pension (effective 2022)	1,000	1,000	1,000	1,000
Total Pension	11,900	14,300	17,300	20,300
% of Pension vs Last Salary	40%	48%	58%	68%

*AMSC if the member contributed at least 60 months at same MSC before retiring.



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Pension Computation if the Reform Agenda pushes through

	(A)	(B)	(C)	(D)
(1) Actual Monthly Salary at Retirement:		30,000		
(2) Credited Years of Service (CYS):		45		
(3) Effectivity	Current	2018	2019	2022
(4) MSC Ceiling	16,000	20,000	25,000	30,000
(5) AMSC*	16,000	20,000	25,000	30,000
(6) Basic Monthly Pension	14,700	18,300	22,800	27,300
(7) % of Pension vs Last Salary	49%	61%	76%	91%
Add: Supplemental Pension (effective 2017)				
(8)	1,000	1,000	1,000	1,000
(9) Total Pension	15,700	19,300	23,800	28,300
(10) % of Pension vs Last Salary	52%	64%	79%	94%
Add: Supplemental Pension (effective 2022)				
(11)	1,000	1,000	1,000	1,000
(12) Total Pension	16,700	20,300	24,800	29,300
(13) % of Pension vs Last Salary	56%	68%	83%	98%



Impact of Increase in the Contribution Rate and MSC Ceiling on an Individual's Monthly Contribution

Reform Item	Contribution Rate	MSC	Contribution Amount	Increase from Previous Step
Current Salary: P30K	11.0%	16,000	1,760	-
Increase in MSC ceiling to P20,000	11.0%	20,000	2,200	440
Increase in contri rate to 12.5%	12.5%	20,000	2,500	300
Increase in contri rate to 14.0%	14.0%	20,000	2,800	300
Increase in contri rate to 15.5%	15.5%	20,000	3,100	300
Increase in MSC ceiling to P25,000	15.5%	25,000	3,875	775
Increase in cont rate to 17.0%	17.0%	25,000	4,250	375
Increase of MSC ceiling to P30,000	17.0%	30,000	5,100	850



YEARS
1972-2017

Kinabukasan ng Bawat Miyembro

	GSIS	SSS
Contribution Rate	21%	11%
Monthly Salary Credit (MSC)	Actual Salary	Maximum of P16,000
Pension	<p>90% of salary over the past 3 years if with 36 years of service</p> <p>Last salary: P20,000 pension: P18,000</p>	<p>With 36 paying years, last 5 years at maximum monthly salary credit</p> <p>Last salary: P20,000 pension: P15,700</p>



Intergenerational Subsidy – World wide problem



- SSS is similar to a private fund. It is owned by contributing members.
- No government subsidy for 60 years.



Let's save more TODAY to have better pension in the FUTURE.



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*End of presentation.
Thank you.*

